

PROFILE OF THE BOARD OF DIRECTORS

Dato' Tan Heng Chew, JP, DJMK, 61, a Malaysian, is a Non-Independent Non-Executive Director. He was the first director of the Company when it was incorporated on 26 March 1997 and was appointed the Chairman of the Board on 1 November 1999.

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

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

Dr. Fun Woh Peng, 48, a Malaysian, is an Executive Director appointed to the Board on 15 January 2003. He was a member of the Audit Committee until 26 February 2008 when he relinquished his membership in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad.

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 Ford Motor Company, Ford International Business Development Inc. and FMS Audio, a joint venture of Ford Motor Company, USA.

Encik Azman Badrillah, 60, 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, he was appointed an Executive Director of the Company. Encik Azman sits on the board of TCMH and Eco Resources Berhad.

Mr. Tan Eng Hwa, 53, a Malaysian, is an Executive Director. He was first appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director.

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

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

PROFILE OF THE BOARD OF DIRECTORS

Mr. Sow Soon Hock, 50, a Malaysian, is a Director in charge of Marketing. He was appointed to the Board on 1 July 2006.

Mr. Sow holds a Graduate Diploma in Business Administration from the Institute of Professional Managers and Administrators, UK. He first joined the Group's leaf spring plant in 1978 and subsequently held supervisory and managerial positions in the suspension companies of the Group before being transferred to Original Equipment Manufacturer (OEM) marketing for Port Klang in 1993. In 2005 he was promoted to Senior General Manager - Group OEM.

Mr. Oei Kok Eong, 54, a Malaysian, is an Executive Director, appointed to the Board on 1 November 2006.

Mr. Oei has a Bachelors' Degree in Engineering (major in Mechanical Engineering) from the University of Singapore. He has more than 20 years experience in the automotive component industry, starting out as an Operations Manager in the Malaysian operation of an international Japanese group in the early 1980s and then rose to the position of director before leaving in 2004. Prior to joining the Group, Mr. Oei was Chief Operating Officer of an automotive component manufacturing company in Malaysia.

Mr. Tan Eng Soon, 59, a Singaporean and a Malaysian Permanent Resident, is a Non-Executive Non-Independent Director. He was appointed to the Board on 1 November 1999.

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

Mr. Tan is the Group Managing Director of TCMH and Chairman of Tan Chong International Limited. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' N. Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 68, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is the Chairman of the Audit Committee.

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

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

PROFILE OF THE BOARD OF DIRECTORS

Dato' Haji Kamaruddin @ Abas Nordin, DSSA, KMN, 69, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is a member of the Audit Committee.

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

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

Encik Mohd. Sharif Haji Yusof, 68, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 September 2001 and is a member of the Audit Committee.

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

Encik Mohd. Sharif is a director of Amanah General Asset Berhad, Asia Unit Trust Berhad, Ireka Corporation Berhad, Kemayan Corporation Berhad and Axis REIT Managers Berhad.

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

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

A summary of the attendance of the Directors at board meetings held in 2007 is set out on page 16.

CORPORATE SOCIAL RESPONSIBILITY

One of APM's yearly blood donation campaigns to the National Blood Centre.



APM believes in continuous training and development of its employees. Apart from training in Malaysia, the Group also collaborates with overseas technical partners to upgrade the technical skills of its employees.



CORPORATE SOCIAL RESPONSIBILITY



APM is committed towards maintaining high standards in occupational safety and health at the work place. APM's comprehensive annual safety and health programmes include continuous medical surveillance and monitoring of dust emission and noise levels. A series of in-house programmes on safety and health are regularly conducted by external experts and staff team leaders. This also includes training for technical production staff working in confined spaces and training on chemical spillage.



The Kelab Sukan & Rekreasi was established by the Group to organize various social, sports and welfare activities for our employees. During the year, the Kelab Sukan & Rekreasi had organized various sports events and outings.

STATEMENT ON CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards of good corporate governance set out in the Malaysian Code on Corporate Governance (the "Code"). The Board of Directors ("Board") had seen and approved this statement on corporate governance and wish to report on the application of these principles in the Group.

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

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

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

There were five board meetings held during the financial year and the attendance of the directors at these meetings were as follows:

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

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

II. Board Composition

The Board comprises 10 members: 5 directors hold non-executive positions, including the Chairman and 3 independent directors, and the remaining 5 having executive functions.

The composition of the Board is in compliance with the requirement that one-third of the directors must be independent directors.

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

The directors have wide-ranging experiences, having had previously occupied or are currently occupying senior positions in the corporate and government sectors. The profiles of the Board members are set out on pages 11 to 13.

