



**APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)



*annual report 2011*

**RISING WITH FORTITUDE**

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# Corporate Information

## DIRECTORS

Dato' Tan Heng Chew *JP, DJMK*  
*Executive Chairman*

Dr. Fun Woh Peng

Dato' Tan Eng Hwa *DIMP*

Low Seng Chee

Tan Eng Soon

Azman Badrillah

Dato' N Sadasivan *DPMP, JSM, KMN*

Dato' Haji Kamaruddin @ Abas Nordin *DSSA, KMN*

Heng Ji Keng

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## AUDIT COMMITTEE MEMBERS

Dato' N Sadasivan *DPMP, JSM, KMN*  
*Chairman*

Dato' Haji Kamaruddin @ Abas Nordin *DSSA, KMN*

Heng Ji Keng

## REGISTRARS

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia  
Telephone : 603 – 2264 3883  
Facsimile : 603 – 2282 1886

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## COMPANY SECRETARIES

Lee Yuen Lin  
Quah Khian Khoon

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## AUDITORS

KPMG  
Level 10, KPMG Tower  
8 First Avenue  
Bandar Utama  
48700 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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## REGISTERED OFFICE

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

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## CORPORATE OFFICE

Lot 600, Pandamaran Industrial Estate  
Locked Bag No. 218  
42009 Port Klang  
Selangor Darul Ehsan, Malaysia  
Telephone : 603 – 3161 8888  
Facsimile : 603 – 3161 8833  
Website : [www.apm.com.my](http://www.apm.com.my)  
Email address : [apmah@apm.com.my](mailto:apmah@apm.com.my)

# Business Divisions



## SUSPENSION DIVISION

- Leaf Springs
- Parabolic Springs
- Shock Absorbers
- Coil Springs
- U-Bolts
- Gas Springs



## INTERIOR & PLASTICS DIVISION

- Automotive Seats
- Plastic Parts
- Body Side Mouldings
- Interior Trims
- Door Panels



## ELECTRICAL & HEAT EXCHANGE DIVISION

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



## MARKETING DIVISION

- Local Replacement Market
- Export Market



## OVERSEAS OPERATIONS

- Australia
- Indonesia
- USA
- Vietnam

# Chairman's Statement



*New Corporate Head Office, Port Klang*

“

2011 saw two major natural disasters, namely the tsunami in Japan and the flooding in Thailand, which caused untold hardships to the lives of the people of these two countries. The lives lost can never be replaced. Our thoughts and prayers are with them as they endeavour to rebuild their lives. The automotive manufacturing community also suffered greatly as supply chains were disrupted causing line stoppages around the world.

”

Although the Malaysian automotive industry was not spared, our Group was fortunate enough to have managed a small revenue growth with a slightly lower pretax profit despite the challenges faced by the industry.

## **Highlights**

On behalf of the Board of Directors, I am happy to report a Group pretax profit of RM175.0 million on a revenue of RM1,182.1 million for the financial year ended 31 December 2011.

In spite of the challenges faced by the auto industry in 2011, Group revenue was maintained, with a marginal growth of 0.3%, at RM1,182.1 million from RM1,178.8 million recorded last year. The decline in total industry production (TIP) volume in Malaysia was not as severe as compared to Japan, Thailand, Philippines and other countries. Production in Malaysia for the first 6 months of 2011 was slightly lower than the corresponding period the year before but recovered in the third quarter and further improved in the last quarter of the year. Overall, TIP volume dropped by 6% to 533,515 units from 567,715 units in 2010. [Source : Malaysia Automotive Association.]



## Chairman's Statement



New Spring Production Facility

Pretax profit of RM175.0 million compared to the RM184.5 million achieved in 2010 was a result of lower profit from a jointly-controlled entity in Indonesia and a one-time relocation cost.

### SUSPENSION DIVISION, MALAYSIA

The Group's Suspension Division comprises businesses in products such as multi-leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and other metal parts. Operating from Port Klang, this division contributed about 14.6% to the Group's gross revenue in 2011. Due to the increase in export sales of multi-leaf springs, the division's sales grew by 6.1% to RM233.1 million from RM219.7 million in the previous year. Pretax profit increased by 4% to RM25.7 million compared to RM24.7 million in 2010.



MAJAICO A-1 Model Company Award

## Chairman's Statement



BrandLaureate Award for APM (Best Brand in Coil Spring)

The division invested in a new RM2.0 million cold coiling production line for the manufacture of coil springs, in contrast to the current hot coiling process, which has certain limitation. The new line, to be operational by mid-2012, would improve the product range both in terms of sizes and shapes of the coil springs.

### INTERIOR AND PLASTIC DIVISION, MALAYSIA

This division comprises businesses in injected and extruded interior and exterior plastics parts, seating for passenger vehicles, buses, vans and trains. The manufacturing facilities for this division are mainly concentrated in Bukit Beruntung which is centrally located to most of our OEM customers. Despite the drop in TIP, revenue for this division increased by a marginal 1.3% to RM722.8 million from RM713.2 million recorded in 2010. Pretax profit increased a modest 7.7% from RM104.2 million to RM112.2 million, resulting from lower operation costs.

### ELECTRICAL & HEAT EXCHANGE DIVISION, MALAYSIA

Businesses in this division comprises products such as air-conditioning systems, radiators, cooling module, starter motors, alternators, wiper systems, distributors and other electrical parts. Revenue for this division declined by 2.9% from RM266.2 million to RM258.4 million achieved in 2010 while pretax profit dropped 13.0% to RM22.7 million from RM26.1 million achieved last year, reflecting the one-time price adjustment of RM7.6 million given by our customer in 2010.



## Chairman's Statement



APM REM Million Dollar Sales Achievers

### MARKETING DIVISION, MALAYSIA

The main business of this division is the distribution of automotive components and parts manufactured by the Group for the replacement and export markets. While total revenue increased by 9.8% to RM207.4 million from RM188.9 million in 2010, pretax profit rose 16.4% from RM12.2 million to RM14.2 million on higher export sales.

### OPERATIONS OUTSIDE MALAYSIA

During 2011, operations outside Malaysia included businesses in Indonesia, Vietnam, Australia and USA. Full year revenue of RM137.7 million slipped by 13.9% in 2011 compared to RM160.0 million achieved in 2010. Full year pretax profit of RM3.8 million in 2011 declines by 77.4% compared to RM16.8 million in 2010, due to lower profit contributions from the Indonesian operations.

The Group has three joint-ventures in Indonesia which manufacture and distribute seats, interior parts and coil springs. The businesses in interior parts and coil springs recorded growth in revenues. However, the seats jointly-controlled entity suffered a decline in revenue by 39.5% mainly due to disruptions in its supply chain caused by the tsunami in Japan and flooding in Thailand. Additionally, the dilution of the Group's effective shareholding in the jointly-controlled entity had reduced this division's revenue contribution to the Group. Higher raw materials and labour costs coupled with a one-time adjustment on depreciation, and issues of product warranty further added to the profit woes. Motor vehicles sales in Indonesia are expected to exceed a million units in 2013. In anticipation of this growing automotive market, the Group would be purchasing a 3 hectare land nearby to its existing operations during the current financial year for future potential businesses.



# Chairman's Statement



Best Quality Achievement Award

In Vietnam, the Group has two wholly-owned operations which manufacture and distribute leaf springs and seats. Leaf spring revenue grew by 66.9% to RM19.7 million compared to the 2010 revenue of RM11.8 million and a pretax profit of RM1.2 million from a net loss of RM48,000. The commendable achievements were due to higher export sales and more efficient operations.

The seats business, however, recorded a net loss of RM0.5 million. With a 2% reduction in total motor vehicles in Vietnam from 111,737 units to 109,660 units (Source : ASEAN Automotive Federation), an inflation rate of 18% and the Vietnam Dong depreciating by 9.3% against the USD in 2011, the Group expects to face challenges in the Vietnamese domestic market in the current year.

The Group's business in Australia whose activities included trading in the Group's products, manufacturing and distributes industrial radiators, faced stiff competition from both local and imported products. As the business continued to suffer from declining sales and pretax profit, the Group divested the business by January 2012.



Joint Venture Signing Ceremony with IAC Group SA

### **Automotive Interior Plastic Components & Systems Joint-Ventures in Malaysia and Thailand**

On 1 November 2011 the Group entered into two separate joint-venture agreements with subsidiaries of International Automotive Components Group SA for the setting-up of manufacturing facilities in Malaysia and Thailand. The joint-ventures marked another milestone for the Group in advancing its core capabilities of design, engineering wider range of vehicle interior components, system to serve both existing as well as new OEM customers in Malaysia and in the ASEAN region. In Malaysia, the new joint-venture company, APM IAC Automotive Systems Sdn. Bhd., was incorporated at the end of November 2011, with the Group having a 60% shareholding. The company is securing a manufacturing facility and has targeted to commence operations in the second quarter of 2013.

### **Prospects**

For 2012, the Malaysian Automotive Association (“MAA”) has forecasted the total industry volume to grow at 2.5% to 615,000 units compared to 600,123 units in 2011. Vehicle sales volume in the first month of the year dropped by 25% compared to previous corresponding period, mainly due to the tightening of Hire Purchase loan approval process and the impact of Thailand’s flood disaster that has yet to fully recover. Other challenges ahead in the year will be the uncertainty of the global economic outlook, especially the Eurozone economic crisis. Despite all challenges, the Group is cautiously optimistic that it will perform reasonably well.

### **Dividends**

An interim dividend of 10% less 25% tax (2010 – 8% less 25%) amounting to RM14.68 million was paid to the shareholders on 28 September 2011.

The directors have recommended a final dividend of 12% less 25% tax plus a special final dividend of 10% less 25% tax for the year ended 31 December 2011 (2010 – 12% less 25% tax) amounting to RM32.29 million based on the total number of ordinary shares outstanding at 31 December 2011. The amounts, if approved at the forthcoming Annual General Meeting, will result in a total dividend payment of RM46.97 million (2010 - RM29.35 million) for the financial year ended 31 December 2011.

### **Acknowledgement**

The Board would like to express its sincere thanks to the staff and the management team for their dedication and relentless effort to drive the Group forward. The strong performance in 2011 could not have been accomplished without their efforts. Our most sincere appreciation also goes to all our other stakeholders, valued customers, suppliers, bankers, business associates as well as the shareholders who have supported the Group with their continued confidence in APM.

**Dato’ Tan Heng Chew JP, DJMK**  
Executive Chairman

18 April 2012

## Profile of the Board of Directors

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**Dato' Tan Heng Chew**, JP, DJMK, 65, a Malaysian, was the first director of the Company when it was incorporated on 26 March 1997. He was appointed the Chairman of the Board on 1 November 1999. Dato' Tan has been re-designated as Executive Chairman effective 1 January 2011.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and has 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 Executive 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.

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**Dr. Fun Woh Peng**, 52, 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 at 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. Dr. Fun was appointed a member of the Industry Advisory Panel of the National University of Malaysia (Universiti Kebangsaan Malaysia) in September 2010.

## Profile of the Board of Directors

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**Dato' Tan Eng Hwa**, DIMP, 57, a Malaysian, is an Executive Director. He was first appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director.

Dato' 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.

Dato' 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.

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**Mr. Low Seng Chee**, 53, a Malaysian, is an Executive Director appointed to the Board on 1 July 2010.

Mr. Low graduated from Monash University, Melbourne, Australia with a Bachelor of Electrical Engineering degree and subsequently obtained his Master of Business Administration from Heriot-Watt University, Edinburgh, Scotland.

Mr. Low has more than 25 years of working experience in high volume semiconductor production, automotive component manufacturing, vehicle assembly as well as vehicle retailing. Senior management positions held by Mr. Low included heading the operations of automotive assembly plants of several global marques in Malaysia and an Aluminum foundry supplying to the automotive and motorcycle industries.

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**Mr. Tan Eng Soon**, 63, 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 Executive 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.



## Profile of the Board of Directors

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**Encik Azman Badrillah**, 64, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999.

Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the bank. Encik Azman joined Tan Chong Motor Holdings Berhad (TCMH) group in 1983 as an Executive Director of its manufacturing division and was responsible for the overall performance of one of its key product groups. With the restructuring of the TCMH group resulting in the emergence of the Company in 1999, he was appointed an Executive Director of the Company until his re-designation as a non-independent non-executive director on 1 January 2010.

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

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**Dato' N. Sadasivan s/o N.N. Pillay**, DPMP, JSM, KMN, 72, 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 and Yeo Hiap Seng (Malaysia) Berhad. He also sits on the board of Bank Negara Malaysia.

## Profile of the Board of Directors

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**Dato' Haji Kamaruddin @ Abas Nordin**, DSSA, KMN, 73, a Malaysian, is an Independent Non-Executive Director. He has been a member of the Board and the Audit Committee since 1 November 1999.

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

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

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**Mr. Heng Ji Keng**, 64, a Malaysian, is an Independent Non-Executive Director. He joined the Board and the Audit Committee with effect from 1 January 2011.

Mr. Heng has a Bachelor of Economics (Honours) degree in Accounting from University of Malaya and a Master of Commerce from the University of New South Wales, Australia. He qualified as a chartered accountant when he was with Price Waterhouse & Co, Sydney in 1976. He then went on to co-found the public accounting firm of Monteiro Heng in 1978. Mr. Heng is now the Chief Executive Partner of Baker Tilly Monteiro Heng, an independent member firm of Baker Tilly International, which provides a wide range of professional services such as audit and taxation, corporate advisory, forensic investigation and corporate recovery, restructuring and insolvency. Mr. Heng advises on private and public companies on taxation, corporate restructuring and company floatation exercises.

Mr. Heng is a Fellow of the Institute of Chartered Accountants in Australia and the Institute of Chartered Secretaries and Administrators, a Council Member of the Malaysian Institute of Accountants, a Panel Member of the Disciplinary Committee of CPA Australia, a panel member of the Disciplinary Committee, Advocates & Solicitors Disciplinary Board and the Secretary of the Malaysian Estates Staff Provident Fund.

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Except for Dato' Tan Heng Chew, Mr. Tan Eng Soon and Dato' 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 2011 is set out on page 16.

## 5 Years Financial Highlights

| <b>RESULTS</b>                       | <b>2011</b><br><b>(RM'000)</b> | <b>2010</b><br><b>(RM'000)</b> | <b>2009</b><br><b>(RM'000)</b> | <b>2008</b><br><b>(RM'000)</b> | <b>2007</b><br><b>(RM'000)</b> |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Revenue                              | 1,182,069                      | 1,178,846                      | 918,533                        | 943,526                        | 839,243                        |
| Profit before tax                    | 175,035                        | 184,529                        | 100,632                        | 80,395                         | 78,508                         |
| Income tax expense                   | (37,353)                       | (44,195)                       | (18,354)                       | (22,823)                       | (19,172)                       |
| <b>Profit for the financial year</b> | <b>137,682</b>                 | <b>140,334</b>                 | <b>82,278</b>                  | <b>57,572</b>                  | <b>59,336</b>                  |
| Attributable to :                    |                                |                                |                                |                                |                                |
| Owners of the Company                | 119,891                        | 124,489                        | 72,651                         | 51,169                         | 53,738                         |
| Non-controlling interests            | 17,791                         | 15,845                         | 9,627                          | 6,403                          | 5,598                          |

### STATEMENTS OF FINANCIAL POSITION

#### Assets

|                                 |                  |                  |                |                |                |
|---------------------------------|------------------|------------------|----------------|----------------|----------------|
| Property, plant & equipment     | 246,021          | 240,153          | 220,800        | 220,513        | 160,153        |
| Prepaid lease payments          | 7,649            | 6,320            | 4,043          | 996            | 35,962         |
| Investment property             | 1,177            | 1,217            | 1,257          | 1,298          | 1,340          |
| Development expenditure         | 799              | 936              | 1,549          | 615            | 180            |
| Deferred tax assets             | 10,236           | 13,079           | 13,972         | 6,121          | 9,336          |
| <b>Total non-current assets</b> | <b>265,882</b>   | <b>261,705</b>   | <b>241,621</b> | <b>229,543</b> | <b>206,971</b> |
| Current assets                  | 802,748          | 740,859          | 633,488        | 586,736        | 561,218        |
| <b>Total assets</b>             | <b>1,068,630</b> | <b>1,002,564</b> | <b>875,109</b> | <b>816,279</b> | <b>768,189</b> |

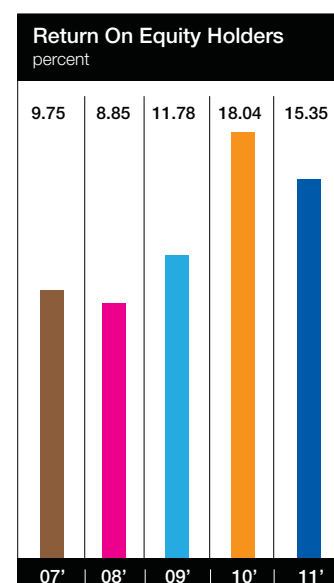
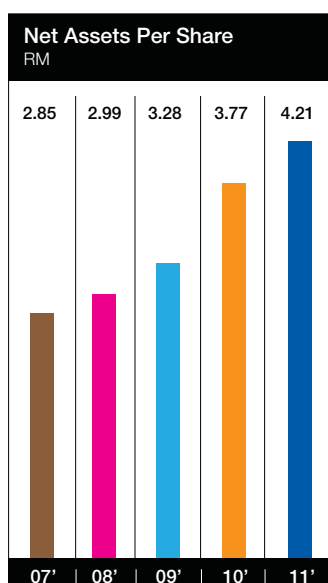
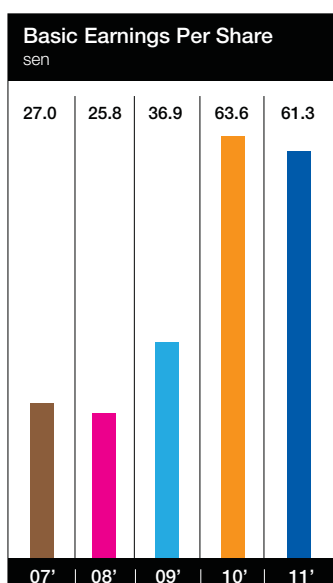
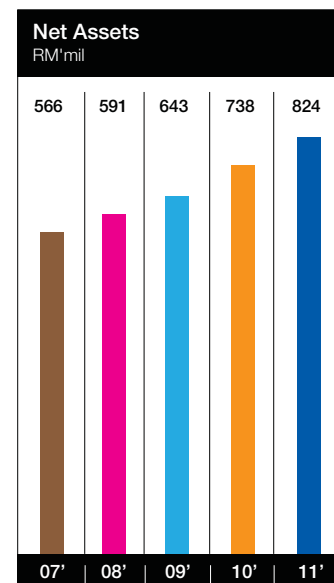
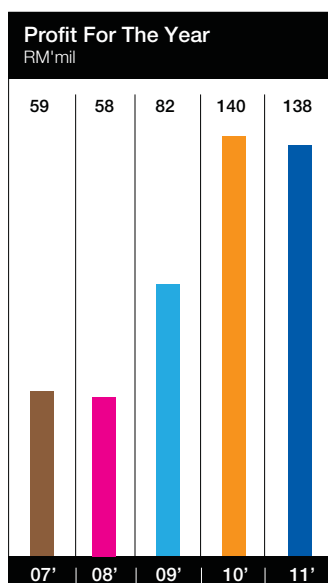
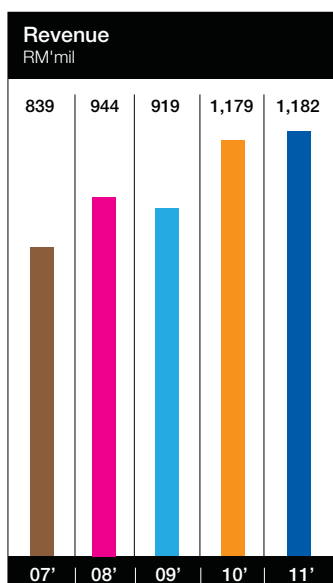
#### Equity

|                                                           |                  |                  |                |                |                |
|-----------------------------------------------------------|------------------|------------------|----------------|----------------|----------------|
| Share capital                                             | 201,600          | 201,600          | 201,600        | 201,600        | 201,600        |
| Reserves                                                  | 635,599          | 548,940          | 453,663        | 397,471        | 371,162        |
| Treasury shares                                           | (12,786)         | (12,776)         | (12,733)       | (8,433)        | (7,149)        |
| <b>Total equity attributable to owners of the Company</b> | <b>824,413</b>   | <b>737,764</b>   | <b>642,530</b> | <b>590,638</b> | <b>565,613</b> |
| Non-controlling interest                                  | 25,298           | 30,359           | 20,806         | 13,325         | 11,497         |
| <b>Total equity</b>                                       | <b>849,711</b>   | <b>768,123</b>   | <b>663,336</b> | <b>603,963</b> | <b>577,110</b> |
| Non-current liabilities                                   | 17,526           | 18,928           | 18,347         | 18,497         | 18,365         |
| current liabilities                                       | 201,393          | 215,513          | 193,426        | 193,819        | 172,714        |
| <b>Total equity and liabilities</b>                       | <b>1,068,630</b> | <b>1,002,564</b> | <b>875,109</b> | <b>816,279</b> | <b>768,189</b> |

