

Laporan Tahunan 2003 Annual Report



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

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Corporate Information

DIRECTORS

Dato' Tan Heng Chew DJMK, JP
Chairman

Azman bin Badrillah
Executive Director

Dr. Fun Woh Peng
Executive Director

Tan Eng Hwa
Executive Director

Dato' N. Sadasivan DPMP, JSM, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin
DSSA, KMN

Tan Eng Soon

Ahmad bin Abdullah

Mohd. Sharif bin Haji Yusof

AUDIT COMMITTEE MEMBERS

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

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

Mohd. Sharif bin Haji Yusof
Independent Non-Executive Director

Dr. Fun Woh Peng
Executive Director

COMPANY SECRETARIES

Lee Kwee Cheng

Chan Yoke-Lin

REGISTERED OFFICE

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51200 Kuala Lumpur
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Facsimile : (603) 4047 8636
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REGISTRARS

Tenaga Koperat Sdn. Bhd.
20th Floor Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone : (603) 4041 2188

AUDITORS

KPMG
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

Malaysia Securities Exchange Berhad
Main Board

Business Divisions



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

SUSPENSION DIVISION

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

INTERIOR/PLASTIC DIVISION

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

ELECTRICAL AND HEAT EXCHANGE DIVISION

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

MARKETING DIVISION

- Local Replacement Market
- Export Market

OVERSEAS OPERATIONS

- Australia
- USA
- Indonesia
- China

Chairman's Statement

PENYATA PENERUS



On behalf of the Board of Directors,

I am pleased to present the Group's 2003 Annual Report and Audited Financial Statements for the financial year ended 31 December 2003. The Group recorded consolidated profit before tax of RM64.5 million on the back of RM664.4 million revenue, compared with consolidated profit before tax of RM90.5 million and revenue of RM696.0 million achieved in 2002.

Bagi pihak Lembaga Pengarah,

saya dengan sukacitanya membentangkan Laporan Tahunan 2003 dan Penyata Kewangan Kumpulan yang diaudit bagi tahun kewangan berakhir 31 Disember 2003. Kumpulan telah mencatatkan keuntungan sebelum cukai yang disatukan sebanyak RM64.5 juta dari jualan RM664.4 juta, berbanding keuntungan sebelum cukai yang disatukan sebanyak RM90.5 juta dan jualan RM696.0 juta yang diperolehi pada 2002.

ORIGINAL EQUIPMENT (OE) MARKET

2003 proved to be a watershed year for the automotive industry. AFTA and its impact continued to weigh heavily on the decisions of both motor vehicle manufacturers and parts makers. The delay in the announcement of the new duty structure for completely-knocked-down (CKD) and completely-built-up (CBU) vehicles was the biggest factor affecting sales of new motor vehicles.

Whilst OE sales contributed 71.3% of the Group's total revenue, it fell 8.7% compared with 2002, in line with the decline in total new motor vehicle registration from 434,954 units in 2002 to 405,010 in 2003 (source : Malaysia Automotive Association - MAA). Expectations of lower vehicle prices resulted in many consumers deferring their purchases for the most part of 2003.

Intense efforts by non-national vehicle manufacturers resulted in these vehicles increasing their share of the passenger car market from 9% in 2002 to 15% in 2003. By successfully securing many new projects for non-national makes, the Group is able to buffer the impact of lower sales to the national car manufacturers.

Revenue/Jualan (RM million/juta)

03	664
02	696
01	660
00	620
99	423

PASARAN PERALATAN TULEN (OE)

Tahun 2003 merupakan tahun legeh bagi industri automotif. AFTA dan kesannya terus membebani perancangan pengilang kenderaan bermotor dan pengeluar komponen kenderaan. Penangguhan pengumuman struktur cukai baru untuk kenderaan pemasangan tempatan (CKD) dan kenderaan impot siap-terpasang (CBU) merupakan faktor utama yang menjejaskan penjualan kenderaan bermotor baru.

Walaupun jualan OE menyumbang sebanyak 71.3% kepada jualan keseluruhan Kumpulan, ia berkurang sebanyak 8.7% berbanding tahun 2002, selaras dengan kemerosotan jumlah pendaftaran kenderaan bermotor baru dari 434,954 unit pada 2002 kepada 405,010 pada 2003 (sumber : Malaysia Automotive Association - MAA). Ramai pembeli telah menangguhkan pembelian mereka sepanjang tahun 2003 kerana mengharapkan penurunan harga jualan.

Usaha agresif oleh pembuat kenderaan bukan nasional pula mengakibatkan bahagian pasaran kenderaan penumpang bukan nasional meningkat dari 9% pada tahun 2002 kepada 15% pada 2003. Akibatnya, jualan Kumpulan kepada pembuat kenderaan nasional telah berkurangan, walaupun Kumpulan berjaya mengurangkan kesan pengurangan ini dengan mendapatkan pelbagai projek baru untuk membekal pembuat kenderaan bukan nasional.

Chairman's Statement

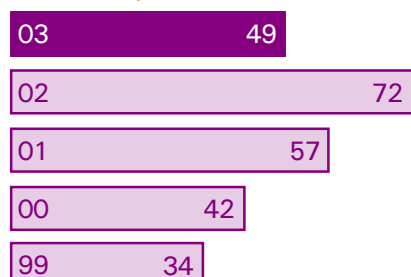
PENYATA PENGERUSI

REPLACEMENT (RE) MARKET

Total RE sales for the Group increased marginally in 2003 compared with 2002, with notable increases recorded for leaf springs, coil springs, radiators and air-conditioning parts. However, sales of bus seats declined due to lower demand for new buses as the tourism industry was affected by the regional outbreak of SARS and the war in Iraq.

Parts imported from China added to the already intense competition from products imported from ASEAN countries, resulting in downward pressure on prices. However, the Group was able to counter these factors and maintain our sales volume through strong marketing efforts and a proven track record of quality products.

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



PASARAN GANTIAN (RE)

Jumlah jualan RE Kumpulan meningkat pada tahun 2003 berbanding 2002, dengan peningkatan ketara bagi spring dedaun, spring gegelung, radiator dan alat-alat ganti penghawa dingin. Bagaimanapun, jualan tempat duduk bas merosot akibat permintaan yang rendah untuk bus baru memandangkan industri pelancongan telah terjejas lantaran serangan wabak SARS dan peperangan di Iraq.

Barangan impot dari China telah meningkatkan lagi persaingan sengit yang sedia ada dalam pasaran gantian tempatan dari barangan impot negara ASEAN, mengakibatkan tekanan terhadap harga. Walau bagaimanapun, Kumpulan berjaya mengekalkan jumlah jualan RE hasil usaha pemasaran yang kukuh dan rekod kualiti produk yang baik.

EXPORT MARKET

Export sales in 2003 increased by 18.6% over that of 2002. By working with key distributors in the US, sales of leaf springs and coil springs registered strong growth. New customers for air-conditioner parts from Turkey, Vietnam and Philippines, contributed positively to export sales.

During the year, the Group commenced export of leaf springs to Australia for installation in certain vehicles manufactured there, through our cooperative effort with an Australian tier one supplier. With an average volume of 100 tons a month, this represents a significant development for the Group in making inroads into the export of OE parts to major overseas motor manufacturers. With further marketing efforts and a strong reputation for quality products, the Group is confident that it will be able to secure additional contracts to supply more parts to other major overseas motor manufacturers in the near term.



Commercial vehicle suspension parts
Barangan suspensi kenderaan komersial

PASARAN EKSPOT

Jualan ekspot pada tahun 2003 telah meningkat sebanyak 18.6% berbanding tahun 2002. Hasil kerjasama dengan pengedar-pengedar utama di Amerika Syarikat, jualan spring dedaun dan spring gegelung meningkat dengan ketara. Pelanggan-pelanggan baru alat ganti penghawa dingin dari Turki, Vietnam dan Filipina juga telah memberi sumbangan positif ke atas jualan ekspot.

Pada tahun ini juga, Kumpulan telah memulakan ekspot spring dedaun ke Australia untuk pemasangan dalam kenderaan yang diperbuat disana, hasil usahasama dengan sebuah pembekal taraf-1 di Australia. Dengan purata jualan sebanyak 100 ton sebulan, ini merupakan kejayaan besar bagi Kumpulan dalam menembusi pasaran ekspot barangan OE kepada pembuat-pembuat kenderaan motor utama luar negara. Dengan usaha pemasaran berlanjutan serta reputasi kukuh bagi produk berkualiti, Kumpulan yakin bahawa ia mampu memperolehi kontrak tambahan untuk membekalkan lebih banyak lagi barangan kepada pembuat-pembuat kenderaan utama luar negara dalam jangka masa terdekat.

Chairman's Statement

PENYATA PENGERUSI

Our wholly-owned subsidiary in Australia, Radiators Australia (2000) Pty Ltd, which sells automotive radiators, also performed well with revenue increasing by 15.9% in 2003 compared with 2002. With plans to expand into distribution of air-conditioning parts and automotive seats, sales is expected to further increase in 2004. Similarly, our wholly-owned subsidiary in the USA, APM Components (USA) Inc., in its first full year's operations in 2003, managed a revenue of USD1.8 million. This subsidiary sells automotive seats and components in the North American market and has expanded to suspension components.

The seat joint ventures in China and Indonesia have started manufacturing operations in 2003. In its first year of operation, the China operation registered a small profit. A new fully integrated facility is expected to start production later this year. The Indonesian seat operation has also completed its move from Magelang to Jakarta. Existing business from two major motor manufacturers has allowed the venture to gain a foothold in the Indonesian OE market. With new business from another

manufacturer, we expect the company to start making contribution to the Group in the very near future.



Top Local Supplier Award for Best Cost Performance 2002
received by APM Plastics Sdn Bhd
Anugerah Top Local Supplier for Best Cost Performance
2002 yang diterima oleh APM Plastics Sdn Bhd

Anak syarikat milik-penuh Kumpulan di Australia, Radiators Australia (2000) Pty Ltd, sebagai pengedar radiator automotif, turut memberangsangkan dengan peningkatan jualan sebanyak 15.9% pada 2003 berbanding tahun 2002. Jualan dijangka akan meningkat lagi pada 2004 dengan penambahan jenis barangan yang diedar kepada alat-alat ganti penyaman udara dan tempat duduk automotif. Pada masa yang sama, anak syarikat milik-penuh Kumpulan di Amerika Syarikat, APM Components (USA) Inc, dalam operasi tahun pertamanya dalam 2003, berjaya memperolehi jualan sebanyak USD1.8 juta. Syarikat ini menjual tempat duduk dan komponen automotif di pasaran Amerika Utara dan kini telah menerajui komponen suspensi.

Usahasama pembuatan tempat duduk di China dan Indonesia telah memulakan operasinya pada 2003. Dalam tahun pertama operasinya di China, syarikat disana telah mencatat keuntungannya yang ulung. Kemudahan bersepadu yang baru dijangka akan mula beroperasi lewat tahun ini. Operasi pembuatan tempat duduk di Indonesia pula telah berpindah sepenuhnya dari Magelang ke Jakarta. Syarikat usahasama ini berjaya memasuki pasaran OE Indonesia dengan jualan kepada dua pembuat kenderaan utama disana. Dengan kemunculan perniagaan baru dari satu lagi pembuat kenderaan, syarikat ini diharap menyumbang kepada keuntungan kumpulan dalam jangka masa terdekat.