All the non-executive directors are independent of management and have no relationships which could materially interfere with the exercise of their independent judgment.

III. Supply of information

Board members are provided with appropriate documentation in advance of each Board and Committee meeting. For Board meetings, these documents may include reports on current trading and business issues, financial reports, proposal papers for capital expenditures, acquisitions and disposals from the executive directors, heads of operations and/or the group financial officer as well as proposals for senior executive appointments. In addition to formal Board meetings, the Chairman and executive directors also maintain regular contacts with all other directors and hold informal meetings with the non-executive directors to discuss issues affecting the Group.

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

STATEMENT ON CORPORATE GOVERNANCE

IV. Appointments to the Board

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

V. Re-election

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

Non-executive directors are not appointed for a specific term and are subject to re-election by shareholders at the next Annual General Meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election by rotation in accordance with Article 100 of the Articles of Association of the Company at the forthcoming Eleventh Annual General Meeting are Messrs. Tan Eng Soon, Tan Eng Hwa and Encik Mohd. Sharif Haji Yusof.

The profiles of the directors due for re-election are set out on pages 11 and 13.

VI. Training

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

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

B. Directors' Remuneration

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

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

The guidelines on the quantum of bonus payments in 2007 and annual salary increment for 2008 for executive employees of the Group, recommended to the Board for its approval by committees, whose members included senior heads of operations below Board level, were based on performance and depended on the operating results of the Group after taking into consideration the prevailing business environment. The same guidelines were applied to the executive directors.

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

STATEMENT ON CORPORATE GOVERNANCE

The directors' aggregate remuneration in 2007, paid and payable, with categorization into appropriate components distinguishing between executive and non-executive directors, is set out below:

Category	Executive RM'000	Non-executive RM'000
Directors' fees	-	144
Salaries and allowances	1,936	13
Bonuses	752	-
Benefits-in-kind	124	-
Total	2,812	157

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

	Executive	Non-executive
RM50,001 to RM100,000	-	3
RM350,001 to RM400,000	1	-
RM450,001 to RM500,000	2	-
RM550,001 to RM600,000	1	-
RM900,001 to RM950,000	1	-
Total	5	3

C. Relations with Shareholders

I. Dialogue with Investors

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

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

II. The AGM

The Tenth Annual General Meeting ("AGM") of the Company was held on Thursday, 17 May 2007 at 21 Jalan Ipoh Kecil, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives, with a total shareholding representing 62.83% of the issued share capital.

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

D. Accountability and Audit

I. Financial Reporting

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

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

II. Internal Control

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

STATEMENT ON CORPORATE GOVERNANCE

III. Audit Committee and Auditors

The Board of Directors established an Audit Committee on 1 November 1999. The membership of the Committee, a summary of its terms of reference and its activities are set out in the Audit Committee Report on pages 22 to 24.

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

Statement on Compliance with the Best Practices in Corporate Governance

The Board considers that the Company had substantially complied with the Best Practices in Corporate Governance set out in Part 2 of the Code in 2007 except for the formation of the remuneration and nomination committees, for which reasons have been given under the section "Application of Principles" in the Statement on Corporate Governance.

Statement on Directors' responsibility for preparing the annual audited financial statements

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

In preparing the financial statements for the year ended 31 December 2007, the directors have:

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

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

OTHER STATEMENTS AND DISCLOSURES

Statement on Material contracts

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

Statement on Revaluation Policy

The Group's policy on revaluation of landed properties is stated in Note 2(d) on page 45 of the financial statements.

Share Buyback

During the financial year ended 31 December 2007, the Company bought back a total of 1,841,300 shares from the open market for a total consideration of RM4,105,223.85. All shares purchased were held as treasury shares. There was no re-sale or cancellation of shares during the year.

The monthly breakdown of shares purchased in 2007 were as follows:

Month	Number of shares purchased	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration (RM)
January	50,000	2.38	2.38	2.3905	119,523.60
February	50,000	2.53	2.50	2.5190	125,952.36
March	10,000	2.44	2.44	2.4581	24,581.16
April	247,500	2.49	2.27	2.4624	609,448.11
May	150,000	2.40	2.32	2.3734	356,007.12
June	319,900	2.29	2.15	2.2619	723,576.66
July	187,300	2.40	2.39	2.4107	451,525.72
August	221,400	2.13	1.99	2.0561	455,227.73
September	335,100	2.05	1.98	2.0424	684,419.74
October	210,000	1.99	1.90	1.9724	414,194.36
November	60,100	2.30	2.25	2.3422	140,767.29
Total	1,841,300			2.2295	4,105,223.85

Non-Audit Fees

The amount of non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm for the financial year ended 31 December 2007 was RM164,000.