### FINANCIAL STATISTICS

|                                   |       |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|
| Basic earning per share (sen)     | 61.30 | 63.60 | 36.90 | 25.80 | 27.00 |
| Gross dividend per share (sen)    | 32.00 | 20.00 | 16.00 | 15.00 | 14.00 |
| Net assets per share (RM)         | 4.21  | 3.77  | 3.28  | 2.99  | 2.85  |
| Return on shareholders equity (%) | 15.35 | 18.04 | 11.78 | 8.85  | 9.75  |

## 5 Years Financial Highlights





# 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"), having seen and approved this statement on corporate governance, is reporting on the application of the Principles set out in Part 1, and the extent of compliance with the Best Practices as set out in Part 2, of the Code.

## 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 of 2011 and the attendance of the directors at these meetings were as follows:

| Name                                | Attendance |
|-------------------------------------|------------|
| Dato' Tan Heng Chew                 | 5/5        |
| Dr Fun Woh Peng                     | 5/5        |
| Dato' Tan Eng Hwa                   | 5/5        |
| Low Seng Chee                       | 5/5        |
| Tan Eng Soon                        | 5/5        |
| Azman Badrillah                     | 5/5        |
| Dato' N Sadasivan                   | 5/5        |
| Dato' Haji Kamaruddin @ Abas Nordin | 5/5        |
| Oei Kok Eong                        | 3/3        |

Mr. Oei Kok Eong, who resigned on 18 July 2011, had attended three of the board meetings that were held during the first half of the financial year.

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

### II. Board Composition

The Board currently consists of 9 members comprising an Executive Chairman, 3 Executive Directors and 5 Non-Executive Directors of whom 3 are independent directors. The composition of the Board is in compliance with the requirement that one-third of the directors must be independent directors.

The role of the Executive Chairman is currently assumed by Dato' Tan Heng Chew in view of his in-depth knowledge and extensive experience in the Malaysian automobile industry, particularly in the strategic growth, which complements the role of the executive directors who are responsible for the operations of the business units and implementation of Board decisions and policies. Nevertheless, the ultimate responsibility for the final decision on all matters lies with the Board of Directors.

Collectively, the directors have wide ranging work experiences; several have many years' experience in the automotive industry while others had previously occupied senior positions in the government sector and currently holding directorships in the listed companies and professional firms. The profiles of the Board members are set out on pages 10 to 13.

# Statement on Corporate Governance

## 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 directors maintain regular contacts by holding informal meetings 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 nominating 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 Fifteenth Annual General Meeting are Encik Azman Badrillah and Dr. Fun Woh Peng. Dato' Haji Kamaruddin @ Abas Nordin and Dato' N Sadasivan being over the age of seventy years, are seeking re-appointment as directors under Section 129 of the Companies Act, 1965.

## 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.

During 2011, the directors had attended the briefings on the Amendments to the Listing Requirements of Bursa Malaysia and Bursa Malaysia Corporate Disclosure Guide which were organized by the Company's auditors.

# Statement on Corporate Governance

## 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 2011 and annual salary increment for 2012 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.

Fees paid to the non-executive directors in 2011 were determined by the Board as a whole, subject to an aggregate amount not exceeding RM350,000.00 per annum, the sum of which was approved by shareholders at the Thirteenth Annual General Meeting held in 2010. The non-executive directors did not participate in the discussion relating to their fees.

The directors' aggregate remuneration in 2011, paid and payable, with categorization into appropriate components distinguishing between executive and non-executive directors, is set out below :

| Category                | Executive        | Non-executive  |
|-------------------------|------------------|----------------|
| Directors' fees         | -                | 284,000        |
| Salaries and allowances | 2,920,709        | 20,700         |
| Bonuses                 | 1,467,200        | -              |
| Benefits-in-kind        | 92,064           | -              |
| <b>Total</b>            | <b>4,479,973</b> | <b>304,700</b> |

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      | -         | 4             |
| RM350,001 – RM400,000     | 1         | -             |
| RM850,001- RM900,000      | 2         | -             |
| RM1,100,001 – RM1,150,000 | 1         | -             |
| RM1,250,001 – RM1,300,000 | 1         | -             |
| <b>Total</b>              | <b>5</b>  | <b>5</b>      |

# Statement on Corporate Governance

## 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 websites of Bursa Malaysia and of the Company serve to keep shareholders informed of its financial performance and activities on a timely basis.

### II. The AGM

The Fourteenth Annual General Meeting ("AGM") of the Company was held on Wednesday, 25 May 2011 at the Seri Pacific Hotel in Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives with a total shareholding representing 64.86% 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 pages 22 to 23 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 24 to 26.

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



# Statement on Corporate Governance

## **Statement on Compliance with the Best Practices in Corporate Governance of the Code**

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 2011 except for the formation of the remuneration and nominating 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 2011, 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.

### 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 2011 was RM186,000.

### Internal Audit Function

The Group has an in-house Internal Audit and management fees charged to subsidiaries for performing this function for financial year ended 31 December 2011 was RM419,000.

### Share Buy-back

During the financial year ended 31 December 2011, the Company bought back a total of 2,000 shares from the open market for a total consideration of RM10,114.01. 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 2011 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 | 1,000                      | 5.12                              | -                                | 5.12                              | 5,167.54                 |
| August   | 1,000                      | 4.90                              | -                                | 4.90                              | 4,946.47                 |
| Total    | 2,000                      |                                   |                                  |                                   | 10,114.01                |

### Disclosure on Corporate Social Responsibility ("CSR")

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 APM Education Awards for 2011 benefited employees whose children secured places in institutions of higher learning in Malaysia. As for the community, the Group continued to donate to several children and welfare homes.

The Group had also made donations to the Earthquake and Tsunami Disaster Relief Efforts in Japan and 1 MCA Medical Foundation as part of its CSR programme.

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

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 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. Audit reports and plan status are submitted to Audit Committee for review on a quarterly basis. Included in the reports are recommended corrective measures on findings identified for implementation by Management.

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 24 to 26.

## 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.

Business continuity management is regarded as an integral part of the Group's risk management process. In order to minimise potential disruption to business and operations, certain business units have been identified to implement business continuity plans.

# Statement on Internal Control

## 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 ; 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 five Committee meetings held during 2011 were as follows:

| Name                                                                          | Attendance |
|-------------------------------------------------------------------------------|------------|
| <b>Dato’ N Sadasivan</b> , Chairman, <i>Independent Non-Executive</i>         | 5/5        |
| <b>Dato’ Haji Kamaruddin @ Abas Nordin</b> , <i>Independent Non-Executive</i> | 5/5        |
| <b>Heng Ji Keng</b> , <i>Independent Non-Executive</i>                        | 5/5        |

## 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:

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

# Audit Committee Report

## 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 as well as 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.



# Audit Committee Report

## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

During the year, the Audit Committee reviewed the Group's audit strategy plan with the external auditors before commencement of the audit for the financial year end and thereafter the annual 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 2011, the internal audit function undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant internal 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, recurrent related party transactions and its 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.

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# Financial Statements

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# Directors' Report

For the year ended 31 December 2011

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

## Principal activities

The Company is principally 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 31 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Results

|                                      | <b>Group<br/>RM'000</b> | <b>Company<br/>RM'000</b> |
|--------------------------------------|-------------------------|---------------------------|
| Profit for the year attributable to: |                         |                           |
| Owners of the Company                | 119,891                 | 10,831                    |
| Non-controlling interests            | 17,791                  | -                         |
|                                      | <hr/> 137,682           | <hr/> 10,831              |

## Reserves and provisions

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

## Dividends

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

- a) a final ordinary dividend of 12 sen per share less tax at 25% totalling RM17,612,000 (9.00 sen net per share) in respect of the financial year ended 31 December 2010 on 28 June 2011; and
- b) an interim ordinary dividend of 10 sen per share less tax at 25% totalling RM14,677,000 (7.50 sen net per share) in respect of the financial year ended 31 December 2011 on 28 September 2011.

In respect of the financial year ended 31 December 2011, the Directors recommended:

- a) a final ordinary dividend of 12 sen per share less tax at 25% totalling RM17,612,000 (9.00 sen net per share); and
- b) a special final dividend of 10 sen per share less tax at 25% totalling RM14,677,000 (7.50 sen net per share).

## Directors of the Company

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

Dato' Tan Heng Chew  
 Dr. Fun Woh Peng  
 Dato' Tan Eng Hwa  
 Low Seng Chee  
 Tan Eng Soon  
 Azman Badrillah  
 Dato' N. Sadasivan s/o N.N. Pillay  
 Dato' Haji Kamaruddin @ Abas Nordin  
 Heng Ji Keng  
 Oei Kok Eong (resigned on 18.7.2011)

# Directors' Report

For the year ended 31 December 2011

## 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<br>1.1.2011                        | Bought  | Sold | At<br>31.12.2011 |
| <i>Shareholdings in which Directors have direct interests:</i> |                                       |         |      |                  |
| Interests in the Company:                                      |                                       |         |      |                  |
| Dato' Tan Heng Chew                                            | 4,658,399                             | 425,300 | -    | 5,083,699        |
| Azman Badrillah                                                | 502,000                               | -       | -    | 502,000          |
| Dato' Tan Eng Hwa                                              | 207,008                               | -       | -    | 207,008          |
| Dato' Haji Kamaruddin @ Abas Nordin                            | 5,448                                 | -       | -    | 5,448            |

## *Shareholdings in which Directors have deemed interest in the Company*

|                           |             |           |             |             |
|---------------------------|-------------|-----------|-------------|-------------|
| Interests in the Company: |             |           |             |             |
| Dato' Tan Heng Chew       | 95,765,150* | 7,786,500 | (4,656,555) | 98,895,095* |
| Tan Eng Soon              | 93,752,642  | 7,736,500 | (4,656,555) | 96,832,587  |
| Dato' Tan Eng Hwa         | 12,046,328* | 2,221,400 | -           | 14,267,728* |

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

Dato' Tan Heng Chew, Tan Eng Soon and Dato' Tan Eng Hwa by virtue of their shareholdings in the Company are also 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 31 to the financial statements.

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

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 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.

# Directors' Report

For the year ended 31 December 2011

## Options granted over unissued shares

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

## Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company 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 financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Subsequent events

The subsequent events are disclosed in Note 37 to the financial statements.

## 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**

.....  
**Dato' Tan Eng Hwa**

Kuala Lumpur,  
 Date: 18 April 2012

# Statements of Financial Position

As at 31 December 2011

|                                                           | Note | Group            |                  | Company        |                |
|-----------------------------------------------------------|------|------------------|------------------|----------------|----------------|
|                                                           |      | 2011<br>RM'000   | 2010<br>RM'000   | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Assets</b>                                             |      |                  |                  |                |                |
| Property, plant and equipment                             | 3    | 246,021          | 240,153          | 1,331          | 1,155          |
| Prepaid lease payments                                    | 4    | 7,649            | 6,320            | -              | -              |
| Investment property                                       | 5    | 1,177            | 1,217            | -              | -              |
| Investments in subsidiaries                               | 6    | -                | -                | 304,708        | 290,090        |
| Development expenditure                                   | 7    | 799              | 936              | -              | -              |
| Deferred tax assets                                       | 8    | 10,236           | 13,079           | 229            | 278            |
| <b>Total non-current assets</b>                           |      | <b>265,882</b>   | <b>261,705</b>   | <b>306,268</b> | <b>291,523</b> |
| Inventories                                               | 9    | 163,609          | 176,293          | -              | -              |
| Current tax assets                                        |      | 5,694            | 2,964            | 585            | 85             |
| Trade and other receivables, including derivatives        | 10   | 211,026          | 194,852          | 50,747         | 62,313         |
| Deposits and prepayments                                  | 11   | 19,304           | 15,543           | 841            | 20             |
| Cash and cash equivalents                                 | 12   | 393,637          | 351,207          | 45,458         | 70,774         |
| Assets classified as held for sale                        | 13   | 9,478            | -                | -              | -              |
| <b>Total current assets</b>                               |      | <b>802,748</b>   | <b>740,859</b>   | <b>97,631</b>  | <b>133,192</b> |
| <b>Total assets</b>                                       |      | <b>1,068,630</b> | <b>1,002,564</b> | <b>403,899</b> | <b>424,715</b> |
| <b>Equity</b>                                             |      |                  |                  |                |                |
| Share capital                                             |      | 201,600          | 201,600          | 201,600        | 201,600        |
| Reserves                                                  |      | 635,599          | 548,940          | 208,203        | 229,661        |
| Treasury shares                                           |      | (12,786)         | (12,776)         | (12,786)       | (12,776)       |
| <b>Total equity attributable to owners of the Company</b> |      | <b>824,413</b>   | <b>737,764</b>   | <b>397,017</b> | <b>418,485</b> |
| <b>Non-controlling interest</b>                           |      | <b>25,298</b>    | <b>30,359</b>    | <b>-</b>       | <b>-</b>       |
| <b>Total equity</b>                                       | 14   | <b>849,711</b>   | <b>768,123</b>   | <b>397,017</b> | <b>418,485</b> |
| <b>Liabilities</b>                                        |      |                  |                  |                |                |
| Employee benefits                                         | 15   | 14,761           | 14,139           | 1,585          | 1,446          |
| Deferred tax liabilities                                  | 8    | 2,765            | 4,789            | -              | -              |
| <b>Total non-current liabilities</b>                      |      | <b>17,526</b>    | <b>18,928</b>    | <b>1,585</b>   | <b>1,446</b>   |
| Loans and borrowings                                      | 16   | 21,677           | 25,279           | -              | -              |
| Provisions                                                | 17   | 9,011            | 9,077            | -              | -              |
| Trade and other payables, including derivatives           | 18   | 166,717          | 170,579          | 5,297          | 4,784          |
| Current tax liabilities                                   |      | 3,988            | 10,578           | -              | -              |
| <b>Total current liabilities</b>                          |      | <b>201,393</b>   | <b>215,513</b>   | <b>5,297</b>   | <b>4,784</b>   |
| <b>Total liabilities</b>                                  |      | <b>218,919</b>   | <b>234,441</b>   | <b>6,882</b>   | <b>6,230</b>   |
| <b>Total equity and liabilities</b>                       |      | <b>1,068,630</b> | <b>1,002,564</b> | <b>403,899</b> | <b>424,715</b> |

The notes on pages 41 to 97 are an integral part of these financial statements.



# Statement of Financial Position

(In US\$ Equivalent) as at 31 December 2011

|                                                                   | Group           |                 |
|-------------------------------------------------------------------|-----------------|-----------------|
|                                                                   | 2011<br>USD'000 | 2010<br>USD'000 |
| <b>Assets</b>                                                     |                 |                 |
| Property, plant and equipment                                     | 77,438          | 75,591          |
| Prepaid lease payments                                            | 2,408           | 1,989           |
| Investment property                                               | 370             | 383             |
| Development expenditure                                           | 251             | 295             |
| Deferred tax assets                                               | 3,222           | 4,117           |
| <b>Total non-current assets</b>                                   | <b>83,689</b>   | <b>82,375</b>   |
| Inventories                                                       | 51,498          | 55,490          |
| Current tax assets                                                | 1,792           | 933             |
| Trade and other receivables, including derivatives                | 66,423          | 61,332          |
| Deposits and prepayments                                          | 6,076           | 4,892           |
| Cash and cash equivalents                                         | 123,902         | 110,547         |
| Assets classified as held for sale                                | 2,983           | -               |
| <b>Total current assets</b>                                       | <b>252,674</b>  | <b>233,194</b>  |
| <b>Total assets</b>                                               | <b>336,363</b>  | <b>315,569</b>  |
| <b>Equity</b>                                                     |                 |                 |
| Share capital                                                     | 63,456          | 63,456          |
| Reserves                                                          | 200,063         | 172,786         |
| Treasury shares                                                   | (4,025)         | (4,021)         |
| <b>Total equity attributable to equity holders of the Company</b> | <b>259,494</b>  | <b>232,221</b>  |
| <b>Non-controlling interest</b>                                   | <b>7,963</b>    | <b>9,556</b>    |
| <b>Total equity</b>                                               | <b>267,457</b>  | <b>241,777</b>  |
| <b>Liabilities</b>                                                |                 |                 |
| Employee benefits                                                 | 4,646           | 4,450           |
| Deferred tax liabilities                                          | 870             | 1,507           |
| <b>Total non-current liabilities</b>                              | <b>5,516</b>    | <b>5,957</b>    |
| Loans and borrowings                                              | 6,823           | 7,957           |
| Provisions                                                        | 2,837           | 2,855           |
| Payables and accruals, including derivatives                      | 52,475          | 53,693          |
| Current tax liabilities                                           | 1,255           | 3,330           |
| <b>Total current liabilities</b>                                  | <b>63,390</b>   | <b>67,835</b>   |
| <b>Total liabilities</b>                                          | <b>68,906</b>   | <b>73,792</b>   |
| <b>Total equity and liabilities</b>                               | <b>336,363</b>  | <b>315,569</b>  |

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 3.1770 = US\$ 1.00 which approximates that prevailing on 31 December 2011.