AWARDS AND CERTIFICATIONS

In March 2003, APM Plastics Sdn Bhd received the Top Local Supplier Award for Best Cost Performance 2002 from ASSB/Toyota. This was the second time that APM Plastics Sdn Bhd received this award, the last being in 2001.

In September 2003, APM Springs Sdn Bhd became our latest subsidiary to obtain the ISO14001 certification. This demonstrates our commitment to be an environmentally friendly company. APM Auto Electrics Sdn Bhd, APM Plastics Sdn Bhd and APM Coil Springs Sdn Bhd had already achieved this certification in 2002. Meanwhile in February 2003, the Radiator division of Auto Parts Manufacturers Co. Sdn Bhd obtained QS9000 quality certification, which is recognised by the top three motor manufacturers in USA.

In October 2003, APM Auto Electrics Sdn Bhd was the winner of the Best Delivery Performance Award from Proton. It also received the Enterprise 50 Award in recognition of the company's performance and achievement. Our other past winner was APM Coil Springs Sdn Bhd in 1999.

ANUGERAH DAN PENSIJILAN

Pada bulan Mac 2003, APM Plastics Sdn Bhd telah menerima Anugerah "Top Local Supplier for Best Cost Performance 2002" dari ASSB/Toyota. Ini merupakan kali kedua APM Plastics Sdn Bhd diberi pengiktirafan tersebut, kali pertamanya pada tahun 2001.

Pada bulan September 2003, APM Springs Sdn Bhd menjadi anak syarikat terkini menerima pensijilan ISO14001. Ini melambangkan komitmen kami untuk menjadi syarikat yang mesra alam. APM Auto Electrics Sdn Bhd, APM Plastics Sdn Bhd dan APM Coil Springs Sdn Bhd telah pun menerima pensijilan ini pada 2002. Sementara itu pada Februari 2003, bahagian Radiator Auto Parts Manufacturers Co. Sdn Bhd telah menerima pensijilan kualiti QS9000, yang diiktiraf oleh tiga pengeluar motor utama Amerika Syarikat.

Pada bulan Oktober 2003, APM Auto Electrics Sdn Bhd telah memenangi anugerah "Best Delivery Performance" dari Proton. Ia juga telah menerima anugerah Enterprise 50 sebagai pengiktirafan prestasi dan pencapaian syarikat tersebut. Sebelum ini, APM Coil Springs Sdn Bhd telah menerima anugerah yang sama dalam tahun 1999.



The Best Delivery Performance and Enterprise 50 Awards received by APM Auto Electrics Sdn Bhd
Anugerah Best Delivery Performance dan Enterprise 50 yang diterima oleh APM Auto Electrics Sdn Bhd

Chairman's Statement

PENYATA PENGERUSI

DIVIDENDS

The Directors recommend the payment of a final dividend of 6% less 28% tax (2002 - 7% less 28% tax). The payment of final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting. The net final dividend distribution will be RM8.7 million, thus bringing the total dividend payout for 2003 to RM15.9 million (2002 - RM21.5 million).

FUTURE PROSPECTS

The local new car market will continue to experience increasing competition with the opening up of the automotive market under AFTA. The continued expectations of lower prices will inevitably lead to further downward pressure on prices supplied to the manufacturers.

On a brighter note, the Group is happy to announce that it has managed to secure the supply of a number of new parts for new national and non-national car models due for release in 2004 and 2005. The good response to the recently launched new national car model augers well for the Group as we supply many key parts for this model. As other new models come on stream, it is expected that the additional parts to be supplied will result in higher OE sales.



DIVIDEN

Lembaga Pengarah mencadangkan bayaran dividen akhir 6% tolak 28% cukai (2002 - 7% tolak 28% cukai). Bayaran dividen akhir ini tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan akan datang. Pengagihan dividen akhir akan berjumlah RM8.7 juta, menjadikan jumlah pembayaran dividen bagi tahun 2003 sebanyak RM15.9 juta (2002 - RM21.5 juta).

PROSPEK MASA DEPAN

Pasaran kenderaan baru tempatan akan terus menghadapi persaingan meningkat akibat pembukaan pasaran automotif di bawah AFTA. Tindakan berterusan bahawa harga akan akan menurun pasti akan memberi tekanan harga kepada pengeluar.

Bagaimanapun, Kumpulan berasa bangga kerana dapat memeterai kontrak baru untuk membekal peralatan untuk model-model kereta nasional dan bukan-nasional baru yang akan dilancarkan pada 2004 dan 2005. Penerimaan baik untuk model baru kereta nasional yang diperkenalkan baru-baru ini membawa manfaat kepada Kumpulan kerana kami membekal beberapa peralatan utama untuk model tersebut. Memandangkan lebih banyak model baru akan dilancarkan dalam masa terdekat, jualan peralatan OE dijangkakan akan meningkat.

Robotic bending process for leaf springs
Proses pembengkokan robotik untuk spring dedaun.

New range of APM Performax high-performance shock absorbers
Barisan penyerap hentak APM Performax baru yang berprestasi tinggi



The announcement of the new duties for CKD and CBU vehicles should also stabilise further expectations of lower car prices. New vehicles sales should improve as those consumers who have delayed their purchases last year would be looking to buy this year.

The RE market will also see increasing competition and similar downward pressure on prices. In addition to competing with imports from ASEAN countries, products from China have also added to the already competitive domestic market. Nevertheless, the Group expects that it will be able to continue competing effectively in this market with its strong distribution network, established brand name and renowned product quality. The marketing department will continue its strong efforts to capitalise on the Group's strengths to increase RE sales.

**Earnings Per Share/
Pendapatan Sesaham**
(sen)

03	24.2
02	36.0
01	28.2
00	20.7
99	17.1

Pengumuman cukai baru kenderaan CKD dan CBU dijangka akan menstabilkan jangkaan pengguna yang harga kereta akan menurun lagi. Penjualan kenderaan baru sepatutnya akan meningkat memandangkan pengguna dijangka akan membuat pembelian setelah menanggungkannya tahun lepas.

Pasaran RE juga akan turut menyaksikan persaingan sengit dan penurunan harga jualan. Selain persaingan dari barangan impot negara ASEAN, barangan dari China juga turut akan menambahkan persaingan dipasaran domestik. Walau bagaimanapun, Kumpulan yakin dapat bersaing secara berkesan memandangkan rangkaian pengedaran kami yang kukuh, jenama yang sedia dikenali dan produk yang berkualiti. Bahagian pemasaran akan terus memanfaatkan kelebihan ini untuk mempertingkatkan jualan RE.

Chairman's Statement

PENYATA Pengerusi

Capital and Reserves/

Modal dan Rizab

(RM million/juta)

03	408
02	377
01	319
00	279
99	246

Despite very competitive pricing, the export market is expected to present the greatest growth potential for the Group. Efforts have been intensified to further promote sales of our suspension and heat exchange parts overseas. In addition to the replacement market, the Group is also striving to increase the export of OE parts to overseas car manufacturers, especially for our suspension products.

IN MEMORIAM

The Group was greatly saddened by the passing of our Executive Director Mr. Koo Sian Chu in May 2003. The late Mr. Koo joined the Group in 1985 and contributed greatly to its growth over the years, steering APM to become the largest automotive components manufacturing group in Malaysia. The Board of Directors would like to express its sincere appreciation for Mr. Koo's immense contribution to the Group and to convey its heartfelt condolences to his family.

Walaupun menghadapi persaingan harga yang sengit, pasaran eksport dijangka akan memberi potensi pertumbuhan yang terbaik kepada Kumpulan. Pelbagai usaha telah dilaksanakan untuk meningkatkan eksport barangan suspensi dan penukaran haba. Selain daripada pasaran penggantian, kami juga turut berusaha meningkatkan eksport barangan OE kepada pembuat kenderaan luar negara, terutamanya barangan suspensi kami.

DALAM KENANGAN

Kumpulan berasa dukacita atas pemergian Pengarah Eksekutif kami, mendiang Encik Koo Sian Chu, yang telah meninggal dunia pada bulan Mei 2003. Mendiang Encik Koo menyertai Kumpulan pada tahun 1985 dan telah banyak menyumbang kepada pembangunan Kumpulan serta memimpin APM sehingga menjadi kumpulan pengeluar komponen automotif terbesar di Malaysia. Ahli Lembaga Pengarah ingin menyampaikan penghargaan kami atas jasa dan sumbangan beliau kepada Kumpulan serta mengucapkan takziah kepada keluarganya.



APM advertising billboard
along the highway
Papan iklan APM
disepanjang lebuh raya

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend the Board's appreciation to the Management and staff for their dedication and diligence during the past year. I hope that staff at all levels will continue to work hard to increase productivity and reduce costs in order to face the challenges ahead.

I would also like to express the Board's appreciation to all our valued customers, suppliers, bankers, business associates as well as shareholders for their continued support and confidence in the Group.

DATO' TAN HENG CHEW DJMK, JP
Chairman/*Pengerusi*

27 April 2004

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk merakamkan penghargaan kepada pihak Pengurusan serta kakitangan atas dedikasi dan ketekunan mereka selama ini. Saya berharap agar kakitangan dari semua lapisan akan meneruskan usaha gigih mereka dalam meningkatkan produktiviti serta pengurangan kos dalam menghadapi cabaran masa hadapan.

Saya juga ingin menyampaikan penghargaan pihak Lembaga Pengarah kepada para pelanggan, bank, pembekal, rakan niaga serta para pemegang saham di atas sokongan yang berterusan serta keyakinan mereka terhadap Kumpulan.