Internal Audit Function

The Group has an in-house Internal Audit Function and management fees charged to subsidiaries for performing this function for financial year ended 31 December 2007 was RM369,000.

Disclosure on Corporate Social Responsibility

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

Full compliance with the requirements of applicable laws and regulations related to the environment has always been an important policy of the Group. We will continue to strive to be environmental friendly in all things that we do.

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

STATEMENT ON INTERNAL CONTROL

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

RESPONSIBILITY

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

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

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 22 to 24.

RISK MANAGEMENT

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

The Group Risk Management Committee is responsible for creating risk-awareness and monitoring major risks whilst the subsidiaries' management is responsible for managing risks, developing, implementing and monitoring the system of internal control.

During the year, the Group Risk Management Committee had met twice to assess and discuss additional significant risks identified by the Group and subsidiaries to ensure that appropriate actions were put in place to mitigate the risks. In addition,

the Internal Audit department reviewed the progress of implementation of the subsidiaries' risks response plans and the effectiveness of existing controls in managing the relevant risks. The results of the reviews were presented in the Group Risk Management Committee meetings. Internal Audit department also provided training support to subsidiaries upon requests or where necessary, to ensure that the established risk management process were carried out appropriately.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee ("Committee") was formed on 1 November 1999. The terms of reference of the Committee, updated to incorporate amendments made by Bursa Malaysia Securities Berhad ("Bursa Malaysia") up to January 2008, were adopted by the Board of Directors at a meeting held on 26 February 2008.

Composition and Meetings

The members of the Committee and their attendance at the four Committee meetings held during 2007 were as follows:

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

In compliance with the Listing Requirements of Bursa Malaysia, Dr. Fun Woh Peng relinquished his membership in the Committee effective 26 February 2008.

Terms of Reference

Membership

The Committee shall be appointed by the Board from amongst the directors and must be composed of no fewer than three members. All Committee members must be non-executive directors with a majority of them being independent directors. The Committee shall include at least one director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have

passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia. 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 Bursa Malaysia, the vacancy must be filled within three months. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

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

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

AUDIT COMMITTEE REPORT

Functions

The functions of the Committee shall be, amongst others -

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

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

Conduct of Meetings

The Chairman shall call for meetings to be held not less than four times a year. Any member of the Committee may at any time, and the company secretaries shall on requisition of the member, summon a meeting. Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members. A quorum of meetings shall be a majority of independent directors. Meetings shall be chaired by the Chairman, and in his absence, by an independent director. Decisions shall be made by a majority of votes.

The head of finance, head of Internal Audit and the company secretaries shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditor shall attend the meeting to consider the final financial statements and such other meetings determined by the Committee. The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

AUDIT COMMITTEE REPORT

Reporting Procedures

The company secretaries shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board. The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year. The Committee must promptly report to Bursa Malaysia a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed the Group's audit strategy plan with the external auditors before commencement of the audit for the financial year end and thereafter the annual financial statements, as well as the quarterly financial results before recommending to the Board for release to Bursa Malaysia. The Audit Committee also reviewed related party transactions on an annual basis, the internal audit plan for the year, all internal audit and the Group's risk management reports.

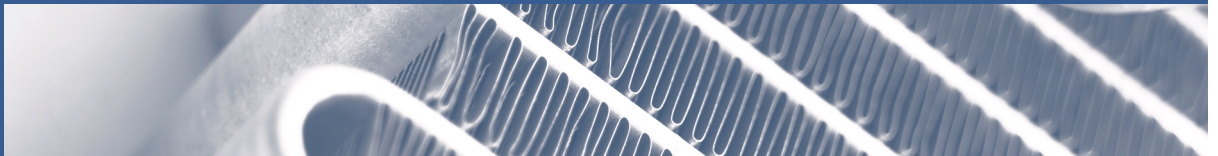
SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

During the year ended 31 December 2007, the internal audit function undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities were operating satisfactorily and that the subsidiaries had complied with the Group's established policies and procedures. In addition, it also performed ad hoc investigations as well as routine year end reviews such as annual stock takes, related party transactions and related pricing reviews. The audit findings were reported to the Audit Committee and forwarded to management for its attention. Audit reports also encompassed recommendations for improvements which were deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans had been duly implemented.

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

FINANCIAL STATEMENTS



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

DIRECTORS' REPORT

For the year ended 31 December 2007

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 2007.