# Statements of Comprehensive Income

For the year ended 31 December 2011

|                                                                       | Note | Group          |                | Company        |                |
|-----------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                       |      | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Revenue                                                               | 19   | 1,182,069      | 1,178,846      | 24,763         | 15,172         |
| Cost of sales                                                         |      | (914,638)      | (905,227)      | -              | -              |
| <b>Gross profit</b>                                                   |      | 267,431        | 273,619        | 24,763         | 15,172         |
| Other income                                                          |      | 5,678          | 5,720          | 179            | 10             |
| Distribution expenses                                                 |      | (30,848)       | (36,608)       | -              | -              |
| Administration expenses                                               |      | (72,174)       | (59,692)       | (12,479)       | (11,354)       |
| Other expenses                                                        |      | (4,849)        | (5,083)        | (192)          | (819)          |
| <b>Results from operating activities</b>                              |      | 165,238        | 177,956        | 12,271         | 3,009          |
| Finance income                                                        | 20   | 10,683         | 6,994          | 8,793          | 5,391          |
| Finance costs                                                         | 21   | (886)          | (421)          | (6,007)        | (3,185)        |
| <b>Net finance income</b>                                             |      | 9,797          | 6,573          | 2,786          | 2,206          |
| <b>Profit before tax</b>                                              | 22   | 175,035        | 184,529        | 15,057         | 5,215          |
| Income tax expense                                                    | 24   | (37,353)       | (44,195)       | (4,226)        | (3,342)        |
| <b>Profit for the year</b>                                            |      | 137,682        | 140,334        | 10,831         | 1,873          |
| <b>Other comprehensive income/(loss), net of tax</b>                  |      |                |                |                |                |
| Foreign currency translation differences<br>for foreign operations    |      | 909            | (3,773)        | -              | -              |
| <b>Other comprehensive income/(loss)<br/>for the year, net of tax</b> | 25   | 909            | (3,773)        | -              | -              |
| <b>Total comprehensive income for the year</b>                        |      | 138,591        | 136,561        | 10,831         | 1,873          |
| <b>Profit attributable to:</b>                                        |      |                |                |                |                |
| Owners of the Company                                                 |      | 119,891        | 124,489        | 10,831         | 1,873          |
| Non-controlling interests                                             |      | 17,791         | 15,845         | -              | -              |
| <b>Profit for the year</b>                                            |      | 137,682        | 140,334        | 10,831         | 1,873          |
| <b>Total comprehensive income attributable to:</b>                    |      |                |                |                |                |
| Owners of the Company                                                 |      | 118,948        | 121,176        | 10,831         | 1,873          |
| Non-controlling interests                                             |      | 19,643         | 15,385         | -              | -              |
| <b>Total comprehensive income for the year</b>                        |      | 138,591        | 136,561        | 10,831         | 1,873          |
| <b>Basic earnings per ordinary share (sen)</b>                        | 26   | 61.3           | 63.6           |                |                |

The notes on pages 41 to 97 are an integral part of these financial statements.

# Statement of Comprehensive Income

(In US\$ Equivalent ) for the year ended 31 December 2011

|                                                                   | Group           |                 |
|-------------------------------------------------------------------|-----------------|-----------------|
|                                                                   | 2011<br>USD'000 | 2010<br>USD'000 |
| Revenue                                                           | 372,071         | 371,056         |
| Cost of sales                                                     | (287,894)       | (284,931)       |
| <b>Gross profit</b>                                               | <b>84,177</b>   | <b>86,125</b>   |
| Other income                                                      | 1,787           | 1,800           |
| Distribution expenses                                             | (9,710)         | (11,523)        |
| Administration expenses                                           | (22,718)        | (18,789)        |
| Other expenses                                                    | (1,526)         | (1,600)         |
| <b>Results from operating activities</b>                          | <b>52,010</b>   | <b>56,013</b>   |
| Interest income                                                   | 3,363           | 2,201           |
| Finance costs                                                     | (279)           | (133)           |
| <b>Net finance income</b>                                         | <b>3,084</b>    | <b>2,068</b>    |
| <b>Profit before tax</b>                                          | <b>55,094</b>   | <b>58,081</b>   |
| Income tax expense                                                | (11,757)        | (13,911)        |
| <b>Profit for the year</b>                                        | <b>43,337</b>   | <b>44,170</b>   |
| <b>Other comprehensive income/(loss), net of tax</b>              |                 |                 |
| Foreign currency translation differences for foreign operations   | 284             | (1,188)         |
| <b>Other comprehensive income/(loss) for the year, net of tax</b> | <b>284</b>      | <b>(1,188)</b>  |
| <b>Total comprehensive income for the year</b>                    | <b>43,621</b>   | <b>42,982</b>   |
| <b>Attributable to :</b>                                          |                 |                 |
| Owners of the Company                                             | 37,737          | 39,183          |
| Non-controlling interest                                          | 5,600           | 4,987           |
| <b>Profit for the year</b>                                        | <b>43,337</b>   | <b>44,170</b>   |
| <b>Total comprehensive income attributable to :</b>               |                 |                 |
| Owners of the Company                                             | 37,438          | 38,140          |
| Non-controlling interest                                          | 6,183           | 4,842           |
|                                                                   | 43,621          | 42,982          |
| <b>Basic earnings per ordinary share (cent)</b>                   | <b>19.3</b>     | <b>20.0</b>     |

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 3.1770 = US\$ 1.00 which approximates that prevailing on 31 December 2011.

# Statement of Changes in Equity

For the year ended 31 December 2011

| Group                                                           | Note | ← Attributable to owners of the Company → |                           |                         |                               |                          |                             | ← Non-distributable → Distributable |               | Non-controlling interests | Total equity |
|-----------------------------------------------------------------|------|-------------------------------------------|---------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------|-------------------------------------|---------------|---------------------------|--------------|
|                                                                 |      | Share capital<br>RM'000                   | Treasury shares<br>RM'000 | Share premium<br>RM'000 | Translation reserve<br>RM'000 | Merger deficit<br>RM'000 | Retained earnings<br>RM'000 | Total                               | RM'000        |                           |              |
| <b>At 1 January 2010</b>                                        |      | 201,600                                   | (12,733)                  | 17,898                  | 788                           | (42,339)                 | 477,836                     | 643,050                             | 20,806        | 663,856                   |              |
| Foreign currency translation differences for foreign operations |      | -                                         | -                         | -                       | (3,313)                       | -                        | -                           | (3,313)                             | (460)         | (3,773)                   |              |
| Profit for the year                                             |      | -                                         | -                         | -                       | -                             | -                        | 124,489                     | 124,489                             | 15,845        | 140,334                   |              |
| <b>Total comprehensive income for the year</b>                  |      | -                                         | -                         | -                       | (3,313)                       | -                        | 124,489                     | 121,176                             | 15,385        | 136,561                   |              |
| Own shares acquired                                             |      | -                                         | (43)                      | -                       | -                             | -                        | -                           | (43)                                | -             | (43)                      |              |
| Dividends to owners of the Company                              |      |                                           |                           |                         |                               |                          |                             |                                     |               |                           |              |
| - Final 2009 ordinary                                           | 27   | -                                         | -                         | -                       | -                             | -                        | (14,677)                    | (14,677)                            | -             | (14,677)                  |              |
| - Interim 2010 ordinary                                         | 27   | -                                         | -                         | -                       | -                             | -                        | (11,742)                    | (11,742)                            | (5,832)       | (17,574)                  |              |
| <b>Total distribution to owners</b>                             |      | -                                         | (43)                      | -                       | -                             | -                        | (26,419)                    | (26,462)                            | (5,832)       | (32,294)                  |              |
| <b>At 31 December 2010</b>                                      |      | <b>201,600</b>                            | <b>(12,776)</b>           | <b>17,898</b>           | <b>(2,525)</b>                | <b>(42,339)</b>          | <b>575,906</b>              | <b>737,764</b>                      | <b>30,359</b> | <b>768,123</b>            |              |
|                                                                 |      | Note 14                                   | Note 14                   | Note 14                 | Note 14                       | Note 14                  | Note 14                     |                                     |               |                           |              |

# Statement of Changes in Equity

For the year ended 31 December 2011

| Group                                                           | Note | ← Attributable to owners of the Company → |                           |                         |                               |                          | ← Non-distributable → Distributable |                | Non-controlling interests | Total equity   |
|-----------------------------------------------------------------|------|-------------------------------------------|---------------------------|-------------------------|-------------------------------|--------------------------|-------------------------------------|----------------|---------------------------|----------------|
|                                                                 |      | Share capital<br>RM'000                   | Treasury shares<br>RM'000 | Share premium<br>RM'000 | Translation reserve<br>RM'000 | Merger deficit<br>RM'000 | Retained earnings<br>RM'000         | Total          |                           |                |
| <b>At 1 January 2011</b>                                        |      | 201,600                                   | (12,776)                  | 17,898                  | (2,525)                       | (42,339)                 | 575,906                             | 737,764        | 30,359                    | 768,123        |
| Foreign currency translation differences for foreign operations |      | -                                         | -                         | -                       | (943)                         | -                        | -                                   | (943)          | 1,852                     | 909            |
| Profit for the year                                             |      | -                                         | -                         | -                       | -                             | -                        | 119,891                             | 119,891        | 17,791                    | 137,682        |
| <b>Total comprehensive income for the year</b>                  |      | -                                         | -                         | -                       | (943)                         | -                        | 119,891                             | 118,948        | 19,643                    | 138,591        |
| Own shares acquired                                             |      | -                                         | (10)                      | -                       | -                             | -                        | -                                   | (10)           | -                         | (10)           |
| Dilution of interest in a jointly-controlled entity             |      | -                                         | -                         | -                       | -                             | -                        | -                                   | -              | (3,891)                   | (3,891)        |
| Dividends to owners of the Company                              |      |                                           |                           |                         |                               |                          |                                     |                |                           |                |
| - Final 2010 ordinary                                           | 27   | -                                         | -                         | -                       | -                             | -                        | (17,612)                            | (17,612)       | -                         | (17,612)       |
| - Interim 2011 ordinary                                         | 27   | -                                         | -                         | -                       | -                             | -                        | (14,677)                            | (14,677)       | (20,813)                  | (35,490)       |
| <b>Total distribution to owners</b>                             |      | -                                         | (10)                      | -                       | -                             | -                        | (32,289)                            | (32,299)       | (24,704)                  | (57,003)       |
| <b>At 31 December 2011</b>                                      |      | <b>201,600</b>                            | <b>(12,786)</b>           | <b>17,898</b>           | <b>(3,468)</b>                | <b>(42,339)</b>          | <b>663,508</b>                      | <b>824,413</b> | <b>25,298</b>             | <b>849,711</b> |
|                                                                 |      | Note 14                                   | Note 14                   | Note 14                 | Note 14                       | Note 14                  | Note 14                             |                |                           |                |

# Statement of Changes in Equity

For the year ended 31 December 2011

| Company                                        | Note | Attributable to owners of the Company |                           |                         | Retained earnings<br>RM'000 | Total equity<br>RM'000 |
|------------------------------------------------|------|---------------------------------------|---------------------------|-------------------------|-----------------------------|------------------------|
|                                                |      | Share capital<br>RM'000               | Treasury shares<br>RM'000 | Share premium<br>RM'000 |                             |                        |
| <b>At 1 January 2010</b>                       |      | 201,600                               | (12,733)                  | 17,898                  | 236,309                     | 443,074                |
| Total comprehensive income for the year        |      | -                                     | -                         | -                       | 1,873                       | 1,873                  |
| Own shares acquired                            |      | -                                     | (43)                      | -                       | -                           | (43)                   |
| Dividends to owners of the Company             |      |                                       |                           |                         |                             |                        |
| - Final 2009 ordinary                          | 27   | -                                     | -                         | -                       | (14,677)                    | (14,677)               |
| - Interim 2010 ordinary                        | 27   | -                                     | -                         | -                       | (11,742)                    | (11,742)               |
| <b>Total distribution to owners</b>            |      | -                                     | (43)                      | -                       | (26,419)                    | (26,462)               |
| <b>At 31 December 2010/<br/>1 January 2011</b> |      | 201,600                               | (12,776)                  | 17,898                  | 211,763                     | 418,485                |
| Total comprehensive income for the year        |      | -                                     | -                         | -                       | 10,831                      | 10,831                 |
| Own shares acquired                            |      | -                                     | (10)                      | -                       | -                           | (10)                   |
| Dividends to owners of the Company             |      |                                       |                           |                         |                             |                        |
| - Final 2010 ordinary                          | 27   | -                                     | -                         | -                       | (17,612)                    | (17,612)               |
| - Interim 2011 ordinary                        | 27   | -                                     | -                         | -                       | (14,677)                    | (14,677)               |
| <b>Total distribution to owners</b>            |      | -                                     | (10)                      | -                       | (32,289)                    | (32,299)               |
| <b>At 31 December 2011</b>                     |      | 201,600                               | (12,786)                  | 17,898                  | 190,305                     | 397,017                |
|                                                |      | Note 14                               | Note 14                   | Note 14                 | Note 14                     |                        |

The notes on pages 41 to 97 are an integral part of these financial statements.



# Statements of Cash Flows

For the year ended 31 December 2011

|                                                                | Note | Group          |                | Company        |                |
|----------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                |      | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Cash flows from operating activities</b>                    |      |                |                |                |                |
| Profit before tax                                              |      | 175,035        | 184,529        | 15,057         | 5,215          |
| <i>Adjustments for:</i>                                        |      |                |                |                |                |
| Amortisation of development expenditure                        | 7    | 377            | 712            | -              | -              |
| Amortisation of grant income                                   |      | -              | (8)            | -              | -              |
| Amortisation of prepaid lease payments                         | 4    | 36             | 26             | -              | -              |
| Depreciation of investment property                            | 5    | 40             | 40             | -              | -              |
| Depreciation of property, plant and equipment                  | 3    | 39,255         | 40,480         | 238            | 173            |
| Employee benefits                                              | 15   | 2,060          | 2,239          | 142            | 177            |
| Employee benefits transferred to subsidiary                    | 15   | -              | -              | -              | (19)           |
| Finance costs                                                  | 21   | 886            | 421            | 6,007          | 3,185          |
| Gain on dissolution of subsidiary                              |      | -              | (228)          | -              | -              |
| Impairment loss of investment in subsidiaries                  |      | -              | -              | -              | 1,823          |
| Interest income                                                | 20   | (10,683)       | (6,994)        | (8,793)        | (5,391)        |
| (Gain)/Loss on disposal of property,<br>plant and equipment    |      | (153)          | 362            | 24             | 66             |
| Loss on dilution of interest<br>in a jointly-controlled entity | 30   | 727            | -              | -              | -              |
| Provision of warranties                                        | 17   | 5,695          | 4,689          | -              | -              |
| Provision of warranties reversed                               | 17   | (633)          | (1,196)        | -              | -              |
| Property, plant and equipment written off                      |      | 24             | 49             | -              | -              |
| <b>Operating profit before changes in working capital</b>      |      |                |                |                |                |
| Deposits and prepayments                                       |      | (6,261)        | (2,289)        | (821)          | (11)           |
| Inventories                                                    |      | 632            | (13,334)       | -              | -              |
| Trade and other payables, including derivatives                |      | 2,949          | (2,587)        | 513            | 1,987          |
| Trade and other receivables, including derivatives             |      | (19,264)       | (5,513)        | 11,566         | 33,491         |
| <b>Cash generated from operations</b>                          |      |                |                |                |                |
| Employee benefits paid                                         | 15   | (1,218)        | (1,696)        | (3)            | (2)            |
| Interest received                                              | 20   | 10,683         | 6,994          | 8,793          | 5,391          |
| Interest paid                                                  | 21   | (886)          | (421)          | (6,007)        | (3,185)        |
| Provisions of warranties paid                                  | 17   | (5,144)        | (3,962)        | -              | -              |
| Income tax paid                                                |      | (45,946)       | (33,886)       | (4,677)        | (1,557)        |
| <b>Net cash from operating activities</b>                      |      |                |                |                |                |
|                                                                |      | 148,211        | 168,427        | 22,039         | 41,343         |

# Statements of Cash Flows

For the year ended 31 December 2011

|                                                                                                                          | Note | Group           |                 | Company         |                 |
|--------------------------------------------------------------------------------------------------------------------------|------|-----------------|-----------------|-----------------|-----------------|
|                                                                                                                          |      | 2011<br>RM'000  | 2010<br>RM'000  | 2011<br>RM'000  | 2010<br>RM'000  |
| <b>Cash flows from investing activities</b>                                                                              |      |                 |                 |                 |                 |
| Acquisition of property, plant and equipment                                                                             | 3    | (49,249)        | (63,030)        | (612)           | (707)           |
| Additions of development expenditure                                                                                     | 7    | (240)           | (99)            | -               | -               |
| Dilution of interest in a jointly-controlled entity - consideration net of cash and cash equivalents reduced on dilution | 30   | (337)           | -               | -               | -               |
| Investment in subsidiaries                                                                                               |      | -               | -               | (14,618)        | (4,813)         |
| Lease payment for leasehold land                                                                                         |      | (1,596)         | (2,728)         | -               | -               |
| Proceeds from disposal of property, plant and equipment                                                                  |      | 713             | 362             | 174             | 59              |
| <b>Net cash used in investing activities</b>                                                                             |      | <b>(50,709)</b> | <b>(65,495)</b> | <b>(15,056)</b> | <b>(5,461)</b>  |
| <b>Cash flows from financing activities</b>                                                                              |      |                 |                 |                 |                 |
| Dividends paid to non-controlling interest                                                                               |      | (20,813)        | (5,832)         | -               | -               |
| Dividends paid to owners of the Company                                                                                  | 27   | (32,289)        | (26,419)        | (32,289)        | (26,419)        |
| Drawdown of revolving credit                                                                                             |      | 12,185          | -               | -               | -               |
| (Repayment)/Drawdown of bankers' acceptances                                                                             |      | (12,137)        | 20,875          | -               | -               |
| (Repayment)/Drawdown of foreign currency trade loan                                                                      |      | (3,248)         | 1,015           | -               | -               |
| Purchase of Company's own shares                                                                                         |      | (10)            | (43)            | (10)            | (43)            |
| Repayment of term loans                                                                                                  |      | -               | (688)           | -               | -               |
| <b>Net cash used in financing activities</b>                                                                             |      | <b>(56,312)</b> | <b>(11,092)</b> | <b>(32,299)</b> | <b>(26,462)</b> |

# Statements of Cash Flows

For the year ended 31 December 2011

|                                                      | Note | Group          |                | Company        |                |
|------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                      |      | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Net increase/(decrease) in cash and cash equivalents |      | 41,190         | 91,840         | (25,316)       | 9,420          |
| Effect of exchange rate fluctuations on cash held    |      | 1,642          | (914)          | -              | -              |
| Cash and cash equivalents at 1 January               | (i)  | 350,805        | 259,879        | 70,774         | 61,354         |
| <b>Cash and cash equivalents at 31 December</b>      | (i)  | <b>393,637</b> | <b>350,805</b> | <b>45,458</b>  | <b>70,774</b>  |

i) *Cash and cash equivalents*

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

|                                     | Note | Group          |                | Company        |                |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
|                                     |      | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Deposits placed with licensed banks | 12   | 368,272        | 292,394        | 43,603         | 69,371         |
| Cash and bank balances              | 12   | 25,365         | 58,813         | 1,855          | 1,403          |
|                                     |      | 393,637        | 351,207        | 45,458         | 70,774         |
| Bank overdrafts                     | 16   | -              | (402)          | -              | -              |
|                                     |      | 393,637        | 350,805        | 45,458         | 70,774         |

The notes on pages 41 to 97 are an integral part of these financial statements.