Corporate Calendar



March 2003

First OE exports of leaf springs to Australia



June 2003

Visit by Japanese delegation to Auto Parts Manufacturers Co. Sdn Bhd Seats Division



July 2003

Our seat joint venture in Indonesia moved its operations from Magelang to Jakarta



October 2003

APM Auto Electrics Sdn Bhd received the Enterprise 50 Award in recognition of the company's performance and achievements



October 2003

APM's participation at the Automechanika exhibition in St. Petersburg, Russia



November 2003

APM's participation at the Automechanika exhibition held at the PWTC, Kuala Lumpur



November 2003

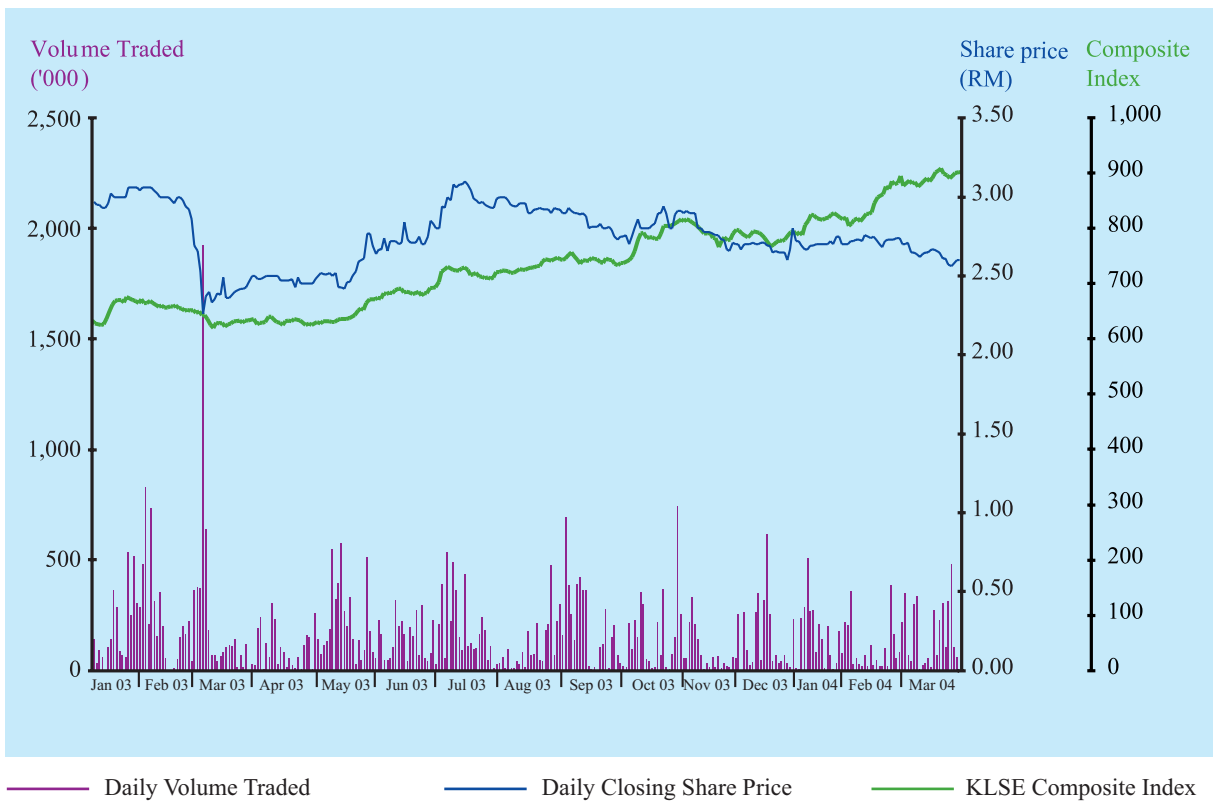
Launch of the Monster shock absorbers for 4 x 4 vehicles



December 2003

APM's 4 x 4 Charity Drive in aid of orphanage in Pahang

Share Price and Volume Traded



Profile of the Board of Directors

Dato' Tan Heng Chew, DJMK, JP, 57, a Malaysian, is a Non-Executive Non-Independent Director. He was the first director of the Company when it was incorporated on 26 March 1997 and was appointed the Chairman of the Board on 1 November 1999.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad 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 Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and is the Chairman of Warisan TC Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Encik Azman bin Badrillah, 56, a Malaysian, is an Executive Director. He was appointed to the Board on 1 November 1999.

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

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

Dr. Fun Woh Peng, 44, a Malaysian, was appointed to the Board on 15 January 2003 as an Executive Director. He is also a member of the Audit Committee.

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

Mr. Tan Eng Hwa, 49, a Malaysian, was appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director. His position was later redesignated to that of Executive Director on 23 March 2004.

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

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

Dato' N. Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 64, 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 Economic in 1963. In the same year, Dato' Sadasivan commenced working for the Singapore Economic Development Board and was head of the Industrial Facilities Division when he left to join MIDA in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. Dato' Sadasivan sits on the boards of Bank Negara Malaysia and Pengurusan Danaharta Nasional Berhad.

Dato' Sadasivan is also a director of Chemical Company of Malaysia Berhad, Petronas Gas Berhad, Leader Universal Holdings Berhad, Amanah Capital Partners Berhad and Malaysian Airline System Berhad.

Profile of the Board of Directors

Dato' Haji Kamaruddin @ Abas bin Nordin, DSSA, KMN, 65, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is a member of the Audit Committee.

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

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

Mr. Tan Eng Soon, 55, a Singaporean and a Malaysian Permanent Resident, is a Non-Executive Non-Independent Director. He was appointed to the Board on 1 November 1999.

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

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

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

Encik Ahmad bin Abdullah, 69, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999.

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

Encik Ahmad is the Vice-Chairman 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.

Encik Mohd. Sharif bin Haji Yusof, 64, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 September 2001 and is a member of the Audit Committee.

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

Encik Mohd Sharif is a Director of Amanah Capital Malaysia Berhad, Amanah Capital Partners Berhad, Amanah Short Deposit Berhad, Amanah General Asset Berhad, Asia Unit Trust Berhad, Ireka Corporation Berhad, Malayawata Steel Berhad, Amal Assurance Berhad and Kemayan Corporation Berhad.

Except for Dato' Tan Heng Chew, Messrs. Tan Eng Soon and Tan Eng Hwa, who are brothers, none of the other Directors have any family relationship with any other Director and/or major shareholders of the Company. Save as disclosed above, none of the other Directors have any conflict of interest in any business arrangement involving the Company.

None of the Directors have any convictions for offences within the past 10 years.

A summary of the Directors' attendance at board meetings held in 2003 is set out on page 19.

Statement on Corporate Governance

THE CODE

In its commitment to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance, the Board of Directors wishes to report on the Group's application of the Principles and the extent of compliance with the best practices as set out in the Malaysian Code on Corporate Governance ("the Code").

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

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

The Board has a formal schedule of matters for discussion on broad policy decisions, including the approval of interim and annual results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to Board Committees, officers and line management.

There were 5 board meetings held during 2003 and the attendance of the Directors at these meetings were as follows:

Dato' Tan Heng Chew	3/5
Azman bin Badrillah	5/5
Dr. Fun Woh Peng*	4/4
Ahmad bin Abdullah	4/5
Tan Eng Soon	5/5
Tan Eng Hwa	5/5
Dato' N. Sadasivan	4/5
Dato' Haji Kamaruddin @ Abas bin Nordin	5/5
Mohd. Sharif bin Hj. Yusof	3/5

* Dr. Fun Woh Peng was appointed to the Board on 15 January 2003.

II. Board Composition

The Board has 9 members as at 31 December 2003; a Non-Executive Chairman, two Executive Directors and six other Non-Executive Directors, 3 of whom are independent Directors.

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

The Directors have wide ranging experience and all have occupied or are currently occupying senior positions in industry or government. The profiles of the Board members are set out on pages 17 to 18.

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

III. Supply of information

Board members are provided with appropriate documentation in advance of each Board and Committee meeting. For Board meetings these documents may include reports on current trading and business issues from the Executive Directors, Heads of Operations and/or the Group Financial Officer, financial reports, proposals for capital expenditures, proposals for acquisitions and disposals as well as proposals for senior executive appointments. In addition to formal Board meetings, the Chairman and Executive Directors also maintain regular contact with all other Directors and hold informal meetings with the Non-Executive Directors to discuss issues affecting the Group.

Whenever deemed necessary, senior management below Board level are invited to attend Board meetings to present the financial performance, strategies and other proposals affecting their business units.

The Board has approved an agreed procedure for Directors to seek independent professional advice when necessary at the Company's expense. Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed.

Statement on Corporate Governance

IV. Appointments to the Board

The Board is of the view that proposals for new appointments and the assessment of the contributions of on-going Directors would be more effective by drawing on the wealth of experience of all Directors. The role of appointing new directors and the assessment of existing directors is performed by the Board as a whole when necessary and appropriate. Hence, a nomination committee is currently not required.

V. Re-election

The names of the Directors at the date of this Report, together with their profiles are set out on pages 17 to 18. All the Directors held office throughout the year except for Dr. Fun Woh Peng who was appointed on 15 January 2003.

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

B. Directors' Remuneration

Remuneration Committee

The Board is of the view that remuneration guidelines formulated by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore a Remuneration Committee is currently not required. Consequently, this role is performed by the Board as a whole when necessary and as appropriate.

Essentially, the key principles and procedures in remunerating the executive employees below Board level are also applicable to the Executive Directors. The remuneration policy of the Group essentially seeks to attract, retain and motivate all levels of employees to contribute positively to the Group's performance.

The quantum of the annual performance bonus and increment for executive employees are dependent on the operating results of the Group after taking into account the prevailing business conditions. The same guidelines are also applied to the Executive Directors.

Fees for Non-Executive Directors

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

Directors' Remuneration in aggregate with categorisation into appropriate components distinguishing between Executive and Non-Executive Directors during the year, are as follows :

	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000
Directors' fees	-	180
Salaries and allowances	1,718	18
Bonuses	535	-
Benefits-in-kind	56	-
Total	2,309	198

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

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Up to RM50,000	-	4
RM50,001 - RM100,000	-	3
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	-
Total	3	7

C. Relations with Shareholders

I. Dialogue between Companies and Investors

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

The Group's announcements of quarterly results are available from the Malaysia Securities Exchange Berhad ("MSEB") website and serve to keep shareholders informed of the Group's performance and financial position on a timely basis.

II. The AGM

The Sixth Annual General Meeting ("AGM") of the Company was held on Monday, 19 May 2003 at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 51.9% of the issued share capital.

During the course of the AGM, a forum was made available for the shareholders present to raise questions or issues regarding the Group's performance and financial position, which the Directors appropriately addressed. The Company maintains a cordial and informal relationship with all its shareholders.

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 financial reports contained in the Annual Report to the shareholders.

The quarterly announcements of results and the Annual Report are reviewed by the Audit Committee before Board's approval and release to the MSEB/public.

II. Internal Control

The Statement of Internal Control as set out on page 23 of the Annual Report provides an overview of the state of internal controls within the Group.

III. Audit Committee and Auditors

The Board of Directors has established an Audit Committee. The membership of this Committee, a summary of its terms of reference and its activities' are set out in the Audit Committee Report on pages 24 to 25.

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

Other Information

Statement of Compliance with the Best Practices in Corporate Governance

The Directors considers that during 2003 the Company had complied with the Best Practices in Corporate Governance set out under Part 2 of the Code, except for the formation of remuneration and nomination committees as set out and explained in the report on the application of the principles of good governance above.

Statement on Directors' responsibility for preparing the annual audited accounts

The Directors are required by the Companies' Act, 1965 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 2003, the Directors have :

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

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them

to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement on Material contracts

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

Statement on Revaluation Policy

The Group's policy on revaluation of landed properties is stated in Note [1(c)] on page 41 of the financial statements.

Non-Audit Fees

The amount of non-audit fees paid to external auditors (inclusive of entities associated to the external auditors) for the financial year ended 31 December 2003 was RM645,000.

Options, Warrants or Convertible Securities

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

American Depository Receipts (ADR) or Global Depository Receipts (GDR) Programme

The Company did not sponsor any ADR or GDR programme.

Shares Buyback

Details of shares bought back and held as treasury shares in 2003 are as follows :

Month	No. of shares bought	RM per share			Total RM
		Highest price	Lowest price	Average price	
March 2003	250,000	2.24	2.19	2.2086	552,150

There was no resale of treasury shares during the financial year.