Principal activities

The Company is principally an investment holding company and also provides shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are as stated in Note 27 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	53,738	235,574
Minority interest	5,598	-
	<hr/>	<hr/>
	59,336	235,574

Reserves and provisions

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

Dividends

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

- a) a final ordinary dividend of 8 sen per share less tax at 27% totalling RM 11,673,370 (5.84 sen net per share) in respect of the year ended 31 December 2006 on 14 June 2007;
- b) an interim ordinary dividend of 5 sen per share less tax at 27% totalling RM 7,263,786 (3.65 sen net per share) in respect of the year ended 31 December 2007 on 20 September 2007.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2007 is 9 sen per share less tax at 26% (6.66 sen net per share) totalling RM 13,213,620 based on total number of ordinary shares outstanding at 31 December 2007.

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
Sow Soon Hock
Oei Kok Eong
Tan Eng Soon
Dato' N. Sadasivan s/o N.N. Pillay
Dato' Haji Kamaruddin @ Abas bin Nordin
Mohd Sharif bin Haji Yusof

DIRECTORS' REPORT

For the year ended 31 December 2007

Directors' interests

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

	Number of ordinary shares of RM1 each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
<i>Shareholdings in which Directors have direct interests:</i>				
Interests in the Company:				
Dato' Tan Heng Chew	3,519,449	680,550	150,000	4,049,999
Azman bin Badrillah	1,537,000	-	-	1,537,000
Tan Eng Soon	210,000	-	-	210,000
Dato' Haji Kamaruddin @ Abas bin Nordin	448	-	-	448
Tan Eng Hwa	668,258	-	183,750	484,508

Shareholdings in which Directors have deemed interests:

Interests in the Company:

Dato' Tan Heng Chew	89,631,299	3,952,608	-	93,583,907*
Tan Eng Soon	89,631,299	1,774,100	-	91,405,399
Tan Eng Hwa	3,672,950	1,779,578	-	5,452,528*

* Including interests of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965 which came into force on 15 August 2007.

Dato' Tan Heng Chew and Mr. Tan Eng Soon by virtue of their shareholdings in the Company are deemed interested in the shares of the subsidiaries during the financial year to the extent that APM Automotive Holdings Berhad has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 27 to the financial statements.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and/or of related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the related party transactions as disclosed in Note 25 to the financial statements.

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

DIRECTORS' REPORT

For the year ended 31 December 2007

Issue of shares

There were no changes in the authorized, 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 year.

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 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.

DIRECTORS' REPORT

For the year ended 31 December 2007

Significant events during the year

- i) The Group's 80% owned subsidiary, P.T. APM Armada Suspension ("AAS"), held through Auto Parts Holdings Sdn. Bhd., was incorporated in Indonesia to manufacture and distribute automobile coil springs.

AAS has a paid-up capital of USD3.75 million which is approximate to RM12.4 million.

- ii) P.T. APM Armada Auto Parts ("AAA") a 50% owned jointly controlled entity of the Group via its wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd. entered into a joint venture agreement with Johnson Controls Inc. ("JCI") to form a new joint venture company, P.T. Armada Johnson Controls ("AJC"), to carry on the business of designing, manufacturing and selling of automotive seating products in Indonesia and export market. AJC has a paid up capital of USD1.5 million which is approximately RM4.9 million and AAA has a 60% equity interest in AJC.

Subsequent events

The Group via its wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd. entered into an Equity Interest Transfer Agreement with Hefei Johnson Controls Yunhe Automotive Seating Co. Ltd. of China on 5 March 2008 for the disposal of its entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co. Ltd. for a cash consideration of USD2.46 million which is approximately RM7.7 million.

The completion of the disposal is pending fulfillment of certain conditions by the parties.

Auditors

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

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

Dr Fun Woh Peng

Tan Eng Hwa

Kuala Lumpur,
8 April 2008

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 79 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 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

Tan Eng Hwa

Kuala Lumpur,
8 April 2008

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

Subscribed and solemnly declared by the above named in Kuala Lumpur on 8 April 2008.

Lee Kwee Cheng
(MIA 9160)

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 79. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2007 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 27 to the financial statements and we have considered their financial statements and, the auditors' reports thereon.