# Notes to the 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 the principal place of business and registered office of the Company are as follows:

## Principal place of business

Lot 600, Pandamaran Industrial Estate  
 Locked Bag No. 218  
 42009 Port Klang  
 Selangor Darul Ehsan

## Registered office

62-68, Jalan Ipoh  
 51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in jointly-controlled entities. The financial statements of the Company as at and for the financial year ended 31 December 2011 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 31 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 18 April 2012.

## 1. Basis of preparation

### (a) Statement of compliance

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

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

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

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

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

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

# Notes to the Financial Statements

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

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

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

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

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

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

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

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

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

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

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those as disclosed in Note 2.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial 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 in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 15 - Valuation of employee benefits

Note 17 - Provisions for warranties

# Notes to the Financial Statements

## 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 the Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

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

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

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

#### (ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

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

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

#### **Acquisitions on or after 1 January 2011**

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

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



# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (ii) Accounting for business combinations (continued)

##### **Acquisitions between 1 January 2006 and 1 January 2011**

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

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

##### **Acquisitions prior to 1 January 2006**

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

#### (iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. 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) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

#### (v) Jointly-controlled entities

Jointly-controlled entities 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.

Jointly-controlled entities 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 statement of financial position at cost less any impairment losses.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (vi) Non-controlling interests

Non-controlling interests at the end of reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements (revised)* where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

#### (vii) 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.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (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 reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (b) Foreign currency (continued)

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

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

#### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)).

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

#### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (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 the 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.

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.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

#### (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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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, fittings and office equipment | 2 - 7 years   |
| • motor vehicles                           | 5 - 10 years  |

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

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (e) Leased assets

#### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### (ii) Operating leases

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 statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

### (f) Intangible assets

#### (i) Development expenditure

Expenditure on development activities for new products is capitalised if the cost can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable 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 profit or loss as incurred. Capitalised development expenditure is stated at cost less 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 recognised in profit or loss as incurred.

#### (iii) Amortisation

Development expenditure is recognised in profit or loss on a systematic basis over 3 to 5 years based on the pattern in which the related economic benefits accrue.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period are adjusted, if appropriate.

# Notes to the Financial Statements

## 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 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 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 profit or loss on a straight-line basis over the estimated useful lives of 20 - 25 years for buildings.

#### (ii) Determination of fair value

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

### (h) Inventories

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

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in 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) 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### (j) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (k) Impairment

#### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in jointly-controlled entities) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 (known as cash-generating unit).

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or a group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.



# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (l) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

#### Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effect, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

### (m) 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 liability is recognised for the amount expected to be paid under shortterm 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.

#### (ii) State plans

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

#### (iii) 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. Any unrecognised actuarial gain or loss and past service costs are adjusted. The discount rate is the yield at the end of the reporting period 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 in profit or loss 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 profit or loss.

#### (iv) 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, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as expenses if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (n) 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.

#### Warranties

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

### (o) Revenue and other income

#### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### (ii) Services

Revenue from services rendered is recognised in profit or loss as and when the services are performed.

#### (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

#### (iv) Rental income

Rental income from investment property is recognised in profit or loss 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 profit or loss 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 profit or loss on a systematic basis over the useful life of the asset.

#### (vi) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

# Notes to the Financial Statements

## 2. Significant accounting policies (continued)

### (p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

### (q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed.

### (r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (EPS). 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, adjusted for own shares held.

### (s) Operating segments

An operating segment is a component of the Group that engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers ("CODM"), which in this case is the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# Notes to the Financial Statements

## 3. Property, plant and equipment

| Group                                                  | Note | Long term     |                | Buildings | Plant,                  | Furniture,           | Motor   | Under    | Total    |
|--------------------------------------------------------|------|---------------|----------------|-----------|-------------------------|----------------------|---------|----------|----------|
|                                                        |      | Freehold land | leasehold land |           | machinery and equipment | and office equipment |         |          |          |
|                                                        |      | RM'000        | RM'000         | RM'000    | RM'000                  | RM'000               | RM'000  | RM'000   | RM'000   |
| <b>Cost/valuation</b>                                  |      |               |                |           |                         |                      |         |          |          |
| At 1 January 2010                                      |      | 13,847        | 40,532         | 104,624   | 361,898                 | 28,512               | 9,663   | 8,287    | 567,363  |
| Additions                                              |      | 12            | -              | 18,029    | 24,198                  | 2,118                | 1,632   | 17,041   | 63,030   |
| Disposal                                               |      | -             | -              | -         | (6,374)                 | (1,831)              | (1,142) | -        | (9,347)  |
| Written off                                            |      | -             | -              | -         | (22,624)                | (2,023)              | -       | -        | (24,647) |
| Transfer                                               |      | -             | -              | 3,396     | 15,836                  | -                    | -       | (19,232) | -        |
| Effect of movement in exchange rates                   |      | -             | -              | (845)     | (2,069)                 | (45)                 | (22)    | (10)     | (2,991)  |
| <hr/>                                                  |      |               |                |           |                         |                      |         |          |          |
| At 31 December 2010/<br>1 January 2011                 |      | 13,859        | 40,532         | 125,204   | 370,865                 | 26,731               | 10,131  | 6,086    | 593,408  |
| Additions                                              |      | 2,003         | -              | 3,671     | 26,521                  | 2,549                | 2,383   | 12,122   | 49,249   |
| Dilution of interest in a<br>jointly-controlled entity | 30   | -             | -              | (126)     | (1,484)                 | (299)                | (106)   | (56)     | (2,071)  |
| Disposal                                               |      | -             | -              | -         | (2,355)                 | (85)                 | (1,988) | -        | (4,428)  |
| Written off                                            |      | -             | -              | (37)      | (4,063)                 | (1,401)              | (118)   | -        | (5,619)  |
| Transfer                                               |      | -             | -              | -         | 2,175                   | 70                   | -       | (2,245)  | -        |
| Transfer to assets held for sale                       | 13   | -             | -              | -         | (3,077)                 | (1,348)              | (1,135) | -        | (5,560)  |
| Effect of movement in exchange rates                   |      | -             | -              | (599)     | (806)                   | (66)                 | 10      | 4        | (1,457)  |
| <hr/>                                                  |      |               |                |           |                         |                      |         |          |          |
| At 31 December 2011                                    |      | 15,862        | 40,532         | 128,113   | 387,776                 | 26,151               | 9,177   | 15,911   | 623,522  |
| <hr/>                                                  |      |               |                |           |                         |                      |         |          |          |
| <b>Representing items at:</b>                          |      |               |                |           |                         |                      |         |          |          |
| Cost                                                   |      | 15,862        | -              | 121,463   | 387,776                 | 26,151               | 9,177   | 15,911   | 576,340  |
| 1984 valuation                                         |      | -             | 40,532         | 6,650     | -                       | -                    | -       | -        | 47,182   |
| <hr/>                                                  |      |               |                |           |                         |                      |         |          |          |
|                                                        |      | 15,862        | 40,532         | 128,113   | 387,776                 | 26,151               | 9,177   | 15,911   | 623,522  |
| <hr/>                                                  |      |               |                |           |                         |                      |         |          |          |

# Notes to the Financial Statements

## 3. Property, plant and equipment (continued)

| Group                                   | Note | Long term     |                | Buildings | Plant,                  | Furniture,           | Motor  | Under  | Total    |
|-----------------------------------------|------|---------------|----------------|-----------|-------------------------|----------------------|--------|--------|----------|
|                                         |      | Freehold land | leasehold land |           | machinery and equipment | and office equipment |        |        |          |
|                                         |      | RM'000        | RM'000         | RM'000    | RM'000                  | RM'000               | RM'000 | RM'000 | RM'000   |
| <b>Depreciation and impairment loss</b> |      |               |                |           |                         |                      |        |        |          |
| At 1 January 2010                       |      |               |                |           |                         |                      |        |        |          |
| Accumulated depreciation                |      | -             | 6,590          | 35,169    | 274,200                 | 24,211               | 6,139  | -      | 346,309  |
| Accumulated impairment loss             |      | -             | -              | -         | 254                     | -                    | -      | -      | 254      |
|                                         |      | -             | 6,590          | 35,169    | 274,454                 | 24,211               | 6,139  | -      | 346,563  |
| Charge for the year                     |      | -             | 491            | 4,984     | 32,094                  | 1,789                | 1,122  | -      | 40,480   |
| Disposals                               |      | -             | -              | -         | (5,858)                 | (1,832)              | (933)  | -      | (8,623)  |
| Written off                             |      | -             | -              | -         | (22,608)                | (1,990)              | -      | -      | (24,598) |
| Effect of movement in exchange rates    |      | -             | -              | (175)     | (380)                   | (17)                 | 5      | -      | (567)    |
| At 31 December 2010                     |      |               |                |           |                         |                      |        |        |          |
| Accumulated depreciation                |      | -             | 7,081          | 39,978    | 277,448                 | 22,161               | 6,333  | -      | 353,001  |
| Accumulated impairment loss             |      | -             | -              | -         | 254                     | -                    | -      | -      | 254      |
|                                         |      | -             | 7,081          | 39,978    | 277,702                 | 22,161               | 6,333  | -      | 353,255  |

# Notes to the Financial Statements

## 3. Property, plant and equipment (continued)

| Group                                               | Note | Long term     |                | Buildings | Plant, machinery and equipment | Furniture, and office equipment | Motor vehicles | Under construction | Total   |
|-----------------------------------------------------|------|---------------|----------------|-----------|--------------------------------|---------------------------------|----------------|--------------------|---------|
|                                                     |      | Freehold land | leasehold land |           |                                |                                 |                |                    |         |
|                                                     |      | RM'000        | RM'000         | RM'000    | RM'000                         | RM'000                          | RM'000         | RM'000             | RM'000  |
| <b>Depreciation and impairment loss (continued)</b> |      |               |                |           |                                |                                 |                |                    |         |
| At 1 January 2011                                   |      |               |                |           |                                |                                 |                |                    |         |
| Accumulated depreciation                            |      | -             | 7,081          | 39,978    | 277,448                        | 22,161                          | 6,333          | -                  | 353,001 |
| Accumulated impairment loss                         |      | -             | -              | -         | 254                            | -                               | -              | -                  | 254     |
| Charge for the year                                 |      | -             | 511            | 5,243     | 30,313                         | 2,070                           | 1,118          | -                  | 39,255  |
| Dilution of interest in a jointly-controlled entity | 30   | -             | -              | (59)      | (620)                          | (142)                           | (55)           | -                  | (876)   |
| Disposals                                           |      | -             | -              | -         | (2,332)                        | (83)                            | (1,453)        | -                  | (3,868) |
| Written off                                         |      | -             | -              | (37)      | (3,975)                        | (1,388)                         | (195)          | -                  | (5,595) |
| Transfer to assets held for sale                    | 13   | -             | -              | -         | (1,527)                        | (1,026)                         | (900)          | -                  | (3,453) |
| Effect of movement in exchange rates                |      | -             | -              | (522)     | (683)                          | (21)                            | 9              | -                  | (1,217) |
| At 31 December 2011                                 |      |               |                |           |                                |                                 |                |                    |         |
| Accumulated depreciation                            |      | -             | 7,592          | 44,603    | 298,624                        | 21,571                          | 4,857          | -                  | 377,247 |
| Accumulated impairment loss                         |      | -             | -              | -         | 254                            | -                               | -              | -                  | 254     |
|                                                     |      | -             | 7,592          | 44,603    | 298,878                        | 21,571                          | 4,857          | -                  | 377,501 |
| <b>Carrying amounts</b>                             |      |               |                |           |                                |                                 |                |                    |         |
| At 1 January 2010                                   |      | 13,847        | 33,942         | 69,455    | 87,444                         | 4,301                           | 3,524          | 8,287              | 220,800 |
| At 31 December 2010/1 January 2011                  |      | 13,859        | 33,451         | 85,226    | 93,163                         | 4,570                           | 3,798          | 6,086              | 240,153 |
| At 31 December 2011                                 |      | 15,862        | 32,940         | 83,510    | 88,898                         | 4,580                           | 4,320          | 15,911             | 246,021 |

# Notes to the Financial Statements

## 3. Property, plant and equipment (continued)

### Revaluation

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

The carrying amounts 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,<br>fittings<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|------------------------------------|-------------------------------------------------------------|-----------------------------|-----------------|
| <b>Cost</b>                        |                                                             |                             |                 |
| At 1 January 2010                  | 926                                                         | 1,097                       | 2,023           |
| Additions                          | 30                                                          | 677                         | 707             |
| Disposals                          | -                                                           | (264)                       | (264)           |
| Written off                        | (220)                                                       | -                           | (220)           |
| At 31 December 2010/1 January 2011 | 736                                                         | 1,510                       | 2,246           |
| Additions                          | 18                                                          | 594                         | 612             |
| Disposals                          | -                                                           | (602)                       | (602)           |
| At 31 December 2011                | 754                                                         | 1,502                       | 2,256           |
| <b>Accumulated depreciation</b>    |                                                             |                             |                 |
| At 1 January 2010                  | 853                                                         | 424                         | 1,277           |
| Charge for the year                | 42                                                          | 131                         | 173             |
| Disposals                          | -                                                           | (139)                       | (139)           |
| Written off                        | (220)                                                       | -                           | (220)           |
| At 31 December 2010/1 January 2011 | 675                                                         | 416                         | 1,091           |
| Charge for the year                | 38                                                          | 200                         | 238             |
| Disposals                          | -                                                           | (404)                       | (404)           |
| At 31 December 2011                | 713                                                         | 212                         | 925             |
| <b>Carrying amounts</b>            |                                                             |                             |                 |
| At 1 January 2010                  | 73                                                          | 673                         | 746             |
| At 31 December 2010/1 January 2011 | 61                                                          | 1,094                       | 1,155           |
| At 31 December 2011                | 41                                                          | 1,290                       | 1,331           |

# Notes to the Financial Statements

## 4. Prepaid lease payments

| <b>Group</b>                        | <b>Unexpired<br/>period<br/>less than or<br/>equal to<br/>50 years<br/>RM'000</b> |
|-------------------------------------|-----------------------------------------------------------------------------------|
| <b>Cost</b>                         |                                                                                   |
| At 1 January 2010                   | 4,109                                                                             |
| Additions                           | 2,728                                                                             |
| Effect of movement in exchange rate | (418)                                                                             |
| <hr/>                               |                                                                                   |
| At 31 December 2010/1 January 2011  | 6,419                                                                             |
| Additions                           | 1,596                                                                             |
| Effect of movement in exchange rate | (237)                                                                             |
| <hr/>                               |                                                                                   |
| At 31 December 2011                 | 7,778                                                                             |
| <hr/>                               |                                                                                   |
| <b>Amortisation</b>                 |                                                                                   |
| At 1 January 2010                   | 66                                                                                |
| Additions                           | 26                                                                                |
| Effect of movement in exchange rate | 7                                                                                 |
| <hr/>                               |                                                                                   |
| At 31 December 2010/1 January 2011  | 99                                                                                |
| Additions                           | 36                                                                                |
| Effect of movement in exchange rate | (6)                                                                               |
| <hr/>                               |                                                                                   |
| At 31 December 2011                 | 129                                                                               |
| <hr/>                               |                                                                                   |
| <b>Carrying amounts</b>             |                                                                                   |
| At 1 January 2010                   | 4,043                                                                             |
| <hr/>                               |                                                                                   |
| At 31 December 2010/1 January 2011  | 6,320                                                                             |
| <hr/>                               |                                                                                   |
| At 31 December 2011                 | 7,649                                                                             |
| <hr/>                               |                                                                                   |



# Notes to the Financial Statements

## 5. Investment property

| <b>Group</b>                                                       | <b>Building<br/>RM'000</b> |
|--------------------------------------------------------------------|----------------------------|
| <b>Cost</b>                                                        |                            |
| At 1 January 2010/31 December 2010/1 January 2011/31 December 2011 | 1,791                      |
| <b>Accumulated depreciation</b>                                    |                            |
| At 1 January 2010                                                  | 534                        |
| Depreciation for the year                                          | 40                         |
| At 31 December 2010/1 January 2011                                 | 574                        |
| Depreciation for the year                                          | 40                         |
| At 31 December 2011                                                | 614                        |
| <b>Carrying amounts</b>                                            |                            |
| At 1 January 2010                                                  | 1,257                      |
| At 31 December 2010/1 January 2011                                 | 1,217                      |
| At 31 December 2011                                                | 1,177                      |
| <b>Fair values</b>                                                 |                            |
| At 1 January 2010                                                  | 1,900                      |
| At 31 December 2010/1 January 2011                                 | 1,900                      |
| At 31 December 2011                                                | 1,900                      |

The fair value of the investment property is determined based on market value.

The following is recognised in profit or loss in respect of investment property:

|                           |             | <b>Group</b>           |                        |
|---------------------------|-------------|------------------------|------------------------|
|                           | <b>Note</b> | <b>2011<br/>RM'000</b> | <b>2010<br/>RM'000</b> |
| Rental income             | 22          | 192                    | 192                    |
| Direct operating expenses | 22          | (62)                   | (64)                   |

# Notes to the Financial Statements

## 6. Investment in subsidiaries

|                                     | Company |         |
|-------------------------------------|---------|---------|
|                                     | 2011    | 2010    |
|                                     | RM'000  | RM'000  |
| Unquoted shares, at cost            | 314,247 | 299,629 |
| Less: Accumulated impairment losses | (9,539) | (9,539) |
|                                     | <hr/>   | <hr/>   |
|                                     | 304,708 | 290,090 |

Details of the subsidiaries are shown in Note 31.