Statement on Internal Control

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

RESPONSIBILITY

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

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

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 24 to 25.

RISK MANAGEMENT FRAMEWORK

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

During the current financial year, a Group Risk Management Committee was established to provide oversight and guidance on the implementation of risk management processes to ensure all significant current and potential risks of the business are understood and managed. A corporate risk scorecard which registered major risks and controls has also been developed. All

major operating units of the Group have established their respective risk response plans in managing those significant risks. Internal Audit conducts periodic review to ensure that the action plans are carried out appropriately. Continuous efforts will be made to monitor and re-assess the existing risk management framework in regards to maintaining a proper system of managing risks as well as the related control activities.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems of the Group are as follows:

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

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

Audit Committee Report

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee were adopted by the Board of Directors at a meeting held on 4 July 2001 and shall supersede all previous terms.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and their attendance at the 5 meetings held during the year are as follows :

Name	Attendance
Dato' N. Sadasivan Chairman Independent Non-Executive Director	4/5
Dato' Haji Kamaruddin @ Abas bin Nordin Independent Non-Executive Director	5/5
Mohd. Sharif bin Haji Yusof Independent Non-Executive Director	3/5
Dr. Fun Woh Peng Executive Director (appointed 26.6.2003)	2/2

TERMS OF REFERENCE

Membership

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

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

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

The members of the Committee shall elect a Chairman from 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 Listing Requirements of MSEB, 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
- convene meetings with external auditors, excluding the attendance of the executive members

Functions

The functions of the Committee shall be, amongst others:-

- Review the following and report the same to the Board:
 - the audit plan, the evaluation of the system of internal control and the audit report with the external auditor; the assistance given by the employees of the Company / Group to the external auditor
 - the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function
 - the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on

- i) changes in or implementation of major accounting policy changes, significant and unusual events; and
 - ii) compliance with accounting standards and other legal requirements
- e) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity
 - f) any letter of resignation from external auditor
 - 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 audited financial statements and such other meetings determined by the Committee.

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

REPORTING PROCEDURES

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

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

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

Summary of activities of the Audit Committee

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

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

Summary of activities of internal audit function

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

During the year ended 31 December 2003, the department undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities are operating satisfactorily. The internal audit function also reviewed the extent of the compliance of the individual subsidiary with the Group's established policies and procedures as well as the applicable laws and regulations. The audit findings were reported to the Audit Committee and forwarded to the management for its attention. Audit reports also encompassed recommendations for improvement which are deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans have been duly implemented.

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

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Directors' Report

for the year ended 31 December 2003

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 2003.

Principal activities

The Company is principally engaged in investment holding and the provision of management and information technology services to companies in the Group. The principal activities of the subsidiaries are as stated in Note 26 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	<u>Group RM'000</u>	<u>Company RM'000</u>
Net profit for the year	48,682	27,558

Reserves and provisions

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

Dividends

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

- a) a final dividend of 7% less 28% tax totalling RM10,148,040 in respect of the year ended 31 December 2002 on 19 May 2003;
- b) an interim dividend of 5% less 28% tax totalling RM7,248,600 in respect of the year ended 31 December 2003 on 3 October 2003.

The final dividend recommended by the Directors in respect of the year ended 31 December 2003 is 6% less 28% tax totalling RM8,698,320.

Directors of the Company

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

Dato' Tan Heng Chew
 Azman bin Badrillah
 Dr Fun Woh Peng
 Tan Eng Hwa
 Dato' N. Sadasivan s/o N.N. Pillay
 Dato' Haji Kamaruddin @ Abas bin Nordin
 Tan Eng Soon
 Ahmad bin Abdullah
 Mohd Sharif bin Haji Yusof
 Koo Sian Chu (deceased 9.5.2003)

Directors' Report

for the year ended 31 December 2003

Directors of the Company (cont'd)

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

Name	Ordinary shares of RM1.00 each			At 31.12.2003
	At 1.1.2003	Bought	Sold	
Shareholdings in which Directors have direct interests				
Interests in the Company:				
Dato' Tan Heng Chew	3,849	38,000	-	41,849
Azman bin Badrillah	1,586,200	800	(40,000)	1,547,000
Ahmad bin Abdullah	2,000,000	-	(2,000,000)	-
Tan Eng Soon	210,000	-	-	210,000
Dato Haji Kamaruddin @ Abas bin Nordin	55,448	-	(46,000)	9,448
Tan Eng Hwa	669,908	-	-	669,908
Shareholdings in which Directors have indirect interests				
Interests in the Company:				
Dato' Tan Heng Chew	85,959,999	-	-	85,959,999
Tan Eng Soon	85,959,999	-	-	85,959,999
Tan Eng Hwa	1,650	-	-	1,650

Shareholdings in which Directors have indirect interests

Interests in the Company:

Dato' Tan Heng Chew	85,959,999	-	-	85,959,999
Tan Eng Soon	85,959,999	-	-	85,959,999
Tan Eng Hwa	1,650	-	-	1,650

The above Directors by virtue of their shareholdings in the Company are deemed interested in the shares of the subsidiaries of the Company.

None of the other Directors holding office at 31 December 2003 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business.

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

Signed in accordance with a resolution of the Directors:

Dr Fun Woh Peng

Azman bin Badrillah

Kuala Lumpur,
31 March 2004

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 32 to 68, except for pages 34 and 35 which are expressed in US\$ equivalent, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Dr Fun Woh Peng

Azman bin Badrillah

Kuala Lumpur,
31 March 2004

Statutory Declaration

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

I, **Lee Kwee Cheng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 68, except for pages 34 and 35 which are expressed in US\$ equivalent, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
Lee Kwee Cheng (MIA 9160) in Kuala Lumpur on 31 March 2004

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

Report of the Auditors

to the members of APM Automotive Holdings Berhad

We have audited the financial statements set out on pages 32 to 68, except for pages 34 and 35 which are expressed in US\$ equivalent. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2003 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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

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

KPMG
Firm Number: AF0758
Chartered Accountants

Kuala Lumpur,
31 March 2004

Jimmy Leow Min Fong
Partner
Approval Number: 595/03/04(J/PH)

Balance Sheets

at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Property, plant and equipment	2	151,663	147,396	470	584
Investments in subsidiaries	3	-	-	220,070	220,070
Investment in jointly controlled entities	4	12,436	15,361	-	-
Development costs	5	4,391	-	-	-
Deferred tax assets	6	8,624	9,288	359	602
		177,114	172,045	220,899	221,256
Current assets					
Inventories	7	124,665	115,538	-	-
Trade and other receivables	8	143,784	147,616	22,543	15,663
Tax recoverable		8,513	6,324	1,136	-
Cash and cash equivalents	9	86,593	66,858	25,666	18,031
		363,555	336,336	49,345	33,694
Current liabilities					
Trade and other payables	10	88,902	86,788	25,315	18,584
Borrowings	11	18,132	14,133	-	160
Taxation		2,505	5,788	-	-
Provisions	12	7,181	6,643	-	-
		116,720	113,352	25,315	18,744
Net current assets		246,835	222,984	24,030	14,950
		423,949	395,029	244,929	236,206
Financed by:					
Capital and reserves					
Share capital	13	201,600	201,600	201,600	201,600
Reserves		206,735	174,933	43,112	32,951
Treasury shares	13	(552)	-	(552)	-
		407,783	376,533	244,160	234,551
Minority shareholders' interests	15	1,709	-	-	-
Long term and deferred liabilities					
Borrowings	11	1,250	6,250	-	-
Deferred grant income	16	1,012	1,324	-	-
Deferred tax liabilities	6	3,162	2,376	-	-
Employee benefits	17	9,033	8,546	769	1,655
		14,457	18,496	769	1,655
		423,949	395,029	244,929	236,206

The financial statement were approved and authorised for issue by the Board of Directors on 31 March 2004.

The notes set out on pages 40 to 68 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	18	664,399	696,038	42,009	49,738
Cost of sales					
- Sale of goods		(534,724)	(545,389)	-	-
Gross profit		129,675	150,649	42,009	49,738
Distribution costs		(30,817)	(24,526)	-	-
Administration expenses		(35,232)	(37,889)	(4,569)	(3,813)
Other operating expenses		(2,083)	(1,307)	-	(12,768)
Other operating income		2,778	2,710	13	-
Operating profit	18	64,321	89,637	37,453	33,157
Financing cost		(1,165)	(994)	(131)	(267)
Interest income		1,737	1,831	295	280
Share of losses of jointly controlled entities	4	(412)	(6)	-	-
Profit before tax		64,481	90,468	37,617	33,170
Tax expense	20	(15,590)	(17,972)	(10,059)	(10,805)
Profit after taxation		48,891	72,496	27,558	22,365
Less: Minority interests		(209)	-	-	-
Net profit for the year		48,682	72,496	27,558	22,365
Basic earnings per ordinary share (sen)	21	24.2	36.0		
Dividends per ordinary share (sen)	22	11	14		

The notes set out on pages 40 to 68 form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheets (in US\$ equivalent)

at 31 December 2003

	Group	
	2003 US\$'000	2002 US\$'000
Property, plant and equipment	39,911	38,789
Investment in jointly controlled entities	3,273	4,042
Development costs	1,156	-
Deferred tax assets	2,269	2,444
	46,609	45,275
Current assets		
Inventories	32,807	30,405
Trade and other receivables	37,838	38,846
Tax recoverable	2,240	1,664
Cash and cash equivalents	22,788	17,594
	95,673	88,509
Current liabilities		
Trade and other payables	23,395	22,839
Borrowings	4,772	3,719
Taxation	659	1,523
Provisions	1,890	1,748
	30,716	29,829
Net current assets	64,957	58,680
	111,566	103,955
Financed by:		
Capital and reserves		
Share capital	53,053	53,053
Reserves	54,404	46,035
Treasury shares	(145)	-
	107,312	99,088
Minority shareholders' interests	450	-
Long term and deferred liabilities		
Borrowings	329	1,645
Deferred grant income	266	348
Deferred tax liabilities	832	625
Employee benefits	2,377	2,249
	3,804	4,867
	111,566	103,955

The information contained on this page does not form part of the audited Financial Statements of the Group.

Figures for both 2003 and 2002 were converted into US\$ equivalent using the same exchange rate of RM3.80 = US\$1.00, which approximates that prevailing on 31.12.2003.

Income Statements (in US\$ equivalent)

for the year ended 31 December 2003

	Group	
	2003 US\$'000	2002 US\$'000
Revenue	174,842	183,168
Cost of sales		
- Sale of goods	(140,717)	(143,523)
Gross profit	34,125	39,645
Distribution costs	(8,109)	(6,454)
Administration expenses	(9,272)	(9,971)
Other operating expenses	(548)	(344)
Other operating income	731	713
Operating profit	16,927	23,589
Financing cost	(307)	(262)
Interest income	457	482
Share of losses of jointly controlled entities	(108)	(2)
Profit before tax	16,969	23,807
Tax expense	(4,103)	(4,729)
Profit after taxation	12,866	19,078
Less: Minority interests	(55)	-
Net profit for the year	12,811	19,078
Basic earnings per ordinary share (cents)	6.4	9.5
Dividends per ordinary share (cents)	2.9	3.7

The information contained on this page does not form part of the audited Financial Statements of the Group.