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Partner
Approval Number: 1745/12/09(J)

Kuala Lumpur,
8 April 2008

BALANCE SHEETS

At 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Assets					
Property, plant and equipment	3	160,153	175,636	1,115	1,183
Prepaid lease payments	4	35,962	35,468	-	-
Investment property	5	1,340	1,471	-	-
Investment in subsidiaries	6	-	-	278,220	224,213
Development expenditure	7	180	211	-	-
Deferred tax assets	8	9,336	8,036	596	725
Total non-current assets		206,971	220,822	279,931	226,121
Receivables, deposits and prepayments	9	222,107	201,522	202,113	42,173
Inventories	10	153,627	141,288	-	-
Tax recoverable		8,079	6,758	415	784
Cash and cash equivalents	11	177,405	145,470	12,872	12,430
Total current assets		561,218	495,038	215,400	55,387
Total assets		768,189	715,860	495,331	281,508
Equity					
Share capital		201,600	201,600	201,600	201,600
Reserves		371,162	337,988	295,806	79,169
Treasury shares		(7,149)	(3,044)	(7,149)	(3,044)
Total equity attributable to shareholders of the Company		565,613	536,544	490,257	277,725
Minority interest		11,497	11,976	-	-
Total equity	12	577,110	548,520	490,257	277,725
Liabilities					
Loans and borrowings	13	2,717	4,759	-	-
Employee benefits	14	11,502	12,149	1,421	1,039
Deferred grant income	15	194	287	-	-
Deferred tax liabilities	8	3,952	2,936	-	-
Total non-current liabilities		18,365	20,131	1,421	1,039
Provisions	16	7,635	8,624	-	-
Payables and accruals	17	152,343	125,089	3,653	2,744
Loans and borrowings	13	7,487	12,084	-	-
Taxation		5,249	1,412	-	-
Total current liabilities		172,714	147,209	3,653	2,744
Total liabilities		191,079	167,340	5,074	3,783
Total equity and liabilities		768,189	715,860	495,331	281,508

The notes on pages 41 to 79 are an integral part of these financial statements.

INCOME STATEMENTS

For the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	18	839,243	899,817	330,785	43,926
Cost of sales		(672,834)	(746,362)	-	-
Gross profit		166,409	153,455	330,785	43,926
Other income		3,300	3,539	-	522
Distribution expenses		(34,218)	(36,285)	-	-
Administration expenses		(55,015)	(37,663)	(7,748)	(7,198)
Other expenses		(6,445)	(5,139)	(474)	(504)
Results from operating activities		74,031	77,907	322,563	36,746
Interest income		5,386	3,448	2,399	486
Finance costs		(909)	(1,277)	(1,792)	-
Profit before tax	19	78,508	80,078	323,170	37,232
Tax expense	21	(19,172)	(21,081)	(87,596)	(10,080)
Profit for the year		59,336	58,997	235,574	27,152
Attributable to :					
Shareholders of the Company		53,738	55,513	235,574	27,152
Minority interest		5,598	3,484	-	-
Profit for the year		59,336	58,997	235,574	27,152
Basic earnings per ordinary share (sen)	22	27.0	27.6		

The notes on pages 41 to 79 are an integral part of these financial statements.

BALANCE SHEETS

(In US\$ Equivalent) at 31 December 2007

	Group	
	2007	2006
	US\$'000	US\$'000
	Assets	Restated
Assets		
Property, plant and equipment	48,385	53,062
Prepaid lease payments	10,865	10,715
Investment property	405	444
Development expenditure	54	64
Deferred tax assets	2,821	2,428
Total non-current assets	62,530	66,713
Receivables, deposits and prepayments	67,102	60,883
Inventories	46,413	42,685
Tax recoverable	2,441	2,042
Cash and cash equivalents	53,597	43,949
Total current assets	169,553	149,559
Total assets	232,083	216,272
Equity		
Share capital	60,906	60,906
Reserves	112,134	102,111
Treasury shares	(2,160)	(920)
Total equity attributable to shareholders of the Company	170,880	162,097
Minority interest	3,473	3,618
Total equity	174,353	165,715
Liabilities		
Loans and borrowings	821	1,438
Employee benefits	3,475	3,670
Deferred grant income	59	87
Deferred tax liabilities	1,194	887
Total non-current liabilities	5,549	6,082
Provisions	2,307	2,605
Payables and accruals	46,025	37,791
Loans and borrowings	2,262	3,651
Taxation	1,587	428
Total current liabilities	52,181	44,475
Total liabilities	57,730	50,557
Total equity and liabilities	232,083	216,272

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

The figure were converted from RM into US\$ equivalent using the exchange rate of RM3.31 = US\$1.00 which approximates that prevailing on 31 December 2007.