## 7. Development expenditures

|                         | Group  |        |
|-------------------------|--------|--------|
|                         | 2011   | 2010   |
|                         | RM'000 | RM'000 |
| <b>Cost</b>             |        |        |
| At 1 January            | 2,248  | 2,149  |
| Additions               | 240    | 99     |
|                         | <hr/>  | <hr/>  |
| At 31 December          | 2,488  | 2,248  |
|                         | <hr/>  | <hr/>  |
| <b>Amortisation</b>     |        |        |
| At 1 January            | 1,312  | 600    |
| Charge for the year     | 377    | 712    |
|                         | <hr/>  | <hr/>  |
| At 31 December          | 1,689  | 1,312  |
|                         | <hr/>  | <hr/>  |
| <b>Carrying amounts</b> |        |        |
| At 31 December          | 799    | 936    |

The amortisation charge is allocated to the cost of sales and is recognised in profit or loss.

# Notes to the Financial Statements

## 8. Deferred tax assets/(liabilities)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

| Group                         | Assets         |                | Liabilities    |                | Net            |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Property, plant and equipment |                |                |                |                |                |                |
| - temporary differences       | 349            | 591            | (4,885)        | (7,336)        | (4,536)        | (6,745)        |
| - revaluation                 | -              | -              | (880)          | (1,394)        | (880)          | (1,394)        |
| Provisions                    | 12,606         | 16,266         | -              | -              | 12,606         | 16,266         |
| Unabsorbed capital allowances | -              | 21             | -              | -              | -              | 21             |
| Unabsorbed tax losses         | 259            | 255            | -              | -              | 259            | 255            |
| Others                        | 137            | 5              | (115)          | (118)          | 22             | (113)          |
| Tax assets/(liabilities)      | 13,351         | 17,138         | (5,880)        | (8,848)        | 7,471          | 8,290          |
| Set off of tax                | (3,115)        | (4,059)        | 3,115          | 4,059          | -              | -              |
| Net tax assets/(liabilities)  | 10,236         | 13,079         | (2,765)        | (4,789)        | 7,471          | 8,290          |

### Company

|                               |     |     |       |       |       |       |
|-------------------------------|-----|-----|-------|-------|-------|-------|
| Property, plant and equipment |     |     |       |       |       |       |
| - temporary differences       | -   | -   | (207) | (113) | (207) | (113) |
| Provisions                    | 436 | 391 | -     | -     | 436   | 391   |
| Tax assets/(liabilities)      | 436 | 391 | (207) | (113) | 229   | 278   |

## Notes to the Financial Statements

### 8. Deferred tax assets/(liabilities) (continued)

#### Movement in temporary differences during the year

| Group                            | At       | Recognised                        | At                      | Recognised                        | Included                                                                         | At         |
|----------------------------------|----------|-----------------------------------|-------------------------|-----------------------------------|----------------------------------------------------------------------------------|------------|
|                                  | 1.1.2010 | in profit<br>or loss<br>(Note 24) | 31.12.2010/<br>1.1.2011 | in profit<br>or loss<br>(Note 24) | in dilution<br>of interest<br>in a jointly<br>-controlled<br>entity<br>(Note 30) | 31.12.2011 |
|                                  | RM'000   | RM'000                            | RM'000                  | RM'000                            | RM'000                                                                           | RM'000     |
| Property, plant and equipment    |          |                                   |                         |                                   |                                                                                  |            |
| - temporary differences          | (7,364)  | 619                               | (6,745)                 | 2,209                             | -                                                                                | (4,536)    |
| - revaluation                    | (1,555)  | 161                               | (1,394)                 | 514                               | -                                                                                | (880)      |
| Provisions                       | 17,916   | (1,650)                           | 16,266                  | (3,052)                           | (608)                                                                            | 12,606     |
| Unrealised foreign exchange gain | -        | -                                 | -                       | (15)                              | -                                                                                | (15)       |
| Unabsorbed capital allowances    | 48       | (27)                              | 21                      | (21)                              | -                                                                                | -          |
| Unabsorbed tax losses            | -        | 255                               | 255                     | 4                                 | -                                                                                | 259        |
| Others                           | 181      | (294)                             | (113)                   | 150                               | -                                                                                | 37         |
|                                  | 9,226    | (936)                             | 8,290                   | (211)                             | (608)                                                                            | 7,471      |

#### Company

|                               |       |         |       |      |   |       |
|-------------------------------|-------|---------|-------|------|---|-------|
| Property, plant and equipment |       |         |       |      |   |       |
| - temporary differences       | (59)  | (54)    | (113) | (94) | - | (207) |
| Provisions                    | 1,441 | (1,050) | 391   | 45   | - | 436   |
| Unabsorbed capital allowances | 48    | (48)    | -     | -    | - | -     |
|                               | 1,430 | (1,152) | 278   | (49) | - | 229   |

#### Unrecognised deferred tax assets

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

|                                  | Group          |                |
|----------------------------------|----------------|----------------|
|                                  | 2011<br>RM'000 | 2010<br>RM'000 |
| Unutilised tax losses            | 11,265         | 11,214         |
| Unabsorbed capital allowances    | 1,149          | -              |
| Deductible temporary differences | 3,758          | -              |
|                                  | 16,172         | 1,214          |

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 RM10,695,000 (IDR30,645,112,000) which will expire in financial years 2013 - 2014 for the subsidiary in Indonesia. 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.

# Notes to the Financial Statements

## 9. Inventories

|                                                  | Note | Group          |                |
|--------------------------------------------------|------|----------------|----------------|
|                                                  |      | 2011<br>RM'000 | 2010<br>RM'000 |
| Raw materials                                    |      | 97,056         | 107,921        |
| Work-in-progress                                 |      | 9,137          | 7,418          |
| Manufactured inventories and trading inventories |      | 53,981         | 54,993         |
| Spare parts and others                           |      | 10,806         | 5,961          |
|                                                  |      | 170,980        | 176,293        |
| Transfer to assets held for sale                 | 13   | (7,371)        | -              |
|                                                  |      | 163,609        | 176,293        |
| Recognised in profit or loss:                    |      |                |                |
| Write-down to net realisable value               |      | (1,904)        | (2,200)        |
| Reversal of write-downs                          |      | 1,455          | 103            |

The write-down and reversal are included in cost of sales.

## 10. Trade and other receivables, including derivatives

|                                                       | Group          |                | Company        |                |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                       | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Trade</b>                                          |                |                |                |                |
| Trade receivables                                     | 185,348        | 169,965        | -              | -              |
| Less: Impairment losses                               | (1,711)        | (767)          | -              | -              |
|                                                       | 183,637        | 169,198        | -              | -              |
| Jointly-controlled entities                           | 277            | -              | -              | -              |
| Related parties                                       | 21,608         | 23,627         | -              | -              |
|                                                       | 205,522        | 192,825        | -              | -              |
| <b>Non-trade</b>                                      |                |                |                |                |
| Other receivables                                     | 4,762          | 2,003          | 1,385          | 1,030          |
| Less: Impairment losses                               | -              | (1,000)        | -              | -              |
|                                                       | 4,762          | 1,003          | 1,385          | 1,030          |
| Subsidiaries                                          | -              | -              | 49,335         | 61,245         |
| Jointly-controlled entities                           | 58             | 139            | 27             | 28             |
| Related parties                                       | 110            | 105            | -              | -              |
| Financial assets at fair value through profit or loss | 574            | 780            | -              | 10             |
|                                                       | 5,504          | 2,027          | 50,747         | 62,313         |
|                                                       | 211,026        | 194,852        | 50,747         | 62,313         |

# Notes to the Financial Statements

## 10. Trade and other receivables, including derivatives (continued)

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

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

- (i) amount due from subsidiaries, amounting to RM33,166,000 (2010: RM26,328,000) which is subject to interest ranging from 3.1% to 3.5% (2010: 2.4% to 3.4%) per annum.
- (ii) in financial year ended 31 December 2010, amount due from a subsidiary amounting to USD1,600,000 which is subject to interest ranging from 2.8% to 3.5% per annum.

## 11. Deposits and prepayments

|             | Group          |                | Company        |                |
|-------------|----------------|----------------|----------------|----------------|
|             | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Deposits    | 3,979          | 1,551          | 834            | 5              |
| Prepayments | 15,325         | 13,992         | 7              | 15             |
|             | 19,304         | 15,543         | 841            | 20             |

## 12. Cash and cash equivalents

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Deposits placed with licensed banks | 368,272        | 292,394        | 43,603         | 69,371         |
| Cash and bank balances              | 25,365         | 58,813         | 1,855          | 1,403          |
|                                     | 393,637        | 351,207        | 45,458         | 70,774         |

# Notes to the Financial Statements

## 13. Assets classified as held for sale

Plant and equipment and inventories held by the Group through a wholly-owned subsidiary, Radiators Australia (2000) Pty. Ltd. are presented as assets held for sale during the financial year following the commitment of the Group's management to a plan to sell the assets. The sale was finalised on 20 January 2012 following the Asset Sales Agreement signed with a third party for a total consideration of AUD3.74 million.

|                     | Note | Group<br>2011<br>RM'000 |
|---------------------|------|-------------------------|
| Plant and equipment | 13.1 | 2,107                   |
| Inventories         | 13.2 | 7,371                   |
|                     |      | 9,478                   |

13.1 Plant and equipment held for sale comprise the following:

|                          |   |         |
|--------------------------|---|---------|
| Cost                     | 3 | 5,560   |
| Accumulated depreciation | 3 | (3,453) |
|                          |   | 2,107   |

13.2 The inventories held for sale comprise of raw material, manufactured inventories and trading inventories amounting to RM1,597,000 and RM5,774,000 respectively and are carried at net realisable value.

## 14. Capital and reserves

### Share capital

|                             | Group and Company        |                                     |                          |                                     |
|-----------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
|                             | Amount<br>2011<br>RM'000 | Number<br>of shares<br>2011<br>'000 | Amount<br>2010<br>RM'000 | Number<br>of shares<br>2010<br>'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                             |

# Notes to the Financial Statements

## 14. Capital and reserves (continued)

### Share capital (continued)

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 19 May 2011, 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 repurchased 2,000 (2010: 15,000) of its issued share capital from the open market at an average price of RM4.93 (2010: RM2.89) per share. The total consideration paid was RM9,874 (2010: RM43,000) including transaction costs of RM48. The purchase transactions were financed by internally generated funds. The shares purchased are retained as treasury shares.

### Share premium

The reserve comprises the premium paid on subscription of share in the Company over and above par value of the shares.

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

### Merger deficit

The merger deficit arises from the adoption of the merger method of consolidation by the Group. The merger deficit refers to the excess of the acquisition costs over the nominal value of the share capital and reserves of the subsidiaries acquired.

### 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 earnings at 31 December 2011 if paid out as dividends.

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



# Notes to the Financial Statements

## 15. Employee benefits

|                                            | Group          |                | Company        |                |
|--------------------------------------------|----------------|----------------|----------------|----------------|
|                                            | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Recognised liability for employee benefits | 14,761         | 14,139         | 1,585          | 1,446          |

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 statements of financial position*

|                                                     | Group          |                | Company        |                |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                     | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Liability at 1 January                              | 14,139         | 13,593         | 1,446          | 1,290          |
| Benefits paid                                       | (1,218)        | (1,696)        | (3)            | (2)            |
| Expense recognised in profit or loss                | 2,060          | 2,239          | 142            | 177            |
| Effect of movement in exchange rates                | 26             | 3              | -              | -              |
| Dilution of interest in a jointly-controlled entity | (246)          | -              | -              | -              |
| Transferred to subsidiary                           | -              | -              | -              | (19)           |
| Liability at 31 December                            | 14,761         | 14,139         | 1,585          | 1,446          |

### *Expense recognised in profit or loss*

|                        |       |       |      |      |
|------------------------|-------|-------|------|------|
| Current service costs  | 1,757 | 1,959 | 104  | 151  |
| Interest on obligation | 513   | 493   | 62   | 53   |
| Gain on actuarial      | (210) | (213) | (24) | (27) |
|                        | 2,060 | 2,239 | 142  | 177  |

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

|                         |       |       |     |     |
|-------------------------|-------|-------|-----|-----|
| Cost of sales           | 576   | 443   | -   | -   |
| Distribution expenses   | 37    | 39    | -   | -   |
| Administration expenses | 1,447 | 1,757 | 142 | 177 |
|                         | 2,060 | 2,239 | 142 | 177 |

# Notes to the Financial Statements

## 15. Employee benefits (continued)

### Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

|                         | Group and Company |      |
|-------------------------|-------------------|------|
|                         | 2011              | 2010 |
|                         | %                 | %    |
| Discount rate           | 5.4               | 5.4  |
| Future salary increases | 6.5               | 6.5  |

## 16. Loans and borrowings

|                                        | Group  |        |
|----------------------------------------|--------|--------|
|                                        | 2011   | 2010   |
|                                        | RM'000 | RM'000 |
| Current                                |        |        |
| Unsecured bank overdrafts              | -      | 402    |
| Unsecured foreign currency trade loans | 754    | 4,002  |
| Unsecured revolving credit             | 12,185 | -      |
| Unsecured bankers' acceptances         | 8,738  | 20,875 |
|                                        | 21,677 | 25,279 |

The borrowings of the Group are subject to interest at 1.1% to 9.0% (2010: 2.1% to 8.6%) per annum.

## 17. Provisions

|                                      | Group<br>Warranties<br>RM'000 |
|--------------------------------------|-------------------------------|
| At 1 January 2010                    | 9,537                         |
| Provisions made during the year      | 4,689                         |
| Provisions paid during the year      | (3,962)                       |
| Provisions reversed during the year  | (1,196)                       |
| Effect of movement in exchange rates | 9                             |
| At 31 December 2010/1 January 2011   | 9,077                         |
| Provisions made during the year      | 5,695                         |
| Provisions paid during the year      | (5,144)                       |
| Provisions reversed during the year  | (633)                         |
| Effect of movement in exchange rates | 16                            |
| At 31 December 2011                  | 9,011                         |

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

# Notes to the Financial Statements

## 18. Trade and other payables, including derivatives

|                                                            | Group          |                | Company        |                |
|------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                            | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Trade</b>                                               |                |                |                |                |
| Trade payables                                             | 91,136         | 96,259         | -              | -              |
| Related parties                                            | 865            | 539            | -              | -              |
| Jointly-controlled entities                                | -              | 554            | -              | -              |
|                                                            | 92,001         | 97,352         | -              | -              |
| <b>Non-trade</b>                                           |                |                |                |                |
| Other payables and accruals                                | 73,983         | 70,278         | 2,690          | 1,765          |
| Subsidiaries                                               | -              | -              | 2,607          | 3,019          |
| Jointly-controlled entities                                | 434            | 2,372          | -              | -              |
| Related parties                                            | 161            | 552            | -              | -              |
| Financial liabilities at fair value through profit or loss | 138            | 25             | -              | -              |
|                                                            | 166,717        | 170,579        | 5,297          | 4,784          |

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

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

## 19. Revenue

|                   | Group          |                | Company        |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Sale of goods     | 1,182,069      | 1,178,846      | -              | -              |
| Services rendered | -              | -              | 6,763          | 7,172          |
| Dividend income   | -              | -              | 18,000         | 8,000          |
|                   | 1,182,069      | 1,178,846      | 24,763         | 15,172         |

# Notes to the Financial Statements

## 20. Finance income

|                                                                      | Group          |                | Company        |                |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                      | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Interest income received from deposits<br>placed with licensed banks | 10,683         | 6,994          | 7,647          | 4,482          |
| Interest income received from subsidiaries                           | -              | -              | 1,146          | 909            |
| Recognised in profit or loss                                         | 10,683         | 6,994          | 8,793          | 5,391          |

## 21. Finance costs

|                                                                                                 | Group          |                | Company        |                |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                                 | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Interest expense of financial liabilities<br>that are not at fair value through profit or loss: |                |                |                |                |
| - unsecured bank overdrafts                                                                     | 12             | 25             | -              | -              |
| - unsecured foreign currency trade loans                                                        | 23             | 96             | -              | -              |
| - unsecured term loans                                                                          | -              | 15             | -              | -              |
| - unsecured bankers' acceptances                                                                | 454            | 53             | -              | -              |
| - other borrowings                                                                              | 397            | 232            | 6,007          | 3,185          |
| Recognised in profit or loss                                                                    | 886            | 421            | 6,007          | 3,185          |

# Notes to the Financial Statements

## 22. Profit before tax

|                                                         | Group          |                | Company        |                |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                         | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Profit before tax is arrived at after charging:</b>  |                |                |                |                |
| Amortisation of development expenditure                 | 377            | 712            | -              | -              |
| Amortisation of prepaid lease payments                  | 36             | 26             | -              | -              |
| Auditors' remuneration:                                 |                |                |                |                |
| Audit fees                                              |                |                |                |                |
| - KPMG Malaysia                                         | 295            | 265            | 37             | 35             |
| - Overseas affiliates of KPMG Malaysia                  | 60             | 49             | -              | -              |
| - Other auditors                                        | 141            | 137            | -              | -              |
| Non-audit fees                                          |                |                |                |                |
| - KPMG Malaysia                                         | 19             | 49             | 19             | 49             |
| - Local affiliates of KPMG Malaysia                     | 129            | 194            | 30             | 75             |
| - Overseas affiliates of KPMG Malaysia                  | 38             | 31             | -              | -              |
| Depreciation of property, plant and equipment           | 39,255         | 40,480         | 238            | 173            |
| Depreciation of investment property                     | 40             | 40             | -              | -              |
| Direct operating expenses of investment property        | 62             | 64             | -              | -              |
| Impairment loss                                         |                |                |                |                |
| - trade receivables                                     | 1,204          | 168            | -              | -              |
| - investment in subsidiaries                            | -              | -              | -              | 1,823          |
| Loss on disposal of property, plant and equipment       | -              | 362            | 24             | 66             |
| Net derivative exchange loss                            |                |                |                |                |
| - realised                                              | -              | 87             | 83             | -              |
| - unrealised                                            | 317            | -              | 10             | -              |
| Net foreign exchange loss                               |                |                |                |                |
| - realised                                              | 2,461          | 784            | 77             | 1              |
| - unrealised                                            | -              | 328            | -              | 751            |
| Personnel expenses (including key management personnel) |                |                |                |                |
| - Employee benefits                                     | 2,060          | 2,239          | 142            | 177            |
| - Termination benefits                                  | 1,293          | 1,597          | -              | -              |
| - Contributions to state plans                          | 7,558          | 7,210          | 976            | 748            |
| - Wages, salaries and others                            | 101,288        | 104,888        | 7,711          | 6,351          |
| Property, plant and equipment written off               | 24             | 49             | -              | -              |
| Provision of warranties                                 | 5,695          | 4,689          | -              | -              |
| Rental of premises                                      | 2,861          | 4,396          | -              | -              |
| Royalties                                               | 7,142          | 11,534         | -              | -              |
| <b>and after crediting:</b>                             |                |                |                |                |
| Amortisation of grant income                            | -              | 8              | -              | -              |
| Gain on disposal of property, plant and equipment       | 153            | -              | -              | -              |
| Net derivative exchange gain - unrealised               | -              | 755            | -              | -              |
| Net foreign exchange gain                               |                |                |                |                |
| - realised                                              | 1,511          | -              | -              | -              |
| - unrealised                                            | 1,755          | -              | 179            | -              |
| Rental income from investment property                  | 192            | 192            | -              | -              |
| Reversal of impairment loss                             |                |                |                |                |
| - trade receivables                                     | 52             | 272            | -              | -              |
| Reversal of provision of warranties                     | 633            | 1,196          | -              | -              |
| Taxable dividends received from                         |                |                |                |                |
| - unquoted subsidiaries                                 | -              | -              | 18,000         | 8,000          |

## Notes to the Financial Statements

### 23. Key management personnel compensation

The key management personnel compensations are as follows:

|                                                                                                | Group          |                | Company        |                |
|------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                                | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Directors                                                                                      |                |                |                |                |
| - Fees                                                                                         | 284            | 335            | 284            | 335            |
| - Remuneration                                                                                 | 4,909          | 4,128          | 4,409          | 3,432          |
| Other short term employee benefits<br>(including estimated monetary value of benefits-in-kind) | 130            | 97             | 92             | 74             |
| <b>Total short-term employee benefits</b>                                                      | <b>5,323</b>   | <b>4,560</b>   | <b>4,785</b>   | <b>3,841</b>   |
| Post-employment benefits                                                                       | 139            | 124            | 80             | 71             |
|                                                                                                | <b>5,462</b>   | <b>4,684</b>   | <b>4,865</b>   | <b>3,912</b>   |
| Other key management personnel:                                                                |                |                |                |                |
| - Short-term employee benefits                                                                 | 1,695          | 1,453          | -              | -              |
| - Post-employment benefits                                                                     | 121            | 107            | -              | -              |
|                                                                                                | <b>1,816</b>   | <b>1,560</b>   | <b>-</b>       | <b>-</b>       |
|                                                                                                | <b>7,278</b>   | <b>6,244</b>   | <b>4,865</b>   | <b>3,912</b>   |

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.