Figures for both 2003 and 2002 were converted into US\$ equivalent using the same exchange rate of RM3.80 = US\$1.00, which approximates that prevailing on 31.12.2003.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2003

Group	Note	← Non distributable					→ Distributable		Total RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange adjustment RM'000	Merger deficit RM'000	Retained profits RM'000	
At 1 January 2002		201,600	-	17,898	5,447	(224)	(42,339)	136,492	318,874
Effect of adopting - MASB 25		-	-	-	(4,724)	-	-	10,973	6,249
- MASB 29		-	-	-	-	-	-	479	479
Restated balance		201,600	-	17,898	723	(224)	(42,339)	147,944	325,602
Foreign exchange differences arising from translation		-	-	-	-	127	-	-	127
Transfer to retained profits on realisation of asset		-	-	-	(161)	-	-	161	-
Net gains and losses not recognised in the income statement		-	-	-	(161)	127	-	161	127
Net profit for the year		-	-	-	-	-	-	71,587	71,587
Effect of adopting - MASB 25		-	-	-	-	-	-	2,234	2,234
- MASB 29		-	-	-	-	-	-	(1,325)	(1,325)
Restated balance		-	-	-	-	-	-	72,496	72,496
Dividends paid		-	-	-	-	-	-	(10,403)	(10,403)
- 2002 final	22	-	-	-	-	-	-	(10,403)	(10,403)
- 2003 interim	22	-	-	-	-	-	-	(11,289)	(11,289)
At 31 December 2002		201,600	-	17,898	562	(97)	(42,339)	198,909	376,533
Share repurchased		-	(552)	-	-	-	-	-	(552)
Foreign exchange differences arising from translation		-	-	-	-	517	-	-	517
Transfer to retained profits on realisation of asset		-	-	-	(161)	-	-	161	-
Net gains and losses not recognised in the income statement		-	-	-	(161)	517	-	161	517
Net profit for the year		-	-	-	-	-	-	48,682	48,682
Dividends paid		-	-	-	-	-	-	(10,148)	(10,148)
- 2002 final	22	-	-	-	-	-	-	(10,148)	(10,148)
- 2003 interim	22	-	-	-	-	-	-	(7,249)	(7,249)
At 31 December 2003		201,600	(552)	17,898	401	420	(42,339)	230,355	407,783

Statement of Changes in Equity

for the year ended 31 December 2003

Company	Note	← Non distributable →			Distributable	Total RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2002		201,600	-	17,898	14,665	234,163
Effect of adopting - MASB 25		-	-	-	593	593
- MASB 29		-	-	-	(878)	(878)
Restated balance		201,600	-	17,898	14,380	233,878
Net profit for the year		-	-	-	22,504	22,504
Effect of adopting - MASB 25	28	-	-	-	9	9
- MASB 29	28	-	-	-	(148)	(148)
Restated balance		-	-	-	22,365	22,365
Dividends paid						
- 2001 final	22	-	-	-	(10,403)	(10,403)
- 2002 interim	22	-	-	-	(11,289)	(11,289)
At 31 December 2002		201,600	-	17,898	15,053	234,551
Shares repurchased		-	(552)	-	-	(552)
Net profit for the year		-	-	-	27,558	27,558
Dividends paid						
- 2002 final	22	-	-	-	(10,148)	(10,148)
- 2003 interim	22	-	-	-	(7,249)	(7,249)
At 31 December 2003		201,600	(552)	17,898	25,214	244,160
		Note 13			Note 14	

The notes set out on pages 40 to 68 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 December 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash flows from operating activities				
Profit before taxation	64,481	90,468	37,617	33,170
Adjustments for				
Depreciation of property, plant and equipment	27,332	24,865	122	67
Gain on disposal of property, plant and equipment	(687)	(406)	(13)	-
Loss on disposal of property, plant and equipment	47	-	-	-
Interest expenses	1,165	994	131	267
Interest income	(1,737)	(1,831)	(308)	(280)
Retirement benefits charged	1,608	1,310	121	154
Share of losses in jointly controlled entities	412	6	-	-
Amortisation of grant income	(312)	(312)	-	-
Property, plant and equipment written off	715	471	-	-
Allowance for diminution in value of investment	-	-	-	1,996
Provisions made	4,329	3,762	-	-
Provisions reversed	(482)	(4,511)	-	-
Operating profit before working capital changes	96,871	114,816	37,670	35,374
(Increase)/Decrease in working capital:				
Inventories	(9,127)	(3,199)	-	-
Trade and other receivables	3,832	(14,451)	(6,880)	(563)
Trade and other payables	2,114	7,431	6,731	(10,653)
Cash generated from operations	93,690	104,597	37,521	24,158
Income tax paid	(19,507)	(29,520)	(10,952)	(10,814)
Interest paid	(1,165)	(994)	(131)	(267)
Interest received	1,737	1,831	308	280
Retirement benefits paid	(1,176)	(368)	(1,007)	-
Provisions paid	(3,309)	(2,793)	-	-
Net cash generated from operating activities	70,270	72,753	25,739	13,357

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(33,470)	(38,902)	(66)	(419)
Proceeds from disposal of property plant and equipment	1,943	807	71	-
Investment in jointly controlled entities	(341)	(10,151)	-	-
Net cash (used in)/generated from investing activities	(31,868)	(48,246)	5	(419)
Cash flows from financing activities				
Repayment of hire purchase liability	-	(46)	-	-
Dividend paid to shareholders	(17,397)	(21,692)	(17,397)	(21,692)
Drawdown of revolving credit	1,400	-	-	-
Proceeds from term loan	-	128	-	-
Repayment of term loan	(5,128)	(3,750)	-	-
Purchase of own shares	(552)	-	(552)	-
Net cash used in financing activities	(21,677)	(25,360)	(17,949)	(21,692)
Net increase/(decrease) in cash and cash equivalents	16,725	(853)	7,795	(8,754)
Exchange difference	283	(18)	-	-
Cash and cash equivalents at beginning of year	57,853	58,724	17,871	26,625
Cash and cash equivalents at end of year	74,861	57,853	25,666	17,871
Cash and cash equivalents comprise:				
Cash and bank balances	86,593	66,858	25,666	18,031
Bills payable	(8,663)	(2,982)	-	-
Overdrafts	(3,069)	(6,023)	-	(160)
	74,861	57,853	25,666	17,871

The notes set out on pages 40 to 68 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs; and
- (iii) MASB 29, Employee Benefits.

In addition to the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are disclosed in Note 28 to these financial statements.

(a) Basis of accounting

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

(b) Basis of consolidation

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

Prior to the adoption of MASB 21, Business Combinations, the consolidation of the Group has been accounted for using the merger method of accounting. Under the merger method of accounting, the difference between the cost of acquisition and nominal value of the share capital and reserves of the subsidiaries is taken to merger reserves. The accumulated merger reserves prior to the adoption of MASB 21, Business Combination has been taken up in the statement of changes in equity.

Upon the adoption of MASB 21, Business Combinations, which was applied prospectively, subsequent consolidation of subsidiaries is accounted using the acquisition method of accounting.

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

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

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

(c) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation.

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

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

The Directors are of the opinion that the current market values of the revalued properties are not less than their net book values as at 31 December 2003.

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

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

Depreciation

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from twenty-five to thirty-nine years while buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period.

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

Buildings	2%	-	4%
Plant, machinery and equipment	10%	-	25%
Furniture, fixtures, fittings and office equipment	10%	-	33.3%
Motor vehicles	10%	-	20%

(d) Investments

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

Notes to the Financial Statements

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

(e) Jointly controlled entities

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

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

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

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

(f) Research and development

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

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

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

(g) Inventories

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

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

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

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

(h) Trade and other receivables

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

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

(i) Cash and cash equivalents

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

(j) Impairment

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

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

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

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Income tax

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

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

Notes to the Financial Statements

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

(l) Income tax (cont'd)

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

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

(m) Provisions

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

(i) *Provision for product warranty/rectification*

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

(ii) *Provision for prompt payment discount*

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

(n) Share capital

Repurchase of shares

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

(o) Deferred grant income

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

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

(p) Employee benefits

i) Short term benefits

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

ii) Defined contribution plans

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

iii) Retirement benefits

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

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

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

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

(q) Foreign currency

(i) Foreign currency transactions

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

Notes to the Financial Statements

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

(g) Foreign currency (cont'd)

(ii) *Financial statements of foreign operations*

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

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

1AUD	RM2.87	(2002 : 1AUD	RM2.14)
1USD	RM3.80	(2002 : 1USD	RM3.80)
100JPY	RM3.58	(2002 : 100JPY	RM3.23)
1CAD	RM2.97	(2002 : 1CAD	RM2.40)
1RMB	RM0.46	(2002 : 1RMB	RM0.46)
10,000IDR	RM4.68	(2002 : 10,000IDR	RM4.00)

(r) Revenue

i) *Goods sold and services rendered*

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

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

ii) *Dividend income*

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

(s) Interest income

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

(t) Financing costs

Financing costs comprise interest payable on borrowings.

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

2. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<i>Cost/valuation</i>								
Opening balance	4,266	43,395	49,950	199,811	16,118	7,896	968	322,404
Additions	4,305	-	402	21,271	3,061	1,071	3,360	33,470
Disposals	-	-	-	(3,196)	(738)	(1,190)	-	(5,124)
Written off	-	-	-	(7,996)	(68)	-	-	(8,064)
Foreign exchange adjustment	-	-	-	209	-	118	-	327
Closing balance	8,571	43,395	50,352	210,099	18,373	7,895	4,328	343,013
<i>Representing items at:</i>								
Cost	8,571	26,303	43,702	210,099	18,373	7,895	4,328	319,271
1984 valuation	-	17,092	6,650	-	-	-	-	23,742
	8,571	43,395	50,352	210,099	18,373	7,895	4,328	343,013
<i>Accumulated depreciation</i>								
Opening balance	-	4,545	10,118	144,512	11,802	4,031	-	175,008
Charge for the year	-	730	1,500	22,068	1,836	1,198	-	27,332
Disposals	-	-	-	(2,214)	(684)	(923)	-	(3,821)
Written off	-	-	-	(7,286)	(63)	-	-	(7,349)
Foreign exchange adjustment	-	-	-	122	-	58	-	180
Closing balance	-	5,275	11,618	157,202	12,891	4,364	-	191,350
<i>Net book value</i>								
At 31 December 2003	8,571	38,120	38,734	52,897	5,482	3,531	4,328	151,663
At 31 December 2002	4,266	38,850	39,832	55,299	4,316	3,865	968	147,396
Depreciation charge for the year ended 31 December 2002	-	530	1,179	20,629	1,537	990	-	24,865

Notes to the Financial Statements

2. Property, plant and equipment

Revaluation

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

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

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<i>Cost</i>			
Opening balance	216	512	728
Additions	66	-	66
Disposal	-	(133)	(133)
Closing balance	282	379	661
<i>Accumulated depreciation</i>			
Opening balance	66	78	144
Charge for the year	42	80	122
Disposal	-	(75)	(75)
Closing balance	108	83	191
<i>Net book value</i>			
At 31 December 2003	174	296	470
At 31 December 2002	150	434	584
Depreciation charge for the year ended 31 December 2002	34	33	67

3. Investments in subsidiaries

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	223,105	223,105
Less: Allowance for diminution in value	(3,035)	(3,035)
	220,070	220,070

Details of the subsidiaries are shown in Note 26.