INCOME STATEMENTS

(In US\$ Equivalent) at 31 December 2007

	Group	
	2007	2006
	US\$'000	US\$'000
Revenue	253,548	271,848
Cost of sales	(203,273)	(225,487)
Gross profit	50,275	46,361
Other income	997	1,069
Distribution expenses	(10,338)	(10,962)
Administration expenses	(16,621)	(11,379)
Other expenses	(1,947)	(1,553)
Results from operating activities	22,366	23,536
Interest income	1,627	1,042
Finance costs	(275)	(386)
Profit before tax	23,718	24,192
Tax expense	(5,792)	(6,368)
Profit for the year	17,926	17,824
Attributable to :		
Shareholders of the Company	16,235	16,771
Minority interest	1,691	1,053
Profit for the year	17,926	17,824
Basic earnings per ordinary share (cent)	8.2	8.3

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

The figure were converted from RM into US\$ equivalent using the exchange rate of RM3.31 = US\$1.00 which approximates that prevailing on 31 December 2007.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

Group	Note	Attributable to shareholders of the Company							Total	Minority interest	Total equity
		Non distributable			Distributable						
		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 2006		201,600	(552)	17,898	79	206	(42,339)	326,075	502,967	8,492	511,459
Foreign exchange translation differences		-	-	-	-	(610)	-	-	(610)	-	(610)
Realisation of revaluation reserve		-	-	-	(79)	-	-	79	-	-	-
Net (losses)/gains recognised directly in equity		-	-	-	(79)	(610)	-	79	(610)	-	(610)
Profit for the year		-	-	-	-	-	-	55,513	55,513	3,484	58,997
Total recognised income and expense for the year		-	-	-	(79)	(610)	-	55,592	54,903	3,484	58,387
Treasury shares acquired		-	(2,492)	-	-	-	-	-	(2,492)	-	(2,492)
Dividends to shareholders											
- Final 2005 ordinary	23	-	-	-	-	-	-	(11,597)	(11,597)	-	(11,597)
- Interim 2006 ordinary	23	-	-	-	-	-	-	(7,237)	(7,237)	-	(7,237)
At 31 December 2006		201,600	(3,044)	17,898	-	(404)	(42,339)	362,833	536,544	11,976	548,520
At 1 January 2007		201,600	(3,044)	17,898	-	(404)	(42,339)	362,833	536,544	11,976	548,520
Foreign exchange translation differences		-	-	-	-	(1,627)	-	-	(1,627)	152	(1,475)
Net losses recognized directly in equity		-	-	-	-	(1,627)	-	-	(1,627)	152	(1,475)
Profit for the year		-	-	-	-	-	-	53,738	53,738	5,598	59,336
Total recognised income and expense for the year		-	-	-	-	(1,627)	-	53,738	52,111	5,750	57,861
Treasury shares acquired		-	(4,105)	-	-	-	-	-	(4,105)	-	(4,105)
Minority interest in newly formed subsidiary		-	-	-	-	-	-	-	-	2,637	2,637
Dividends to shareholders											
- Final 2006 ordinary	23	-	-	-	-	-	-	(11,673)	(11,673)	(8,866)	(20,539)
- Interim 2007 ordinary	23	-	-	-	-	-	-	(7,264)	(7,264)	-	(7,264)
At 31 December 2007		201,600	(7,149)	17,898	-	(2,031)	(42,339)	397,634	565,613	11,497	577,110

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

Company	Note	← Non distributable		→ Distributable		Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2006		201,600	(552)	17,898	52,953	271,899
Treasury shares acquired		-	(2,492)	-	-	(2,492)
Profit for the year		-	-	-	27,152	27,152
Dividends to shareholders						
- Final 2005 ordinary	23	-	-	-	(11,597)	(11,597)
- Interim 2006 ordinary	23	-	-	-	(7,237)	(7,237)
At 31 December 2006/ 1 January 2007		201,600	(3,044)	17,898	61,271	277,725
Treasury shares acquired		-	(4,105)	-	-	(4,105)
Profit for the year		-	-	-	235,574	235,574
Dividends to shareholders						
- Final 2006 ordinary	23	-	-	-	(11,673)	(11,673)
- Interim 2007 ordinary	23	-	-	-	(7,264)	(7,264)
At 31 December 2007		201,600	(7,149)	17,898	277,908	490,257

The notes on pages 41 to 79 are an integral part of these financial statements.