# Notes to the Financial Statements

## 24. Income tax expense

### Recognised in profit or loss

|                                                                          | Group          |                | Company        |                |
|--------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                          | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Current tax expense</b>                                               |                |                |                |                |
| Malaysia - current year                                                  | 34,379         | 36,549         | 4,117          | 2,151          |
| - under provision in prior year                                          | 742            | 761            | 18             | 29             |
| Overseas - current year                                                  | 1,915          | 5,898          | -              | -              |
| - (over)/under provision in prior year                                   | (69)           | 3              | -              | -              |
| Total current tax recognised in profit or loss                           | 36,967         | 43,211         | 4,135          | 2,180          |
| <b>Withholding tax</b>                                                   | 175            | 48             | 42             | 10             |
| <b>Deferred tax expense</b>                                              |                |                |                |                |
| - Origination and reversal of temporary differences                      | 1,032          | (362)          | 11             | (2)            |
| - (Over)/Under provision in prior year                                   | (821)          | 1,298          | 38             | 1,154          |
| Total deferred tax recognised in profit or loss                          | 211            | 936            | 49             | 1,152          |
| Total income tax expense                                                 | 37,353         | 44,195         | 4,226          | 3,342          |
| <b>Reconciliation of effective income tax expense</b>                    |                |                |                |                |
| Profit for the year                                                      | 137,682        | 140,334        | 10,831         | 1,873          |
| Total income tax expense                                                 | 37,353         | 44,195         | 4,226          | 3,342          |
| Profit excluding tax                                                     | 175,035        | 184,529        | 15,057         | 5,215          |
| Tax calculated using Malaysian tax rates of 25% (2010: 25%)              | 43,759         | 46,132         | 3,764          | 1,304          |
| Effect of different tax rates in foreign jurisdictions                   | (41)           | 40             | -              | -              |
| Non-deductible expenses                                                  | 1,713          | 1,329          | 311            | 850            |
| Tax exempt income                                                        | (232)          | (420)          | -              | -              |
| Tax incentives                                                           | (8,449)        | (4,590)        | -              | -              |
| Effect of utilisation of deferred tax benefits previously not recognised | (227)          | (677)          | -              | -              |
| Effect of deferred tax benefit not recognised                            | 922            | 490            | -              | -              |
| Other items                                                              | (119)          | (219)          | 53             | (5)            |
| Withholding tax                                                          | 175            | 48             | 42             | 10             |
|                                                                          | 37,501         | 42,133         | 4,170          | 2,159          |
| (Over)/Under provision in prior year                                     |                |                |                |                |
| - current tax expense                                                    | 673            | 764            | 18             | 29             |
| - deferred tax expense                                                   | (821)          | 1,298          | 38             | 1,154          |
| Income tax expense                                                       | 37,353         | 44,195         | 4,226          | 3,342          |

# Notes to the Financial Statements

## 25. Other comprehensive income/(loss)

|                                                                 | Group          |                |
|-----------------------------------------------------------------|----------------|----------------|
|                                                                 | 2011<br>RM'000 | 2010<br>RM'000 |
| Foreign currency translation differences for foreign operations |                |                |
| - Gains/(Losses) arising during the financial year              | 909            | (3,773)        |

## 26. Earnings per ordinary share

### Basic earnings per ordinary share

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

|                                                           | Group          |                |
|-----------------------------------------------------------|----------------|----------------|
|                                                           | 2011<br>RM'000 | 2010<br>RM'000 |
| Profit for the year attributable to ordinary shareholders | 119,891        | 124,489        |
| Weighted average number of ordinary shares                |                |                |
| Issued ordinary shares at 1 January                       | 201,600        | 201,600        |
| Effect of treasury shares held                            | (5,908)        | (5,905)        |
| Weighted average number of ordinary shares at 31 December | 195,692        | 195,695        |
| Basic earnings per ordinary share (sen)                   | 61.3           | 63.6           |

## 27. Dividends

Dividends recognised by the Company:

|                       | Sen<br>per share<br>(net of tax) | Total<br>amount<br>RM'000 | Date of payment   |
|-----------------------|----------------------------------|---------------------------|-------------------|
| <b>2011</b>           |                                  |                           |                   |
| Interim 2011 ordinary | 7.50                             | 14,677                    | 28 September 2011 |
| Final 2010 ordinary   | 9.00                             | 17,612                    | 28 June 2011      |
| Total amount          |                                  | 32,289                    |                   |
| <b>2010</b>           |                                  |                           |                   |
| Interim 2010 ordinary | 6.00                             | 11,742                    | 20 September 2010 |
| Final 2009 ordinary   | 7.50                             | 14,677                    | 22 June 2010      |
| Total amount          |                                  | 26,419                    |                   |



# Notes to the Financial Statements

## 27. Dividends (continued)

After the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

|                     | Sen<br>per share<br>(net of tax) | Total<br>amount<br>RM'000 |
|---------------------|----------------------------------|---------------------------|
| Final 2011 ordinary | 9.00                             | 17,612                    |
| Special final 2011  | 7.50                             | 14,677                    |

## 28. Capital and other commitments

|                                                             | Group          |                |
|-------------------------------------------------------------|----------------|----------------|
|                                                             | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>Property, plant and equipment</b>                        |                |                |
| Contracted but not provided for and payable within one year | 23,638         | 6,562          |
| Authorised but not contracted for                           | 2,649          | 17,811         |

## 29. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating 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.

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 31.
- 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.

# Notes to the Financial Statements

## 29. Related parties (continued)

### Identity of related parties (continued)

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

|                                         | Group          |                | Company        |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
|                                         | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| <b>With TCMH Group</b>                  |                |                |                |                |
| Sales                                   | 114,628        | 132,597        | -              | -              |
| Purchases                               | (7,608)        | (4,293)        | (673)          | (391)          |
| Administrative and consultancy services | (127)          | (6)            | (127)          | (6)            |
| Insurance                               | (2,657)        | (2,428)        | (76)           | (44)           |
| Rental expenses                         | (5)            | (12)           | -              | -              |
| Rental income                           | 336            | 176            | -              | -              |
| <b>With WTCH Group</b>                  |                |                |                |                |
| Sales                                   | 246            | 188            | -              | -              |
| Purchases                               | (2,247)        | (2,824)        | (266)          | (853)          |
| Rental expenses                         | (205)          | (172)          | -              | -              |

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

All of the above outstanding balances are expected to be settled in cash by the related parties.

The outstanding net amounts due from/(to) related parties are disclosed in Note 10 and Note 18 respectively.

There are no allowances for impairment losses made and no bad or doubtful receivables recognised for the financial year ended 31 December 2011 and 31 December 2010 in respect of the above related parties balances.

ii) The significant related party transactions of the Company, other than key management personnel compensation (see Note 23), are as follows:

| Company                    | Transactions value<br>for the year ended<br>31 December |                |
|----------------------------|---------------------------------------------------------|----------------|
|                            | 2011<br>RM'000                                          | 2010<br>RM'000 |
| <b>Subsidiaries</b>        |                                                         |                |
| Management fees receivable | 6,763                                                   | 7,172          |

# Notes to the Financial Statements

## 30. Dilution of interest in a jointly-controlled entity

On 1 July 2011, the shareholding in P.T. Armada Johnson Controls held via P.T. APM Armada Autoparts which is a jointly-controlled entity of the Group, was diluted from 60% to 50%, as the result of the issuance of new shares in P.T. Armada Johnson Controls.

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

| <b>Group</b>                                 | <b>Carrying<br/>amount<br/>RM'000</b> |
|----------------------------------------------|---------------------------------------|
| Property, plant and equipment                | 1,195                                 |
| Inventories                                  | 4,681                                 |
| Trade and other receivables                  | 3,090                                 |
| Deposits and prepayment                      | 2,500                                 |
| Cash and cash equivalents                    | 582                                   |
| Deferred tax assets                          | 608                                   |
| Trade and other payables                     | (6,811)                               |
| Current tax liabilities                      | (736)                                 |
| Employee benefits                            | (246)                                 |
| Non-controlling interests                    | (3,891)                               |
| <hr/>                                        |                                       |
| Net identifiable assets and liabilities      | 972                                   |
| Consideration received, satisfied in cash    | (245)                                 |
| <hr/>                                        |                                       |
| Loss on dilution                             | 727                                   |
| <hr/>                                        |                                       |
| Consideration received in cash               | 245                                   |
| Cash and cash equivalent reduced on dilution | (582)                                 |
| <hr/>                                        |                                       |
| Net cash outflow                             | (337)                                 |
| <hr/>                                        |                                       |

# Notes to the Financial Statements

## 31. 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 |           |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------|-----------|
|                                                                                                       |                                                                                      | 2011<br>%                    | 2010<br>% |
| 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 Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)                | Manufacture and sale of automotive seats                                             | 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       |
| APM Auto Components (USA) Inc. # (held via 100% owned subsidiary, APM Automotive International Ltd.)  | Marketing and sale of automotive parts and accessories                               | 100                          | 100       |
| APM Auto Parts Marketing Sdn. Bhd. (f.k.a. Auto Parts Marketing Sdn. Bhd.)                            | Marketing and sale of automotive parts and accessories                               | 100                          | 100       |

# Notes to the Financial Statements

## 31. Subsidiaries (continued)

| Name of subsidiary                                                                                        | Principal activities                                                                             | Effective ownership interest |           |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------|-----------|
|                                                                                                           |                                                                                                  | 2011<br>%                    | 2010<br>% |
| Auto Parts Manufacturers Co. Sdn. Bhd.                                                                    | Manufacture and sale of automotive seats                                                         | 100                          | 100       |
| Radiators Australia (2000) Pty. Ltd.**<br>(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** Δ (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       |
| 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.*<br>(held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)                     | Investment holding                                                                               | 100                          | 100       |
| APM Engineering & Research Sdn. Bhd.                                                                      | Provision of automotive research and development services                                        | 100                          | 100       |

# Notes to the Financial Statements

## 31. Subsidiaries (continued)

| Name of subsidiary                                                                                            | Principal activities                                                                                                              | Effective ownership interest |           |
|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------|
|                                                                                                               |                                                                                                                                   | 2011<br>%                    | 2010<br>% |
| APM Corporate Services Sdn. Bhd.                                                                              | Provision of management services                                                                                                  | 100                          | 100       |
| APM Auto Components (Vietnam) Co., Ltd. ø (held via 100% owned subsidiary, APM Automotive International Ltd.) | Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles | 100                          | 100       |
| 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 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       |

# Notes to the Financial Statements

## 31. Subsidiaries (continued)

| Name of subsidiary                 | Principal activities | Effective ownership interest |           |
|------------------------------------|----------------------|------------------------------|-----------|
|                                    |                      | 2011<br>%                    | 2010<br>% |
| Pandamaran Special Steel Sdn. Bhd. | Dormant              | 100                          | 100       |
| TC-Kinugawa Rubber Sdn. Bhd.       | Dormant              | 100                          | 100       |
| APM Automotive Modules Sdn. Bhd. # | Dormant              | 100                          | -         |
| APM Thermal Systems Sdn. Bhd. #    | Dormant              | 100                          | -         |
| APM Suspension Systems Sdn. Bhd. # | Dormant              | 100                          | -         |

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. APM Auto Components (USA) Inc. is a subsidiary incorporated in the United States of America. Radiators Australia (2000) Pty. Ltd. and P.T. APM Armada Suspension are incorporated in Australia and Indonesia respectively. All 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.

# Subsidiary was incorporated on 14 June 2011.

∅ Subsidiary is consolidated based on the management financial statements.

△ The shareholders' agreement between its wholly-owned subsidiary - Auto Parts Holdings Sdn. Bhd. and P.T. Mekar Armada Jaya contains an option for the respective shareholders to acquire all the shareholding in the company in the event of a deadlock in any matters which require shareholders' consent.

# Notes to the Financial Statements

## 32. Operating segments

The Group has six divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Chief Operating Decision Makers ("CODM"), which in this case is the Executive Directors of the Group, review internal management reports on monthly basis. The following summary describes the operations in each of the Group's division:

- *Suspension Division, Malaysia:* Business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* Business in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums and cinemas.
- *Electrical & Heat Exchange Division, Malaysia:* Business in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts.
- *Marketing Division, Malaysia:* Trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Others, Malaysia:* Operations related to the rental of investment properties in Malaysia, provision of management services for companies within the Group and provision of automotive research and development services.
- *Operations Outside Malaysia:* Businesses in Indonesia, Vietnam, Australia and USA.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence no disclosure is made on segment liabilities.

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.



# Notes to the Financial Statements

## 32. Operating segments (continued)

|                                                                                          | Suspension<br>2011<br>RM'000 | Interior<br>and<br>plastics<br>2011<br>RM'000 | Electrical<br>and heat<br>exchange<br>2011<br>RM'000 | Marketing<br>2011<br>RM'000 | Operations<br>outside<br>Malaysia<br>2011<br>RM'000 | Others<br>2011<br>RM'000 | Eliminations<br>2011<br>RM'000 | Total<br>2011<br>RM'000 |
|------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------|------------------------------------------------------|-----------------------------|-----------------------------------------------------|--------------------------|--------------------------------|-------------------------|
| <b>Segment profit</b>                                                                    | 25,670                       | 112,151                                       | 22,737                                               | 14,220                      | 3,802                                               | (3,312)                  | (233)                          | 175,035                 |
| <i>Included in the measure of segment profit are:</i>                                    |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Revenue                                                                                  | 233,139                      | 722,809                                       | 258,402                                              | 207,350                     | 137,721                                             | 42,632                   | (419,984)                      | 1,182,069               |
| Write-down of inventories                                                                | (208)                        | (29)                                          | (1,470)                                              | (197)                       | -                                                   | -                        | -                              | (1,904)                 |
| Depreciation and amortisation                                                            | (7,041)                      | (21,579)                                      | (3,929)                                              | (90)                        | (4,675)                                             | (2,778)                  | 384                            | (39,708)                |
| Finance costs                                                                            | (188)                        | (7)                                           | (278)                                                | -                           | (661)                                               | (7,032)                  | 7,280                          | (886)                   |
| Finance income                                                                           | 1,027                        | 4,708                                         | 548                                                  | 704                         | 917                                                 | 10,094                   | (7,315)                        | 10,683                  |
| <i>Not included in the measure of segment profit but provided to CODM:</i>               |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Income tax expense                                                                       | (4,145)                      | (23,046)                                      | (5,012)                                              | (3,662)                     | (1,572)                                             | 49                       | 35                             | (37,353)                |
| <b>Segment assets</b>                                                                    | 204,878                      | 420,780                                       | 137,593                                              | 44,987                      | 104,233                                             | 537,223                  | (381,064)                      | 1,068,630               |
| <i>Included in the measure of segment assets are:</i>                                    |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Additions to non-current assets other than financial instruments and deferred tax assets | 17,834                       | 8,681                                         | 5,169                                                | 163                         | 11,832                                              | 7,418                    | (12)                           | 51,085                  |

# Notes to the Financial Statements

## 32. Operating segments (continued)

|                                                                                          | Suspension<br>2010<br>RM'000 | Interior<br>and<br>plastics<br>2010<br>RM'000 | Electrical<br>and heat<br>exchange<br>2010<br>RM'000 | Marketing<br>2010<br>RM'000 | Operations<br>outside<br>Malaysia<br>2010<br>RM'000 | Others<br>2010<br>RM'000 | Eliminations<br>2010<br>RM'000 | Total<br>2010<br>RM'000 |
|------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------|------------------------------------------------------|-----------------------------|-----------------------------------------------------|--------------------------|--------------------------------|-------------------------|
| <b>Segment profit</b>                                                                    | 24,680                       | 104,150                                       | 26,116                                               | 12,230                      | 16,823                                              | 212                      | 318                            | 184,529                 |
| <i>Included in the measure of segment profit are:</i>                                    |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Revenue                                                                                  | 219,671                      | 713,235                                       | 266,216                                              | 188,884                     | 160,047                                             | 20,084                   | (389,291)                      | 1,178,846               |
| Write-down of inventories                                                                | (150)                        | (1,425)                                       | (625)                                                | -                           | -                                                   | -                        | -                              | (2,200)                 |
| Depreciation and amortisation                                                            | (6,401)                      | (23,447)                                      | (3,855)                                              | (108)                       | (5,457)                                             | (2,404)                  | 414                            | (41,258)                |
| Finance costs                                                                            | (21)                         | -                                             | (52)                                                 | -                           | (743)                                               | (3,917)                  | 4,312                          | (421)                   |
| Finance income                                                                           | 791                          | 2,826                                         | 314                                                  | 490                         | 746                                                 | 6,166                    | (4,339)                        | 6,994                   |
| <i>Not included in the measure of segment profit but provided to CODM:</i>               |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Income tax expense                                                                       | (6,302)                      | (20,588)                                      | (6,191)                                              | (2,949)                     | (5,154)                                             | (3,011)                  | -                              | (44,195)                |
| <b>Segment assets</b>                                                                    | 186,650                      | 390,871                                       | 134,448                                              | 33,721                      | 100,599                                             | 508,577                  | (352,302)                      | 1,002,564               |
| <i>Included in the measure of segment assets are:</i>                                    |                              |                                               |                                                      |                             |                                                     |                          |                                |                         |
| Additions to non-current assets other than financial instruments and deferred tax assets | 24,709                       | 26,919                                        | 1,608                                                | 50                          | 11,760                                              | 814                      | (3)                            | 65,857                  |