4. Investment in jointly controlled entities

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

	2003	2002
	RM'000	RM'000
Long-term assets	2,763	3,248
Current assets	19,324	17,208
Long-term liabilities	(162)	(271)
Current liabilities	(9,489)	(4,824)
Net assets	12,436	15,361
Income	16,751	11,608
Expenses	(17,163)	(11,614)
Share of losses of jointly controlled entities	(412)	(6)

Details of jointly controlled entities are as follows:

Name of company	Principal activities	Proportion of ownership interest	
		2003	2002
		%	%
APM-Coachair Sdn. Bhd.*	Distribution of coach air-conditioners.	50	50
APM Irwin Seating Sdn. Bhd.*	Manufacture and sale of auditorium seats.	50	50
Auto Culture Supplies Sdn. Bhd.*	Manufacture and sale of seat covers and related products.	50	50
Diversified Furniture Systems Sdn. Bhd.*	Manufacture and sales of office furniture. Ceased operations and became dormant in 2002.	50	50
PT APM Armada Autoparts*	Manufacture and sale of automotive, bus and train seating products in Indonesia.	50	50
Anhui Winking Auto Parts Co. Ltd.*	Manufacture and sale of automotive seats, interior parts and seating components in China.	60	60

* Owned via a 100% subsidiary, Auto Parts Holdings Sdn. Bhd.

During the financial year, the Group subscribed to an additional 250,000 shares of USD1 each in PT APM Armada Autoparts, a company incorporated in the Republic of Indonesia, at par, for a total consideration of RM950,050. The subscription represents 50% of the additional issuance of shares of PT APM Armada Autoparts.

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

Notes to the Financial Statements

5. Development costs

	Group Total RM'000
Opening balance	-
Addition	4,391
Closing balance	4,391
Amortisation and impairment losses	
Opening balance	-
Amortisation for the year	-
Closing balance	-
Net book value	
At 31 December 2003	4,391
At 31 December 2002	-

6. Deferred tax

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets				
Property, plant and equipment				
- capital allowances	463	392	32	31
- revaluation	1,128	1,190	-	-
Provisions	(10,397)	(10,736)	(313)	(573)
Unabsorbed capital allowances	(77)	(59)	(77)	(59)
Unabsorbed tax losses	(1)	(1)	(1)	(1)
Unrealised foreign exchange gain/(loss)	260	(74)	-	-
	(8,624)	(9,288)	(359)	(602)
Deferred tax liabilities				
Property, plant and equipment				
- capital allowances	3,658	2,954	-	-
- revaluation	880	890	-	-
Provisions	(1,376)	(1,468)	-	-
	3,162	2,376	-	-

7. Inventories

	Group	
	2003 RM'000	2002 RM'000
Raw materials	52,482	55,430
Work-in-progress	11,501	11,879
Manufactured inventories and trading inventories	51,021	40,169
Spare parts and others	4,088	3,895
Goods-in-transit	5,573	4,165
	124,665	115,538

The following inventories are carried at net realisable value:

Raw materials	6,575	6,958
Work-in-progress	64	50
Manufactured inventories and trading inventories	6,606	4,301
Spare parts and others	541	343
	13,786	11,652

8. Trade and other receivables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables				
- third parties	112,812	132,645	-	-
- jointly controlled entities	2,768	1,022	-	-
- related parties	21,947	11,987	-	-
	137,527	145,654	-	-
Less: Allowance for doubtful debts	(5,254)	(5,273)	-	-
	132,273	140,381	-	-
Subsidiaries	-	-	33,254	26,409
Less: Allowance for doubtful debts	-	-	(10,772)	(10,772)
	-	-	22,482	15,637
Jointly controlled entities	454	513	54	21
Related parties	38	-	-	-
Other receivables	12,019	6,722	7	5
Less: Allowance for doubtful debts	(1,000)	-	-	-
	11,019	6,722	7	5
	143,784	147,616	22,543	15,663

Notes to the Financial Statements

8. Trade and other receivables (cont'd)

Group

Included in other receivables is an amount of RM2.1 million (2002 - RM0.4 million) incurred on product development which is recoverable from the Group's customer.

Group and Company

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

9. Cash and cash equivalents

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	22,656	17,641	653	772
Deposits	63,937	49,217	25,013	17,259
	86,593	66,858	25,666	18,031
Deposits are placed with:				
Licensed banks	25,367	33,758	1,700	1,800
Finance companies	1,400	1,900	1,400	1,900
Other financial institutions	37,170	13,559	21,913	13,559
	63,937	49,217	25,013	17,259

10. Trade and other payables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables				
- third parties	43,895	42,392	-	-
- jointly controlled entities	-	1,874	-	-
- related parties	167	488	-	-
	44,062	44,754	-	-
Non-trade:				
Subsidiaries	-	-	23,425	17,373
Jointly controlled entities	43	186	43	71
Related parties	1,021	1,636	2	379
Other payables and accruals	43,776	40,212	1,845	761
	88,902	86,788	25,315	18,584

10. Trade and other payables (cont'd)***Group and Company***

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

Company

The amount due to subsidiaries include an amount of RM21,342,248 (2002 - RM16,102,406) which the Company places the funds on behalf of its subsidiaries as deposits with banks and financial institutions which bears interest ranging from 2.50% to 4.15% (2002 - 2.90% to 4.15%) per annum.

11. Borrowings

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current				
Bills payable - unsecured	8,663	2,982	-	-
Overdrafts - unsecured	3,069	6,023	-	160
Revolving credit - unsecured	1,400	-	-	-
Term loan - secured	5,000	5,128	-	-
	18,132	14,133	-	160
Non-current				
Long term loan - secured	1,250	6,250	-	-

The borrowings of the Group are subject to interest at 2.98% to 7.80% (2002 - 2.75% to 7.50%) per annum.

Term and debt repayment schedule

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000
Term loan	6,250	5,000	1,250

The term loan is secured by the assignment of rental proceeds from the tenants of the property.

Notes to the Financial Statements

12. Provisions

	Group	
	2003 RM'000	2002 RM'000
Balance at 1 January	6,643	10,185
Provision made during the year	4,329	3,762
Provision paid during the year	(3,309)	(2,793)
Provision reversed during the year	(482)	(4,511)
Balance at 31 December	<u>7,181</u>	<u>6,643</u>

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

13. Share capital

	Group and Company	
	2003 RM'000	2002 RM'000
Authorised:		
Ordinary shares of RM1.00 each	<u>300,000</u>	300,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	<u>201,600</u>	201,600

The shareholders of the Company via a resolution passed in the Extraordinary General Meeting held on 29 May 2002 approved the Company's plan to repurchase its own shares.

On 5 March 2003, the Company repurchased 250,000 of its issued shares from the open market. The average price paid for the shares repurchased was RM2.2086 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are currently held as treasury shares and carried at cost. The number of outstanding shares in issue after deducting the treasury shares held is 201,350,000 ordinary shares of RM1.00 each. Treasury shares have no rights to voting, dividends and participation in other distribution.

14. Distributable retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 31 December 2003 if paid out as dividends.

15. Minority shareholders' interests

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

16. Deferred grant income

	Group	
	2003 RM'000	2002 RM'000
Opening balance	3,563	3,563
Accumulated amortisation	(2,551)	(2,239)
	1,012	1,324

17. Employee benefits

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Recognised liability for retirement benefits	9,033	8,546	769	1,655

Under the terms of employment with its employees, the Group and Company has to pay retirement benefits to eligible employees who have completed a qualifying period of service. Eligible employees are entitled to retirement benefits based on a certain percentage of total basic salary earned for the period of service, less employer's EPF contribution. Although employees may be paid benefits beyond that defined in the terms of employment, the Group and Company have no obligation to pay the additional amount.

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net liability at 1 January	8,546	7,604	1,655	1,501
Benefits paid	(1,176)	(368)	(1,007)	-
Expense recognised in the income statement	1,608	1,310	121	154
Foreign exchange adjustment	55	-	-	-
Net liability at 31 December	9,033	8,546	769	1,655

Expense recognised in the income statement:

Current service cost	963	801	40	49
Interest on obligation	645	509	81	105
	1,608	1,310	121	154

Notes to the Financial Statements

17. Employee benefits (cont'd)

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cost of sales	463	387	-	-
Distribution cost	14	38	-	-
Administration expenses	1,131	885	121	154
	1,608	1,310	121	154

Liability for retirement benefits

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

	2003 %	2002 %
Discount rate	7.0	7.0
Future salary increases	6.5	6.5
Price inflation	3.5	3.5

18. Operating profit

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue				
- Sale of goods	664,399	696,038	-	-
- Services rendered	-	-	3,022	1,117
- Dividend income	-	-	38,987	48,621
	664,399	696,038	42,009	49,738

Operating profit is arrived at after crediting:

Amortisation of grant income	312	312	-	-
Foreign exchange gain				
- realised	503	647	-	-
- unrealised	340	117	-	-
Gain on disposal of property, plant and equipment	687	406	13	-
Tax exempt dividend received from:				
- unquoted subsidiaries	-	-	-	10,001
Gross dividend received from				
- unquoted subsidiaries	-	-	38,987	38,620
Allowance for doubtful debts written back	1,060	603	-	-
Provisions reversed	482	4,511	-	-

18. Operating profit (cont'd)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
and after charging:				
Audit fee - current year	200	183	23	18
- prior year	24	18	5	4
Allowance for diminution in value	-	-	-	1,996
Allowance for doubtful debts	1,986	2,024	-	10,772
Doubtful debts written off	310	48	-	-
Retirement benefits charged	1,608	1,310	121	154
Depreciation of property, plant and equipment	27,332	24,865	122	67
Property, plant and equipment written off	715	471	-	-
Directors of the Company:				
- fees	180	144	180	144
- emoluments	2,271	1,151	2,271	1,151
- benefit in kind	56	38	56	38
Rental of premises	2,023	1,845	-	-
Operating lease rental	279	-	-	-
Unrealised foreign exchange loss	147	383	-	-
Provisions made	4,329	3,762	-	-
Loss on disposal of property, plant and equipment	47	-	-	-
Royalties	2,488	2,518	-	-
Product development cost expensed	1,380	-	-	-

19. Employee information

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Staff costs	89,512	91,207	2,852	2,349

The number of employees of the Group (including Directors) and of the Company (including Directors) at the end of the year was 3,198 (2002 - 3,203) and 38 (2002 - 16) respectively.