CASH FLOW STATEMENTS

For the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities					
Profit before tax		78,508	80,078	323,170	37,232
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	32,367	35,057	455	333
Depreciation of investment property	5	131	166	-	-
Amortisation of prepaid lease payments	4	555	772	-	-
Impairment loss on property, plant and equipment	3	165	254	-	-
Gain on disposal of property, plant and equipment		(281)	(473)	(2)	-
Property, plant and equipment written off		15	58	-	-
Finance costs		909	1,277	1,792	-
Interest income		(5,386)	(3,448)	(2,399)	(486)
Employee benefits charged	14	1,753	1,593	217	-
Employee benefits overprovided in prior year	14	(731)	-	(39)	-
Employee benefits transferred from related company	14	-	-	215	-
Allowance for diminution in value of investment		-	-	-	76
Reversal of allowance for diminution in value of investment		-	-	(7)	-
Amortisation of grant income		(93)	(128)	-	-
Amortisation of development expenditure	7	68	90	-	-
Development expenditure expensed off		-	1,133	-	-
Gain on disposal of joint venture		(1)	-	-	-
Provision made	16	4,394	4,525	-	-
Provision reversed	16	(1,797)	(639)	-	-
Operating profit before changes in working capital		110,576	120,315	323,402	37,155
Inventories		(12,572)	26,669	-	-
Payables and accruals		27,648	(13,558)	909	(2,338)
Receivables, deposits and prepayments		(20,952)	3,390	(159,940)	(4,859)
Cash generated from operations		104,700	136,816	164,371	29,958

CASH FLOW STATEMENTS

For the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash generated from operations		104,700	136,816	164,371	29,958
Interest received		5,386	3,448	2,399	486
Interest paid		(909)	(1,277)	(1,792)	-
Tax paid		(17,013)	(19,033)	(87,098)	(9,784)
Employee benefits paid	14	(1,637)	(1,018)	(11)	(3)
Provision paid	16	(3,586)	(3,035)	-	-
Net cash from operating activities		86,941	115,901	77,869	20,657
Cash flows from investing activities					
Acquisition of property, plant and equipment		(18,310)	(44,976)	(484)	(843)
Lease payment for leasehold land		(1,049)	-	-	-
Additions of development expenditure		(37)	-	-	-
Proceeds from disposal of property, plant and equipment		1,862	765	99	-
Proceeds from disposal of jointly controlled entity	26	277	-	-	-
Capital contribution from minority interest		2,638	-	-	-
Investment in subsidiaries		-	-	(54,000)	-
Net cash used in investing activities		(14,619)	(44,211)	(54,385)	(843)
Cash flows from financing activities					
Dividends paid to shareholders of the Company		(18,937)	(18,834)	(18,937)	(18,834)
Dividends paid to minority interest		(8,866)	-	-	-
Drawdown/(Repayment) of foreign currency trade loan		89	(8,926)	-	-
(Repayment)/Drawdown of revolving credit		(5,000)	5,000	-	-
Repayment of term loans		(2,091)	(2,374)	-	-
Repurchase of treasury shares		(4,105)	(2,492)	(4,105)	(2,492)
Net cash used in financing activities		(38,910)	(27,626)	(23,042)	(21,326)
Net increase/(decrease) in cash and cash equivalents		33,412	44,064	442	(1,512)
Effect of exchange rate fluctuations on cash held		(1,840)	270	-	-
Cash and cash equivalents at 1 January (i)		140,484	96,150	12,430	13,942
Cash and cash equivalents at 31 December (i)		172,056	140,484	12,872	12,430

CASH FLOW STATEMENTS

For the year ended 31 December 2007

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

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	11	32,802	26,531	47	606
Deposits placed with:					
Licensed banks	11	144,603	87,818	12,825	5,139
Other financial institutions and corporations	11	-	31,121	-	6,685
		177,405	145,470	12,872	12,430
Bills payable	13	(3,812)	(3,214)	-	-
Bank overdrafts	13	(1,537)	(1,772)	-	-
		(5,349)	(4,986)	-	-
		172,056	140,484	12,872	12,430

The notes on pages 41 to 79 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Registered office

62-68, Jalan Ipoh
51200 Kuala Lumpur

Principal place of business

Lot 1, Jalan 6/3
Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries and the Group's interests in jointly controlled entities. The financial statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally an investment holding company and also provides shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are the manufacture and sale of automotive parts and accessories as stated in Note 27 to the financial statements.

The financial statements were approved by the Board of Directors on 8 April 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has also issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements.

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation *(continued)*

(a) Statement of compliance *(continued)*

FRSs / Interpretations	Effective date
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the adoption of FRS 117, *Leases* and FRS 124, *Related Party Transactions*.

Other than the reclassification of leasehold land from property, plant and equipment to prepaid lease payments, the adoption of FRS 117, *Leases* and FRS 124, *Related Party Transactions* does not have any significant financial impact on the Group and the Company.

The Group and the Company plans to apply the rest of the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, *Financial Instruments: Recognition and Measurement* which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation *(continued)*

(d) Use of estimates and judgements

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

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

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

2. Significant accounting policies

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

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 32).