# Notes to the Financial Statements

## 33. Financial instruments

### 33.1 Categories of financial instruments

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

- (a) Loans and receivables (L&R)
- (b) Fair value through profit or loss (FVTPL)
  - Held for trading (HFT)
- (c) Other financial liabilities measured at amortised cost (OL)

|                                                    | <b>Carrying<br/>amount<br/>RM'000</b> | <b>L&amp;R/<br/>(OL)<br/>RM'000</b> | <b>FVTPL<br/>-HFT<br/>RM'000</b> |
|----------------------------------------------------|---------------------------------------|-------------------------------------|----------------------------------|
| <b>2011</b>                                        |                                       |                                     |                                  |
| <b>Financial assets</b>                            |                                       |                                     |                                  |
| <b>Group</b>                                       |                                       |                                     |                                  |
| Trade and other receivables, including derivatives | 211,026                               | 210,452                             | 574                              |
| Deposits                                           | 3,979                                 | 3,979                               | -                                |
| Cash and cash equivalents                          | 393,637                               | 393,637                             | -                                |
|                                                    | <b>608,642</b>                        | <b>608,068</b>                      | <b>574</b>                       |
| <b>Company</b>                                     |                                       |                                     |                                  |
| Trade and other receivables, including derivatives | 50,747                                | 50,747                              | -                                |
| Deposits                                           | 834                                   | 834                                 | -                                |
| Cash and cash equivalents                          | 45,458                                | 45,458                              | -                                |
|                                                    | <b>97,039</b>                         | <b>97,039</b>                       | <b>-</b>                         |
| <b>2011</b>                                        |                                       |                                     |                                  |
| <b>Financial liabilities</b>                       |                                       |                                     |                                  |
| <b>Group</b>                                       |                                       |                                     |                                  |
| Loans and borrowings                               | (21,677)                              | (21,677)                            | -                                |
| Trade and other payables, including derivatives    | (166,717)                             | (166,579)                           | (138)                            |
|                                                    | <b>(188,394)</b>                      | <b>(188,256)</b>                    | <b>(138)</b>                     |
| <b>Company</b>                                     |                                       |                                     |                                  |
| Trade and other payables, including derivatives    | (5,297)                               | (5,297)                             | -                                |

# Notes to the Financial Statements

## 33. Financial instruments (continued)

### 33.1 Categories of financial instruments (continued)

|                                                    | Carrying<br>amount<br>RM'000 | L&R/<br>(OL)<br>RM'000 | FVTPL<br>-HFT<br>RM'000 |
|----------------------------------------------------|------------------------------|------------------------|-------------------------|
| <b>2010</b>                                        |                              |                        |                         |
| <b>Financial assets</b>                            |                              |                        |                         |
| <b>Group</b>                                       |                              |                        |                         |
| Trade and other receivables, including derivatives | 194,852                      | 194,072                | 780                     |
| Deposits                                           | 1,551                        | 1,551                  | -                       |
| Cash and cash equivalents                          | 351,207                      | 351,207                | -                       |
|                                                    | 547,610                      | 546,830                | 780                     |
| <b>Company</b>                                     |                              |                        |                         |
| Trade and other receivables, including derivatives | 62,313                       | 62,303                 | 10                      |
| Deposits                                           | 5                            | 5                      | -                       |
| Cash and cash equivalents                          | 70,774                       | 70,774                 | -                       |
|                                                    | 133,092                      | 133,082                | 10                      |
| <b>2010</b>                                        |                              |                        |                         |
| <b>Financial liabilities</b>                       |                              |                        |                         |
| <b>Group</b>                                       |                              |                        |                         |
| Loans and borrowings                               | (25,279)                     | (25,279)               | -                       |
| Trade and other payables, including derivatives    | (170,579)                    | (170,554)              | (25)                    |
|                                                    | (195,858)                    | (195,833)              | (25)                    |
| <b>Company</b>                                     |                              |                        |                         |
| Trade and other payables, including derivatives    | (4,784)                      | (4,784)                | -                       |

# Notes to the Financial Statements

## 33. Financial instruments (continued)

### 33.2 Net gains and losses arising from financial instruments

|                                                        | Group          |                | Company        |                |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                        | 2011<br>RM'000 | 2010<br>RM'000 | 2011<br>RM'000 | 2010<br>RM'000 |
| Net gains/(losses) on:                                 |                |                |                |                |
| Loans and receivables                                  | 8,825          | 7,098          | 8,802          | 5,391          |
| Financial liabilities measured<br>at amortisation cost | (886)          | (421)          | (6,007)        | (3,185)        |
| Fair value through profits or loss                     | 1,192          | 755            | -              | 10             |
|                                                        | 9,131          | 7,432          | 2,795          | 2,216          |

## 34. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 34.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to a credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its loans and advances to subsidiaries.

#### **Receivables**

The Group has a credit policy in place and the exposure to credit risk is monitored on ongoing basis. Credit evaluations are performed on customers who wish to trade on credit terms.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Significant past due receivables, if deemed as high risks, are normally being monitored individually.

# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.1 Credit risk (continued)

#### *Receivables (continued)*

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

|               | <b>Group</b>  |               |
|---------------|---------------|---------------|
|               | <b>2011</b>   | <b>2010</b>   |
|               | <b>RM'000</b> | <b>RM'000</b> |
| Malaysia      | 180,943       | 173,045       |
| Asia          | 11,524        | 10,953        |
| Africa        | -             | 205           |
| Europe        | 5,564         | 4,466         |
| North America | 2,004         | 886           |
| South America | 447           | 140           |
| Oceania       | 5,040         | 3,130         |
|               | <hr/> 205,522 | <hr/> 192,825 |

#### *Impairment losses*

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

| <b>Group</b>                | <b>Gross</b>  | <b>Impairment</b> | <b>Net</b>    |
|-----------------------------|---------------|-------------------|---------------|
|                             | <b>RM'000</b> | <b>RM'000</b>     | <b>RM'000</b> |
| <b>2011</b>                 |               |                   |               |
| Not past due                | 192,242       | -                 | 192,242       |
| Past due 0 - 90 days        | 10,450        | -                 | 10,450        |
| Past due 91 - 180 days      | 3,027         | (723)             | 2,304         |
| Past due more than 180 days | 1,514         | (988)             | 526           |
|                             | <hr/> 207,233 | <hr/> (1,711)     | <hr/> 205,522 |
| <b>2010</b>                 |               |                   |               |
| Not past due                | 183,694       | -                 | 183,694       |
| Past due 0 - 90 days        | 7,841         | (162)             | 7,679         |
| Past due 91 - 180 days      | 725           | (14)              | 711           |
| Past due more than 180 days | 1,332         | (591)             | 741           |
|                             | <hr/> 193,592 | <hr/> (767)       | <hr/> 192,825 |

# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.1 Credit risk (continued)

#### *Receivables (continued)*

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

|                                     | <b>2011</b>   | <b>2010</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>RM'000</b> | <b>RM'000</b> |
| At 1 January                        | 767           | 1,136         |
| Impairment loss recognised          | 1,204         | 168           |
| Impairment loss reversed            | (52)          | (272)         |
| Impairment loss written off         | (214)         | (276)         |
| Effect of movement in exchange rate | 6             | 11            |
|                                     | <hr/>         | <hr/>         |
| At 31 December                      | 1,711         | 767           |

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfy that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

During the year, impairment loss amounting to RM214,000 (2010: RM276,000) were written off against trade receivables.

#### *Inter company balances*

The Company provides advances to subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statement of financial position. As at the end of the reporting period, there was no indication that advances to the subsidiaries are not recoverable.

### 34.2 Liquidity risk

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

The Group maintains a level of cash and cash equivalent deemed adequate by the management to ensure, as far as possible, that it will have significant liquidity to meet its liabilities when they fall due.

Certain treasury functions, particularly for wholly-owned subsidiaries, are managed centrally by Group Treasury to ensure sufficient cash to cover the expected cash demands. Surplus cash held by the subsidiaries over and above balances required for working capital management are placed in fixed deposits and money market deposits with appropriate maturities to provide sufficient liquidity to meet the Group's liabilities when they fall due.

# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.2 Liquidity risk (continued)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| Group                                           | Carrying<br>amount<br>RM'000 | Contractual<br>interest rate<br>% | Contractual<br>cash flow<br>RM'000 | Under<br>1 year<br>RM'000 |
|-------------------------------------------------|------------------------------|-----------------------------------|------------------------------------|---------------------------|
| <b>2011</b>                                     |                              |                                   |                                    |                           |
| <i>Non-derivative financial liabilities</i>     |                              |                                   |                                    |                           |
| Unsecured bankers' acceptances                  | 8,738                        | 3.3                               | 8,738                              | 8,738                     |
| Unsecured foreign currency trade loans          | 754                          | 1.4                               | 767                                | 767                       |
| Unsecured revolving credit                      | 12,185                       | 1.1 to 9.0                        | 12,233                             | 12,233                    |
| Trade and other payables, excluding derivatives | 166,579                      | -                                 | 166,579                            | 166,579                   |
|                                                 | 188,256                      | -                                 | 188,317                            | 188,317                   |
| <i>Derivative financial liabilities</i>         |                              |                                   |                                    |                           |
| Forward exchange contracts (gross settled):     |                              |                                   |                                    |                           |
| Outflow                                         | -                            | -                                 | 46,527                             | 46,527                    |
| Inflow                                          | (436)                        | -                                 | (46,963)                           | (46,963)                  |
|                                                 | 187,820                      | -                                 | 187,881                            | 187,881                   |
| <b>2010</b>                                     |                              |                                   |                                    |                           |
| <i>Non-derivative financial liabilities</i>     |                              |                                   |                                    |                           |
| Unsecured bankers' acceptances                  | 20,875                       | 3.0                               | 20,875                             | 20,875                    |
| Unsecured bank overdraft                        | 402                          | 6.3 to 8.6                        | 402                                | 402                       |
| Unsecured foreign currency trade loans          | 4,002                        | 2.1 to 4.6                        | 4,042                              | 4,042                     |
| Trade and other payables, excluding derivatives | 170,554                      | -                                 | 170,554                            | 170,554                   |
|                                                 | 195,833                      | -                                 | 195,873                            | 195,873                   |
| <i>Derivative financial liabilities</i>         |                              |                                   |                                    |                           |
| Forward exchange contracts (gross settled):     |                              |                                   |                                    |                           |
| Outflow                                         | -                            | -                                 | 43,800                             | 43,800                    |
| Inflow                                          | (755)                        | -                                 | (44,555)                           | (44,555)                  |
|                                                 | 195,078                      | -                                 | 195,118                            | 195,118                   |



# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows. The Group is not exposed to any other price risk.

#### 34.3.1 Currency risk

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US dollar (USD), Japanese Yen (JPY), Euro Dollar (EURO) and Australian Dollar (AUD).

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit. 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 end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

#### **Exposure to foreign currency risk**

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

| Group                      | USD            | JPY            | EURO         | Denominated in |              | IDR          | SGD        | THB            |
|----------------------------|----------------|----------------|--------------|----------------|--------------|--------------|------------|----------------|
|                            |                |                |              | VND            | AUD          |              |            |                |
| <i>In thousands RM</i>     |                |                |              |                |              |              |            |                |
| <b>2011</b>                |                |                |              |                |              |              |            |                |
| Trade receivables          | 5,553          | 154            | 5,267        | 338            | 5,079        | 7,269        | 890        | -              |
| Trade payables             | (6,727)        | (7,212)        | (1,424)      | (304)          | (418)        | (7,075)      | (232)      | (1,229)        |
| Forward exchange contracts | (62)           | 319            | 87           | -              | (1)          | -            | 23         | 70             |
| <b>Net exposure</b>        | <b>(1,236)</b> | <b>(6,739)</b> | <b>3,930</b> | <b>34</b>      | <b>4,660</b> | <b>194</b>   | <b>681</b> | <b>(1,159)</b> |
| <b>2010</b>                |                |                |              |                |              |              |            |                |
| Trade receivables          | 2,944          | 275            | 3,878        | 748            | 3,203        | 7,881        | 626        | -              |
| Trade payables             | (5,039)        | (8,439)        | (2,039)      | (443)          | (730)        | (4,687)      | (62)       | (2,202)        |
| Forward exchange contracts | 523            | 213            | -            | -              | (8)          | -            | (4)        | 31             |
| <b>Net exposure</b>        | <b>(1,572)</b> | <b>(7,951)</b> | <b>1,839</b> | <b>305</b>     | <b>2,465</b> | <b>3,194</b> | <b>560</b> | <b>(2,171)</b> |

As foreign currency risks arising from Group's operations is not material, sensitivity analysis is hence not presented.

# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.3 Market risk (continued)

#### 34.3.2 Interest rate risk

The Group's exposure to a risk of change in their fair value due 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.

|                                       | Group    |          | Company |        |
|---------------------------------------|----------|----------|---------|--------|
|                                       | 2011     | 2010     | 2011    | 2010   |
|                                       | RM'000   | RM'000   | RM'000  | RM'000 |
| <b>Fixed rate instruments</b>         |          |          |         |        |
| <b>Financial asset</b>                |          |          |         |        |
| Placements with licensed banks        | 368,272  | 292,394  | 43,603  | 69,371 |
| <b>Financial liabilities</b>          |          |          |         |        |
| Unsecured foreign currency trade loan | (754)    | (4,002)  | -       | -      |
| Unsecured revolving credit            | (12,185) | -        | -       | -      |
| Unsecured bankers' acceptances        | (8,738)  | (20,875) | -       | -      |
|                                       | 346,595  | 267,517  | 43,603  | 69,371 |
| <b>Floating rate instrument</b>       |          |          |         |        |
| <b>Financial liability</b>            |          |          |         |        |
| Unsecured bank overdrafts             | -        | (402)    | -       | -      |

The Group has no significant fair value interest risks as the borrowings which bear fixed interest rates as at 31 December 2011 is insignificant. A change in interest rates at the end of the reporting period would therefore not materially affect the profit or loss.

As interest rate risk arising from Group's operations is not material, sensitivity analysis is not presented.

# Notes to the Financial Statements

## 34. Financial risk management (continued)

### 34.4 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

| Group                       | 2011                      |                      | 2010                      |                      |
|-----------------------------|---------------------------|----------------------|---------------------------|----------------------|
|                             | Carrying amount<br>RM'000 | Fair value<br>RM'000 | Carrying amount<br>RM'000 | Fair value<br>RM'000 |
| Forward exchange contracts: |                           |                      |                           |                      |
| Assets                      | 574                       | 574                  | 780                       | 780                  |
| Liabilities                 | (138)                     | (138)                | (25)                      | (25)                 |

#### Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available.

#### 34.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Group                        | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>2011</b>                  |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Forward exchange contracts   | -                 | 574               | -                 | 574             |
| <b>Financial liabilities</b> |                   |                   |                   |                 |
| Forward exchange contracts   | -                 | (138)             | -                 | (138)           |
| <b>2010</b>                  |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Forward exchange contracts   | -                 | 780               | -                 | 780             |
| <b>Financial liabilities</b> |                   |                   |                   |                 |
| Forward exchange contracts   | -                 | (25)              | -                 | (25)            |

# Notes to the Financial Statements

## 35. Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risks and by securing access to finance at a reasonable cost.

The Group reviews and manages its capital structure maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at 31 December 2010 and 2011, the Group was in net cash position.

|                                      | Group          |                |
|--------------------------------------|----------------|----------------|
|                                      | 2011<br>RM'000 | 2010<br>RM'000 |
| Cash and cash equivalents (Note 12)  | 393,637        | 351,207        |
| Less: Loans and borrowings (Note 16) | (21,677)       | (25,279)       |
| Net cash                             | 371,960        | 325,928        |

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

## 36. Jointly-controlled entities

Details of jointly-controlled entities are as follows:

| Name of subsidiary                                                                                         | Principal activities                                 | Effective ownership interest |           |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------|-----------|
|                                                                                                            |                                                      | 2011<br>%                    | 2010<br>% |
| APM-Coachair Sdn. Bhd.<br>(held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)                  | Distribution of coach air-conditioners               | 50                           | 50        |
| Diversified Furniture Systems Sdn. Bhd.<br>(held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Dormant                                              | 50                           | 50        |
| P.T. APM Armada Autoparts*∞<br>(held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)             | Manufacture and sale of automotive interior products | 50                           | 50        |

# Notes to the Financial Statements

## 36. Jointly-controlled entities (continued)

| Name of subsidiary                                                                                                   | Principal activities                                                      | Effective ownership interest |           |
|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------|-----------|
|                                                                                                                      |                                                                           | 2011<br>%                    | 2010<br>% |
| P.T. Armada Johnson Controls# <sup>∞</sup><br>(held via 50% jointly-controlled entity,<br>P.T. APM Armada Autoparts) | Manufacture and sale of automotive seat products                          | 25                           | 30        |
| APM IAC Automotive Systems Sdn. Bhd. @ (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)               | Manufacture and sale of automotive interior plastic component and systems | 60                           | -         |

\* Audited by another firm of Public Accountants

# Audited by member firm of KPMG

<sup>∞</sup> The audit, which is performed by another firm of Public Accountants and/or 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.

@ As the Jointly-controlled entity was incorporated on 25 November 2011, no audit was conducted.

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

The joint venture agreement of P.T. APM Armada Autoparts (between wholly-owned subsidiary - Auto Parts Holdings Sdn. Bhd. and P.T. Mekar Armada Jaya) contains an option for the respective shareholders to acquire all the shareholding in the jointly-controlled entity in the event of a deadlock in any matters which require shareholders' consent.

## 37. Subsequent event

### **Disposal of assets and business of Radiators Australia (2000) Pty. Ltd.**

The Group, through its wholly-owned subsidiary, Radiators Australia (2000) Pty. Ltd. entered into an Assets Sales Agreement with a third party to dispose of certain assets, and radiators business for an approximate total consideration of AUD3.74 million. The disposal was finalised on 20 January 2012.

### **Acquisition of remaining shareholdings in P.T. APM Armada Suspension and termination of Joint Venture Agreement between Auto Parts Holdings Sdn. Bhd. and P.T. Mekar Armada Jaya**

On 9 February 2012 and 13 March 2012 respectively, APM Automotive International Limited, a wholly-owned investment subsidiary of the Group entered into a Conditional Sale and Purchase Agreement and Sale and Purchase of Shares Agreement with P.T. Mekar Armada Jaya to acquire the remaining 20% equity interest in P.T. APM Armada Suspension. As a result of the acquisition, P.T. APM Armada Suspension became a wholly-owned subsidiary of the Group.