Notes to the Financial Statements

20. Tax expense

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current tax expense				
Malaysia - current	14,980	21,595	10,405	10,814
- prior year	(1,120)	(2,256)	(589)	-
Overseas - current	75	37	-	-
	13,935	19,376	9,816	10,814
Deferred tax expense				
- Origination and reversal of temporary differences	843	(1,572)	243	(9)
- Under/(over)provision in prior years	717	(19)	-	-
- Changes in accounting policy	(10)	(117)	-	-
	15,485	17,668	10,059	10,805
Tax expense on share of profits of jointly controlled entities				
- current year	105	304	-	-
	15,590	17,972	10,059	10,805
Reconciliation of effective tax rate				
Profit before taxation	64,481	90,468	37,617	33,170
Income tax using Malaysian tax rates	18,055	25,331	10,533	9,288
Effect of different tax rates in foreign jurisdictions	13	4	-	-
Non-deductible expenses	1,421	840	115	4,309
Tax exempt income	(6)	-	-	(2,800)
Tax incentives	(3,596)	(5,790)	-	-
Effect of deferred tax benefit not recognised	24	(79)	-	-
Other items	78	(59)	-	8
	15,989	20,247	10,648	10,805
Under/(Over) provision in prior years				
- income tax	(1,120)	(2,256)	(589)	-
- deferred tax	717	(19)	-	-
Overseas withholding tax	4	-	-	-
Tax expense	15,590	17,972	10,059	10,805

21. Earnings per share - Group

The calculation of earnings per share is based on the net profit attributable to shareholders of RM48,682,000 (2002 - RM72,496,000) and the weighted average number of outstanding ordinary shares in issue during the year of 201,350,000 (2002 - 201,600,000).

22. Dividends paid

	Group and Company	
	2003	2002
	RM'000	RM'000
Final in respect of previous year		
Nil (2002 -3% tax exempt)	-	6,048
7% less tax (2002 - 3% less tax)	10,148	4,355
Interim in respect of current year		
Nil (2002 - 2% tax exempt)	-	4,032
5% less tax (2002 - 5% less tax)	7,249	7,257
	17,397	21,692

Proposed final dividend for the financial year ended 31 December 2003

The Directors have recommended the payment of a final dividend of 6% less 28% tax resulting in net dividend payments of RM8,698,320 in respect of the year ended 31 December 2003, subject to approval by the shareholders at the forthcoming Annual General Meeting.

The proposed final dividend has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2003.

Dividend per share**Ordinary dividend**

The calculation of dividend per share is based on the ordinary dividend declared and proposed for the financial year ended 31 December 2003 and the number of outstanding ordinary shares in issue during the year of 201.35 million (2002 - 201.6 million).

	2003	2002	2003	2002
	RM'000	RM'000	Sen per	Sen per
			share	share
			(Gross)	(Gross)
Ordinary dividend paid	7,249	11,289	5	7
Proposed final dividend	8,698	10,161	6	7
Ordinary dividend including proposed final dividend	15,947	21,450	11	14

23. Segmental information

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

Notes to the Financial Statements

24. Commitments

	Group	
	2003 RM'000	2002 RM'000
Capital commitments:		
Property, plant and equipment		
Contracted but not provided for in the financial statements	9,966	4,509
Investments		
Authorised but not contracted for	1,900	-

25. Related parties

Controlling related party relationships are as follows:

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

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

Transactions with related parties

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<i>With TCMH Group</i>				
Sales	84,436	67,988	-	-
Trade purchases	1,219	953	-	-
Other purchases	1,855	2,841	50	379
Rental expenses	916	922	-	-
Management fees	41	41	41	41
<i>With TCIL Group</i>				
Sales	2,867	1,318	-	-
Trade purchases	-	529	-	-
<i>With WTCH Group</i>				
Sales	79	90	-	-
Other purchases	951	1,876	-	-

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

25. Related parties (cont'd)

- ii) Significant transactions with Auto Dunia Sdn. Bhd.:
- a company in which certain Directors of the Company, namely Ahmad bin Abdullah and Azman bin Badrillah have substantial financial interests; and
 - a company connected to certain Directors of the Company, namely Dato' Tan Heng Chew, Tan Eng Soon and Tan Eng Hwa by virtue of Section 122A of the Companies Act, 1965.

	Group	
	2003	2002
	RM'000	RM'000
Sales	203	830
Other purchases	531	220

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

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

	Company	
	2003	2002
	RM'000	RM'000
Subsidiaries		
Management and information technology fees receivable	3,027	1,117
Dividends received	38,987	48,621
Interest expense	131	267

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

26. Subsidiaries

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

Name of company	Principal activities	Group interest	
		2003	2002
		%	%
APM Air-Conditioners Sdn. Bhd.	Manufacture of automotive air-conditioners	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture of automotive electrical components	100	100
APM Coil Springs Sdn. Bhd.	Manufacture of automotive coil springs	100	100

Notes to the Financial Statements

26. Subsidiaries (cont'd)

Name of company	Principal activities	Group interest	
		2003 %	2002 %
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM Plastics Sdn. Bhd.	Manufacture of plastic injection and extrusion moulded parts and components	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture of shock absorbers and related component parts	100	100
APM Springs Sdn. Bhd.	Manufacture of automotive leaf springs	100	100
APM Interiors Sdn. Bhd. (formerly known as APM Trim Parts Sdn. Bhd.)	Manufacture of vehicle interior parts and accessories. Ceased operations in 2003.	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture of automotive seats and radiators	100	100
Auto Parts Marketing Sdn. Bhd.	Marketing of automotive parts and accessories	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
Radiators Australia (2000) Pty. Ltd ** (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive radiators and other automotive components.	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
APM Components America Inc.* (owned via 100% subsidiary, APM Holdings Inc.)	Distribution of furniture components. Ceased operations in 2003.	100	100
APM Holdings Inc.* (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100

26. Subsidiaries (cont'd)

Name of company	Principal activities	Group interest	
		2003 %	2002 %
APM Motorsport Sdn. Bhd.	Trading and sale of automotive parts and accessories	100	100
APM Chalmers Suspensions Sdn. Bhd.	Dormant	100	100
APM Radiators Sdn. Bhd.	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
Atsugi Parts Manufacturing Sdn. Bhd.	Dormant	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
TC-Kinugawa Rubber Sdn. Bhd.	Dormant	100	100
APM Components (USA) Inc.* (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Marketing, distribution and sale of automotive and related products	100	100
Fuji Seats (Malaysia) Sdn. Bhd.	Manufacture and sale of automotive seats and components	70	70

Radiators Australia (2000) Pty Ltd is a company incorporated in Australia. APM Components America Inc. and APM Holdings Inc. are companies incorporated in Canada. APM Components (USA), Inc. is a company incorporated in United States of America. The other subsidiary companies are incorporated in Malaysia.

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

** Audited by another firm of Public Accountants

27. Financial instruments**Financial risk management objectives and policies**

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

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

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

Notes to the Financial Statements

27. Financial instruments (cont'd)

Interest rate risk

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

Effective interest rates and repricing analysis

Group	Effective interest rate %	2003			Effective interest rate %	2002		
		Total RM'000	Within 1 year RM'000	1-5 years RM'000		Total RM'000	Within 1 year RM'000	1-5 years RM'000
Financial assets								
Short term deposits	2.95	63,937	63,937	-	2.90	49,217	49,217	-
Financial liabilities								
Unsecured bills payable	3.63	8,663	8,663	-	3.62	2,982	2,982	-
Unsecured overdrafts	6.46	3,069	3,069	-	6.90	6,023	6,023	-
Unsecured revolving credit	3.98	1,400	1,400	-	6.90	-	-	-
Secured term loans	7.80	6,250	5,000	1,250	4.25	11,378	5,128	6,250
Company								
Financial assets								
Short term deposits	3.18	25,013	25,013	-	3.21	17,259	17,259	-
Financial liability								
Amount due to subsidiaries	3.34	21,342	21,342	-	3.52	16,012	16,012	-

Foreign currency risk

The Group and the Company incur foreign currency risk on sales, purchases and investment that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US dollars, Australian dollars, Canadian dollars, Japanese Yen, Chinese Renmenbi and Indonesian Rupiah.

Hedging

The Group partially hedge purchases that are denominated in currency other than Ringgit Malaysia, at the discretion of management.

27. Financial instruments (cont'd)**Liquidity risk**

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

Fair value**Group**

The carrying amounts of the Group's financial assets and liabilities recorded at the balance sheet date are approximate to their fair values.

Unrecognised financial instruments

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

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

	2003 Carrying amount RM'000	2003 Fair value RM'000	2002 Carrying amount RM'000	2002 Fair value RM'000
Forward foreign exchange purchase contracts	3,717	3,796	4,448	4,588

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

Company

The carrying amounts of the Company's financial assets and liabilities at the balance sheet date approximate their fair values with the exception of certain subsidiaries balances of the Company which are non-trade in nature, as these are the amounts receivable and payable under the normal trade credit terms or on demand.

It is not possible to establish fair values on large outstanding subsidiaries balances as these are interest free and have no fixed terms of repayment.

Notes to the Financial Statements

28. Changes in accounting policies and prior year adjustments

Changes in accounting policies

In the current financial year, the Group and the Company adopted three new MASB Standards. The adoption of these new standards resulted in changes in accounting policies as follows:

- (a) MASB 25, Income Taxes which have been adopted retrospectively. Comparative figures have been adjusted to reflect the change in accounting policy;
- (b) MASB 27, Borrowing Costs which is applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard; and
- (c) MASB 29, Employee Benefits which have been adopted retrospectively. Comparative figures have been adjusted to reflect the change in accounting policy.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised where there was a reasonable expectation of realisation in the near future).

This change in accounting policies, applied retrospectively, has the following impact on the results:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net profit before change in accounting policy	48,706	71,587	26,974	22,504
Effect of adopting MASB 25	(404)	2,234	(243)	9
Effect of adopting MASB 29	390	(1,325)	827	(148)
Net profit for the year	48,692	72,496	27,558	22,365

Prior year adjustments

The change in accounting policies due to the adoption of MASB 25 and MASB 29 have been accounted for by restating comparatives and adjusting the opening balance of retained profits at 1 January 2003 as disclosed in Note 29 and the statement of changes in equity respectively.