A Termination Agreement was entered into between P.T. Mekar Armada Jaya and Auto Parts Holdings Sdn. Bhd., a wholly-owned subsidiary of the Group, on 13 March 2012 to terminate the Joint Venture Agreement and Supplemental Agreement dated 20 December 2006 and 15 June 2007 respectively as a consequence of the above acquisition.

## Notes to the Financial Statements

### 38. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

|                                                                  | 2011            |                   | 2010            |                   |
|------------------------------------------------------------------|-----------------|-------------------|-----------------|-------------------|
|                                                                  | Group<br>RM'000 | Company<br>RM'000 | Group<br>RM'000 | Company<br>RM'000 |
| Total retained earnings of the Company and its subsidiaries:     |                 |                   |                 |                   |
| - realised profits                                               | 651,155         | 189,898           | 570,414         | 212,226           |
| - unrealised profits/(losses)                                    | 2,425           | 407               | (770)           | (463)             |
|                                                                  | 653,580         | 190,305           | 569,644         | 211,763           |
| Total share of retained earnings of jointly-controlled entities: |                 |                   |                 |                   |
| - realised profits                                               | 20,333          | -                 | 20,432          | -                 |
| - unrealised profits                                             | 405             | -                 | 1,124           | -                 |
|                                                                  | 674,318         | -                 | 591,200         | 211,763           |
| Less: consolidation adjustments                                  | (10,810)        | -                 | (15,294)        | -                 |
| Total retained earnings                                          | 663,508         | 190,305           | 575,906         | 211,763           |

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

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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

In the opinion of the Directors, the information set out in Note 38 on page 97 has been properly compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....  
**Dr. Fun Woh Peng**

.....  
**Dato' Tan Eng Hwa**

Kuala Lumpur,  
 Date: 18 April 2012

## Statutory Declaration

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

I, **Lee Yuen Lin**, 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 31 to 97 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 18 April 2012.

.....  
**Lee Yuen Lin**

Before me:

# 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 statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 96.

### *Directors' Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

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



# Independent Auditors' Report

To the members of APM Automotive Holdings Berhad

## 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 31 to the financial statements.
- c) We are satisfied that the accounts 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## Other 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: 1745/12/13(J)  
Chartered Accountant

Petaling Jaya,

Date: 18 April 2012

## Group Properties

| 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<br>Seri Kembangan Industrial Estate 43300 Serdang<br>Selangor                               | Factory, office, warehouse & vacant land | 40,545           | Leasehold/<br>21.06.2092 | 8,318                   | 14                      | 1984                     | 1984                |
| Lot 3 Jalan 6/3<br>Seri Kembangan Industrial Estate 43300 Serdang<br>Selangor                               | Factory, office, warehouse & vacant land | 42,046           | Leasehold/<br>21.06.2092 | 8,156                   | 17                      | 1984                     | 1984                |
| Lot 600 Jalan Raja Lumu<br>Kawasan Perindustrian Pandamaran 42000<br>Port Klang, Selangor                   | Factory, office & warehouse              | 40,354           | Leasehold/<br>19.10.2076 | 23,914                  | 25                      | -                        | 1999                |
| Lot 601 Jalan Raja Lumu<br>Kawasan Perindustrian Pandamaran 42000<br>Port Klang, Selangor                   | Factory, office & warehouse              | 20,234           | Leasehold/<br>19.10.2076 | 3,287                   | 33                      | 1984                     | 1974                |
| Lot 1622 Jalan Raja Lumu<br>Kawasan Perindustrian Pandamaran 42000<br>Port Klang, Selangor                  | Factory & warehouse                      | 16,186           | Leasehold/<br>19.10.2076 | 13,223                  | 2                       | -                        | 2005                |
| Lot 1621 Jalan Raja Lumu<br>Kawasan Perindustrian Pandamaran 42000<br>Port Klang, Selangor                  | Factory, office & warehouse              | 22,573           | Leasehold/<br>06.04.2079 | 10,377                  | 15                      | -                        | 1996                |
| Lot 19712,19713,19714,<br>19715, 19716,19717<br>Persiaran Raja Muda Musa                                    | Vacant                                   | 1,220            | Freehold                 | 2,003                   | -                       | -                        | 2011                |
| Lot 13 Lorong Durian 3<br>Kian Yap Industrial Estate<br>Off Km 9 Jalan Tuaran<br>88300 Kota Kinabalu, Sabah | Light industrial building                | 195              | Leasehold/<br>16.11.2922 | 163                     | 15                      | -                        | 1995                |
| Lot 14 Lorong Durian 3<br>Kian Yap Industrial Estate<br>Off Km 9 Jalan Tuaran<br>88300 Kota Kinabalu, Sabah | Light industrial building                | 195              | Leasehold/<br>16.11.2922 | 235                     | 15                      | -                        | 2001                |
| Lot 29119 Jalan Jasmine 3<br>Bandar Bukit Beruntung<br>48300 Rawang, Selangor                               | Factory, office, warehouse & vacant land | 24,239           | Freehold                 | 17,283                  | 3-9                     | -                        | 2002                |

## Group Properties

| 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 9390 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor                                                  | Factory, office & warehouse                | 8,086            | Freehold             | 4,516                   | 9                       | -                        | 2002                |
| Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor                                                 | Factory, office, warehouse & vacant land   | 32,354           | Freehold             | 18,050                  | 2-7                     | -                        | 2002                |
| Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak                                                  | Factory, office, warehouse and vacant land | 39,882           | Freehold             | 12,214                  | 7                       | -                        | 2004                |
| No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya Pandamaran 42000 Port Klang, Selangor                                    | Factory, office & warehouse                | 2,358            | Freehold             | 1,177                   | 12                      | -                        | 2000                |
| Suryacipta City of Industry Jl. Surya Utama kav. I-15 A Ciampel, Karawang Jawa Barat 41361 Indonesia                    | Factory, office & warehouse                | 20,131           | Leasehold 25.05.2025 | 8,518                   | 4                       | -                        | 2008                |
| Jl Kenari Raya Blok G2 No 15-16, Kawasan Delta Silicon V, Cikarang Pusat, Bekasi 17530 Indonesia                        | Vacant industrial land                     | 40,000           | Leasehold 05.01.2030 | 3,192                   | -                       | -                        | 2011                |
| 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 | 2,401                   | 7                       | -                        | 2004                |
| 25A 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 | 3,770                   | 2                       | -                        | 2009                |
| 27 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 | 2,507                   | -                       | -                        | 2010                |

# Analysis of Shareholdings

As at 30 March 2012

## 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        | : 5,909,700                      |

## THIRTY LARGEST SHAREHOLDERS

According to the Record of Depositors

|                                                                                                                          | No. of shares held | %*     |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------|
| 1 Tan Chong Consolidated Sdn Bhd                                                                                         | 63,545,254         | 32.472 |
| 2 HSBC Nominees (Tempatan) Sdn Bhd<br>Exempt An For HSBC (Malaysia) Trustee Berhad (D09-6061)                            | 11,407,133         | 5.829  |
| 3 AMSEC Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account - AmBank (M) Berhad For<br>Wealthmark Holdings Sdn Bhd | 9,010,000          | 4.604  |
| 4 Amanahraya Trustees Berhad<br>Public Islamic Optimal Growth Fund                                                       | 7,745,800          | 3.958  |
| 5 Tan Chong Consolidated Sdn Bhd                                                                                         | 5,459,600          | 2.789  |
| 6 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (Lux) SCA for Fidelity Funds Asean                                            | 4,277,100          | 2.185  |
| 7 Amanahraya Trustees Berhad<br>Public Index Fund                                                                        | 4,090,300          | 2.090  |
| 8 Tan Kim Hor                                                                                                            | 3,538,982          | 1.808  |
| 9 AMSEC Nominees (Tempatan) Sdn Bhd<br>AmBank (M) Berhad (Hedging)                                                       | 3,440,400          | 1.758  |
| 10 Amanahraya Trustees Berhad<br>Public Islamic Equity Fund                                                              | 3,322,900          | 1.698  |
| 11 Cimsec Nominees (Tempatan) Sdn Bhd<br>Allied Investments Limited For<br>Tan Chong Consolidated Sdn Bhd                | 3,000,000          | 1.533  |
| 12 Citigroup Nominees (Tempatan) Sdn Bhd<br>Exempt An for Eastspring Investments Berhad                                  | 2,957,700          | 1.511  |
| 13 Cimsec Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208)                             | 2,522,508          | 1.289  |
| 14 Wealthmark Holdings Sdn Bhd                                                                                           | 2,511,100          | 1.283  |

# Analysis of Shareholdings

As at 30 March 2012

|                                                                                                                          | No. of shares held | %*    |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|-------|
| 15 Cartaban Nominees (Asing) Sdn Bhd<br>RBC Dexia Investor Services Bank<br>for Platinum Global Dividend Fund Limited    | 2,500,000          | 1.277 |
| 16 Cimsec Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Tan Heng Chew (MM1063)                                            | 2,416,900          | 1.235 |
| 17 Amanahraya Trustees Berhad<br>PB Growth Fund                                                                          | 2,178,600          | 1.113 |
| 18 Hong Leong Assurance Berhad<br>As Beneficial Owner (Life Par)                                                         | 2,150,000          | 1.098 |
| 19 CIMB Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Wealthmark Holdings<br>Sdn Bhd (50003 PZDM)  | 1,900,000          | 0.970 |
| 20 Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tan Heng Chew (E-KLC)                            | 1,884,800          | 0.963 |
| 21 Citigroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (Libra)                              | 1,830,000          | 0.935 |
| 22 Amanahraya Trustees Berhad<br>Public Far-East Dividend Fund                                                           | 1,734,700          | 0.886 |
| 23 Malaysia Nominees (Tempatan) Sendirian Berhad<br>Great Eastern Life Assurance (Malaysia) Berhad (Par1)                | 1,698,300          | 0.867 |
| 24 Mayban Nominees (Asing) Sdn Bhd<br>DBS Bank For One North Capital - Asia Value Master Fund (290017)                   | 1,550,000          | 0.792 |
| 25 Mayban Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for<br>Tan Chong Consolidated Sdn Bhd (014011528927) | 1,350,000          | 0.689 |
| 26 Wealthmark Holdings Sdn Bhd                                                                                           | 1,272,200          | 0.650 |
| 27 Citigroup Nominees (Asing) Sdn Bhd<br>CBNY for Dimensional Emerging Markets Value Fund                                | 1,216,800          | 0.621 |
| 28 Amanahraya Trustees Berhad<br>Public Islamic Mixed Asset Fund                                                         | 1,199,600          | 0.613 |
| 29 Pang Sew Ha @ Phang Sui Har                                                                                           | 1,192,078          | 0.609 |
| 30 Cartaban Nominees (Asing) Sdn Bhd<br>BBH (Lux) SCA for Fidelity Funds Malaysia                                        | 1,090,600          | 0.557 |

\* Percentage is based on issued shares less treasury shares

# Analysis of Shareholdings

As at 30 March 2012

## ANALYSIS BY SIZE OF HOLDINGS

According to the Record of Depositors

| Size of Holdings                        | No. of Holders | %          | No. of Shares Held | %          |
|-----------------------------------------|----------------|------------|--------------------|------------|
| 1 - 99                                  | 379            | 6.307      | 15,866             | 0.008      |
| 100 - 1,000                             | 3,855          | 64.153     | 1,508,399          | 0.748      |
| 1,001 - 10,000                          | 1,457          | 24.246     | 4,613,512          | 2.288      |
| 10,001 - 100,000                        | 207            | 3.444      | 5,899,058          | 2.926      |
| 100,001 - less than 5% of issued shares | 109            | 1.813      | 108,701,078        | 53.919     |
| 5% and above of issued shares           | 2              | 0.033      | 74,952,387         | 37.179     |
| Sub Total                               | 6,009          | 100        | 195,690,300        | 97.068     |
| Treasury Shares                         |                |            | 5,909,700          | 2.932      |
| <b>Total</b>                            | <b>6,009</b>   | <b>100</b> | <b>201,600,000</b> | <b>100</b> |

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders

| Name of Substantial Shareholder | Direct             |       | Indirect           |                    |
|---------------------------------|--------------------|-------|--------------------|--------------------|
|                                 | No. of shares held | %*    | No. of shares held | %*                 |
| Tan Chong Consolidated Sdn Bhd  | 73,354,854         | 37.49 | 11,407,133         | 5.83 <sup>1</sup>  |
| Wealthmark Holdings Sdn Bhd     | 15,260,600         | 7.80  | -                  | -                  |
| Dato' Tan Heng Chew             | 5,134,199          | 2.62  | 100,022,587        | 51.11 <sup>2</sup> |
| Tan Eng Soon                    | -                  | -     | 100,232,587        | 51.22 <sup>3</sup> |
| Tan Kheng Leong                 | 30,000             | 0.02  | 84,761,987         | 43.31 <sup>4</sup> |

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

### Notes:

- Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Bhd (Dimension 09 Trust) - as to voting rights only
- 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")
- Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act
- Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act

# Analysis of Shareholdings

As at 30 March 2012

## SHAREHOLDINGS OF DIRECTORS

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

| Name of Directors                       | No. of shares held | %*             | No. of shares held | %*                 |
|-----------------------------------------|--------------------|----------------|--------------------|--------------------|
| Dato' Tan Heng Chew                     | 5,134,199          | 2.62           | 102,555,095        | 52.41 <sup>1</sup> |
| Tan Eng Soon                            | -                  | -              | 100,232,587        | 51.22 <sup>2</sup> |
| Dato' Tan Eng Hwa                       | 207,008            | 0.11           | 15,267,728         | 7.80 <sup>3</sup>  |
| Azman bin Badrillah                     | 502,000            | 0.26           | -                  | -                  |
| Dato' Haji Kamaruddin @ Abas bin Nordin | 5,448              | - <sup>4</sup> | -                  | -                  |

The other directors, namely Dr Fun Woh Peng, Dato' N Sadasivan, Low Seng Chee and Heng Ji Keng, do not have any shares, whether direct or indirect, in the Company.

\* Percentage is based on issued shares less treasury shares

### Notes:

- <sup>1</sup> 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
- <sup>2</sup> Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act
- <sup>3</sup> 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
- <sup>4</sup> Less than 0.01%

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth 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, 23 May 2012 at 10:00 a.m. to transact the following businesses:

## Ordinary Business:

1. To receive and consider the Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereto. **Resolution 1**
2. To declare a final dividend of 12% less income tax and a special final dividend of 10% less income tax for the financial year ended 31 December 2011. **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. AZMAN BADRILLAH **Resolution 3**
  - ii. DR. FUN WOH PENG **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 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 6**
5. To re-appoint the Auditors for the financial year ending 31 December 2012 and to authorise the Directors to fix their remuneration. **Resolution 7**

## Special Business:

6. 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 8**



# Notice of Annual General Meeting

7. 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 9**

## Notice of Annual General Meeting

8. 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 30 April 2012 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

**Resolution 10**

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 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 30 April 2012 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

**Resolution 11**

## Notice of Annual General Meeting

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

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED 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 International Limited 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 3.3 of the circular to shareholders dated 30 April 2012 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**

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

## Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fifteenth Annual General Meeting of APM Automotive Holdings Berhad, a final dividend of 12% less income tax and a special final dividend of 10% less income tax for the financial year ended 31 December 2011 will be paid on 28 June 2012. The entitlement date is 8 June 2012.

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 2012 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 YUEN LIN** (MIA 16484)

**QUAH KHIAN KHOON** (MAICSA 7030264)

Company Secretaries

Kuala Lumpur  
30 April 2012

# Notice of Annual General Meeting

## Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 15 May 2012 shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
3. 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.
4. 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.
5. Where a member of the Company is an exempt authorised nominee (as defined under the Securities Industry (Central Depositories) Act, 1991) which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
6. 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.
7. Explanatory Statement on Special Businesses in relation to:

## **Resolution 8**

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under 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-up 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 on 25 May 2011. No proceeds were raised from the previous mandate.

# Notice of Annual General Meeting

## **Resolution 9**

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

Further information on Resolution 9 is set out in the circular to shareholders dated 30 April 2012 dispatched together with the Annual Report.

## **Resolutions 10, 11 and 12**

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

Details on the recurrent related parties transactions are set out in the circular to shareholders dated 30 April 2012 dispatched together with the Annual Report.

# Form of Proxy

|                              |  |
|------------------------------|--|
| <b>CDS Account No.</b>       |  |
| <b>Number of shares held</b> |  |

I/We \_\_\_\_\_  
(Name of shareholder, NRIC no /Company no)

of \_\_\_\_\_  
(Full address)

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

\_\_\_\_\_ (Name and NRIC no)

or failing him/her \_\_\_\_\_

\_\_\_\_\_ (Name and NRIC no)

or failing them, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifteenth 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, 23 May 2012 at 10:00 a.m., and at any adjournment thereof, as indicated below:

|               |                                                                                                                                              | <b>For</b> | <b>Against</b> |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------|
| Resolution 1  | Financial Statements and Reports of the Directors and Auditors                                                                               |            |                |
| Resolution 2  | Final dividend and special final dividend                                                                                                    |            |                |
| Resolution 3  | Re-election of Encik Azman Badrillah                                                                                                         |            |                |
| Resolution 4  | Re-election of Dr. Fun Woh Peng                                                                                                              |            |                |
| Resolution 5  | Re-appointment of Dato' Haji Kamaruddin @ Abas Nordin in accordance with Section 129(6) of the Companies Act, 1965                           |            |                |
| Resolution 6  | Re-appointment of Dato' N Sadasivan in accordance with Section 129(6) of the Companies Act, 1965                                             |            |                |
| Resolution 7  | Re-appointment of Auditors                                                                                                                   |            |                |
| Resolution 8  | Proposed grant of authority pursuant to Section 132D of the Companies Act, 1965                                                              |            |                |
| Resolution 9  | Proposed renewal of authority for the Company to purchase its own ordinary shares                                                            |            |                |
| Resolution 10 | Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong Motor Holdings Berhad and its subsidiaries |            |                |
| Resolution 11 | Proposed renewal of shareholders' mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries      |            |                |
| Resolution 12 | Proposed new shareholders' mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries        |            |                |

(If you wish to instruct your proxy how to vote, insert a "v" 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.)

\_\_\_\_\_  
Signature/Common Seal

Date:

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

|                         |          |
|-------------------------|----------|
| <b>Number of shares</b> | <b>%</b> |
| Proxy 1 _____           |          |
| Proxy 2 _____           |          |
| Total _____             | 100%     |

Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 15 May 2012 shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
3. 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.
4. 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.
5. Where a member of the Company is an exempt authorised nominee (as defined under the Securities Industry (Central Depositories) Act, 1991) which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
6. 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.

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Company Secretaries  
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