29. Comparative figures

The following comparatives have been restated to reflect change in accounting policies as explained in Note 28.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheet				
Investment in jointly controlled entities	15,361	15,443	-	-
Deferred tax assets	9,288	-	602	-
Trade and other payables	86,788	84,798	18,584	11,797
Deferred tax liabilities	2,376	1,378	-	-
Employee benefits	8,546	9,965	1,655	709
Income statement				
Cost of sales	(545,389)	(544,758)	-	-
Gross profit	150,649	151,280	-	-
Distribution cost	(24,526)	(24,466)	-	-
Administrative expenses	(37,889)	(37,273)	(3,813)	(3,665)
Other operating income	2,710	2,476	-	-
Operating profit	89,637	90,625	33,157	33,305
Profit before taxation	90,468	91,586	33,170	33,318
Tax expense	(17,972)	(19,999)	(10,805)	(10,814)
Net profit for the year	72,496	71,587	22,365	22,504
Statements of changes in equity				
Retained profits at 1 January 2002	147,944	136,492	14,380	14,665
Retained profits at 31 December 2002	198,909	186,387	15,053	15,477
Revaluation reserve at 1 January 2002	723	5,447	-	-
Revaluation reserve at 31 December 2002	562	5,447	-	-
Cash flow statement				
Retirement benefits charged	1,310	(727)	154	36
Share of losses/(profits) in jointly controlled entities	6	(124)	-	-
Trade and other payables	7,431	8,480	(10,653)	(17,390)
Notes to the financial statements				
Note 4 Investment in jointly controlled entities				
Long term assets	3,248	3,243	-	-
Long term liabilities	(271)	(204)	-	-
Current liabilities	(4,824)	(4,804)	-	-
Net assets	15,361	15,443	-	-
Expenses	(11,614)	(11,484)	-	-
Share of (losses)/profits of jointly controlled entities	(6)	124	-	-
Note 10 Trade and other payables				
Other payables and accruals	40,212	38,222	761	681
Note 19 Employee information				
Staff costs	89,978	89,049	2,349	2,497

Notes to the Financial Statements

29. Comparative figures (cont'd)

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

	Company	
	As restated 2002 RM'000	As previously stated 2002 RM'000
<u>Balance Sheets</u>		
Trade and other receivables	15,663	8,956
<u>Cash Flow statements</u>		
Trade and other receivables	(563)	6,144
<u>Notes to the financial statements</u>		
Note 8 Trade and other receivables Subsidiaries	26,409	19,702
Note 10 Trade and other payables Subsidiaries	17,373	10,666

Group Properties

31 December 2003

<u>Location</u>	<u>Description</u>	<u>Land Area (sq m)</u>	<u>Tenure/ Expiry Date</u>	<u>Net Book Value (RM'000)</u>	<u>Age of Building (years)</u>	<u>Date of Last Revaluation</u>	<u>Date of Acquisition</u>
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory office & warehouse	40,545	Leasehold/ 21.06.2092	10,584	6	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office & warehouse	42,046	Leasehold/ 21.06.2092	9,948	9	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	30,855	17	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	6,372	25	1984	1974
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	13,244	7	-	1996
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	95	Leasehold/ 16.11.2922	316	7	-	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	370	7	-	2001
No. 2 & 4 (Lot 40 & 41) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	16,188	Freehold	2,107	-	-	2002
No. 6 (Lot 42) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,154	1	-	2002
No. 8 (Lot 43) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,077	1	-	2002
No. 7 & 9 (Lots 34 & 35) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	16,188	Freehold	2,152	-	-	2002
No. 8 & 10 (Lots 26 & 27) Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	16,188	Freehold	2,153	-	-	2003

Shareholders' Statistics

As at 31 March 2004

SHARE CAPITAL

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

THIRTY LARGEST SHAREHOLDERS

	<u>No. of Shares Held</u>	<u>%</u>
1. Parasand Limited	40,320,000	20.0248
2. Tan Chong Consolidated Sdn Bhd	34,539,999	17.1542
3. Employees Provident Fund Board	17,534,900	8.7087
4. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	6,999,000	3.4760
5. Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860)	6,750,000	3.3524
6. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	6,659,000	3.3072
7. Lembaga Tabung Haji	5,506,350	2.7347
8. Cimsec Nominees (Tempatan) Sdn Bhd Allied Investments Limited for Tan Chong Consolidated Sdn Bhd	3,000,000	1.4899
9. Minister of Finance Akaun Jaminan Pinjaman Kerajaan Persekutuan	2,563,000	1.2729
10. HSBC Nominees (Asing) Sdn Bhd DZ Bank Intl for Uni Em Fernost Treuhandkonto, Luxembourg	2,235,600	1.1103
11. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Income Plus Fund (N14011980070)	2,186,500	1.0859
12. Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,150,000	1.0678
13. AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Pacific Pearl Fund (5/1-9)	1,929,400	0.9582
14. Cimsec Nominees (Tempatan) Sdn Bhd Commerce Asset Fund Managers Sdn Bhd for Employees Provident Fund Board	1,766,000	0.8771
15. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	1,736,000	0.8622
16. AMMB Nominees (Tempatan) Sdn Bhd MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund (7/836-2)	1,632,000	0.8105
17. Azman Bin Badrillah	1,500,000	0.7450
18. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	1,483,000	0.7365
19. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Balanced Returns Fund (N14011980060)	1,440,000	0.7152
20. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)	1,350,000	0.6705
21. AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Pacific Dividend Fund (5/27-2)	1,295,400	0.6434

THIRTY LARGEST SHAREHOLDERS (cont'd)

	<u>No. of Shares Held</u>	<u>%</u>
22. Valuecap Sdn Bhd	1,167,100	0.5796
23. Pertubuhan Keselamatan Sosial	1,154,000	0.5731
24. Amanah Raya Berhad Amtotal Return	1,146,400	0.5693
25. Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	1,146,000	0.5692
26. Hong Leong Assurance Berhad As Beneficial Owner (General NPAR)	1,063,700	0.5283
27. Am Nominees (Tempatan) Sdn Bhd AmMerchant Bank Berhad	908,000	0.4510
28. BHLB Trustee Berhad Pacific Recovery Fund	893,100	0.4436
29. Amanah Raya Nominees (Tempatan) Sdn Bhd Mayban Dana Yakin	850,000	0.4222
30. Asia Life (M) Berhad As beneficial owner (PF)	849,000	0.4217
	<u>153,753,449</u>	<u>76.3613</u>

ANALYSIS BY SIZE OF HOLDINGS

<u>Size of Holdings</u>	<u>No. of Holders</u>	<u>%</u>	<u>No. of Shares Held</u>	<u>%</u>
1-99	370	2.9897	17,049	0.0085
100-1,000	8,235	66.5401	3,416,556	1.6947
1,001-10,000	3,341	26.9958	10,244,661	5.0817
10,001-100,000	317	2.5614	8,808,727	4.3694
100,001-10,079,999	110	0.8888	86,468,108	42.8909
10,080,000 and above	3	0.0242	92,394,899	45.8308
	12,376	100.0000	201,350,000	99.8760
Treasury shares	-	-	250,000	0.1240
Total	12,376	100.000	201,600,000	100.0000

SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	<u>No. of Shares Held</u>	<u>%</u>
1. Parasand Limited	40,320,000 *	20.0248
2. Tan Chong Consolidated Sdn Bhd	45,639,999 *	22.6670
3. Employees Provident Fund Board	22,478,400	11.1638

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of APM Automotive Holdings Berhad will be held at the Grand Ballroom, Grand Seasons Hotel, 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Wednesday, 19 May 2004 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 2003 together with the Reports of the Directors and Auditors thereto. *Resolution 1*
2. To declare a final dividend of 6% less income tax for the financial year ended 31 December 2003. *Resolution 2*
3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association.
 - i. Azman bin Badrillah *Resolution 3*
 - ii. Dato' Haji Kamaruddin @ Abas bin Nordin *Resolution 4*
 - iii. Dato' N. Sadasivan s/o N.N. Pillay *Resolution 5*
4. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. *Resolution 6*

Special Business:

5. 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, 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 Companies Act, 1965 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 the resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

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

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Malaysia Securities Exchange Berhad ("MSEB") 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 MSEB 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 ten per centum (10%) of the issued and paid-up share capital of the Company.

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

AND 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 the MSEC and any other relevant authorities for the time being in force.

AND THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at:

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

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

AND THAT the Directors of the Company be 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 8

7. 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 GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Malaysia Securities Exchange Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.1 of the circular to shareholders dated 27 April 2004 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by

Notice of Annual General Meeting

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.

AND THAT the Directors of the Company be 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 9

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 INTERNATIONAL LIMITED GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Malaysia Securities Exchange Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.2 of the circular to shareholders dated 27 April 2004 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

AND THAT the Directors of the Company be 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 GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Malaysia Securities Exchange Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.3 of the circular to shareholders dated 27 April 2004 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the

Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

Resolution 11

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

By order of the Board
LEE KWEE CHENG
CHAN YOKE-LIN
 Company Secretaries

Kuala Lumpur
 27 April 2004

Notes:

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

Resolution 7

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

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

Resolution 8

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 capital of the Company by utilising the funds allocated out of the retained profits and share premium account of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Resolutions 9, 10 and 11

Proposed resolutions 9, 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on resolutions 8, 9, 10 and 11 are set out in the Circular to shareholders dated 27 April 2004, despatched together with the Company's 2003 Annual Report.

Statement Accompanying Notice of Annual General Meeting

DIRECTORS STANDING FOR RE-ELECTION AT THE SEVENTH ANNUAL GENERAL MEETING

Directors standing for re-election pursuant to Article 100 of the Company's Articles of Association are Azman bin Badrillah, Dato' Haji Kamaruddin @ Abas bin Nordin and Dato' N. Sadasivan s/o N.N. Pillay.

The details of the Directors are set out on pages 17 to 18 of the Annual Report. Their shareholdings in the Company as at 31 March 2004 are as follows:

	Direct interest
Azman bin Badrillah	1,547,000
Dato' Haji Kamaruddin @ Abas bin Nordin	9,448
Dato' N. Sadasivan s/o N.N. Pillay	-

DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS

There were a total of five (5) board meetings held during the financial year ended 31 December 2003 and the details of the attendance of the Directors who are standing for re-election are set out on pages 17 to 18 of the Annual Report.

DATE, TIME AND PLACE OF THE SEVENTH ANNUAL GENERAL MEETING

Date : Wednesday, 19 May 2004
Time : 10:00 a.m.
Place : Grand Ballroom
Grand Seasons Hotel
72, Jalan Pahang
53000 Kuala Lumpur, Malaysia

Form of Proxy



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

I/We ⁽¹⁾ (Name and NRIC No/Company No) _____

of (address) _____

being a member of APM AUTOMOTIVE HOLDINGS BERHAD, hereby appoint (Name and NRIC No of Proxy/Proxies ⁽²⁾ Corporate Representative ⁽³⁾) _____

or failing him (name and NRIC No) _____

or failing the abovenamed proxy/proxies/corporate representative, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia, on Wednesday, 19 May 2004 at 10:00 a.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final dividend		
Resolution 3	Re-elect Azman bin Badrillah		
Resolution 4	Re-elect Dato' Haji Kamaruddin @ Abas bin Nordin		
Resolution 5	Re-elect Dato' N. Sadasivan s/o N.N. Pillay		
Resolution 6	Re-appoint the Auditors		
Resolution 7	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed Grant of Authority to the Company to Purchase its own Ordinary Shares		
Resolution 9	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited Group		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad Group		

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

<p><i>If the member is an individual</i></p> <p>_____</p> <p>Signature</p>	<p>CDS Account No _____</p> <p>No of shares held: _____</p> <p>Date: _____</p>
<p><i>If the member is a corporation</i></p> <p>The Common Seal of _____</p> <p>was hereunto affixed in accordance with its</p> <p>Articles of Association in the presence of</p> <p>_____</p> <p>Director</p>	<p>CDS Account No _____</p> <div style="text-align: center;"> </div> <p>No of shares held: _____</p> <p>Date: _____</p> <p style="text-align: right;">Director/Secretary</p>

Notes:

- (1) An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- (2) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
- (3) In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

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

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Affix stamp here

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

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

Correspondence Address:

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