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Jointly-controlled entities*

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

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

Investments in jointly controlled entities are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Changes in Group composition

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

(iv) Minority interest

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

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

(v) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(b) Foreign currency *(continued)*

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

The assets and liabilities of operations in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in translation reserve. On disposal, accumulated translation differences are recognized in the consolidated income statement as part of the gain or loss on sale.

(iii) *Net investment in foreign operations*

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

(c) Derivative financial instruments

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

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

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

• buildings	25 - 50 years
• plant, machinery and equipment	2 - 10 years
• furniture, fixtures and office equipment	3 - 10 years
• motor vehicles	5 - 10 years

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

(e) Leased assets

Leased assets under operating leases *except for property interest held under operating lease*, are not recognised on the Group’s balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is reclassified as investment property.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(f) Intangible assets

(i) *Development*

Expenditure on development activities for new products is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) *Subsequent expenditure*

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

(iii) *Amortisation*

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

(g) Investment property

(i) *Investment property carried at cost*

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

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

Depreciation is charged to the income statements on a straight-line basis over the estimated useful life of 25 - 50 years for buildings. Freehold land is not depreciated.

(ii) *Determination of fair value*

The Directors estimate the fair value of investment property based on comparable market value of similar properties that could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(h) Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(i) Receivables

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

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

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and other financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, bills payable and pledged deposits, if any.

(k) Impairment of assets

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

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

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

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

(l) Share capital

Repurchase of share capital

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

(m) Loans and borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(n) Employee benefits

(i) *Short term employee benefits*

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

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

The Group's contributions to Employees Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(ii) *Employee Benefits*

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statements on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statements.

(iii) *Termination benefits*

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

(o) Provisions

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

Product warranty

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

(p) Payables

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies *(continued)*

(q) Revenue recognition

(i) *Goods sold*

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

(ii) *Services*

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

(iii) *Dividend income*

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

(iv) *Rental income*

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

(v) *Deferred grant income*

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

(r) Lease payments

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

(s) Interest income and borrowing costs

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

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

(t) Tax expense

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(t) Tax expense (continued)

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

Deferred tax liability is recognised for all taxable temporary differences.

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

(u) Earnings per share

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

(v) Segment reporting

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

3. Property, plant and equipment

Group	Note	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	Under construction RM'000	Total RM'000
Cost/valuation									
At 1 January 2006		13,712	47,337	67,580	275,195	23,036	9,049	13,876	449,785
Adoption of FRS 117	4	-	(40,532)	-	-	-	-	-	(40,532)
At 1 January 2006, restated		13,712	6,805	67,580	275,195	23,036	9,049	13,876	409,253
Additions		135	-	7,555	30,141	2,637	2,443	2,065	44,976
Transfer		-	-	6,637	6,260	29	-	(12,926)	-
Disposals		-	-	-	(2,058)	(840)	(1,194)	-	(4,092)
Written off		-	-	-	(381)	(146)	-	-	(527)
Foreign exchange adjustment		-	-	(262)	(597)	(9)	(6)	-	(874)
At 31 December 2006, restated / 1 January 2007		13,847	6,805	81,510	308,560	24,707	10,292	3,015	448,736
Additions		-	-	916	10,341	1,943	2,119	2,991	18,310
Disposals		-	-	(114)	(5,610)	(1,320)	(2,160)	-	(9,204)
Written off		-	-	-	(337)	(187)	-	-	(524)
Transfer		-	(6,805)	6,805	1,829	52	-	(1,881)	-
Foreign exchange adjustment		-	-	(204)	468	(26)	12	-	250
At 31 December 2007		13,847	-	88,913	315,251	25,169	10,263	4,125	457,568

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Group	Note	Long term		Buildings	Plant, machinery and equipment	Furniture, fittings and office equipment	Motor vehicles	Under construction	Total
		Freehold land	leasehold land						
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Representing items at:</i>									
Cost		13,847	-	82,263	315,251	25,169	10,263	4,125	450,918
1984 valuation		-	-	6,650	-	-	-	-	6,650
		<u>13,847</u>	<u>-</u>	<u>88,913</u>	<u>315,251</u>	<u>25,169</u>	<u>10,263</u>	<u>4,125</u>	<u>457,568</u>
<i>Accumulated depreciation</i>									
At 1 January 2006		-	6,736	18,678	199,362	16,728	4,846	-	246,350
Adoption of FRS 117	4	-	(4,292)	-	-	-	-	-	(4,292)
At 1 January 2006, restated		-	2,444	18,678	199,362	16,728	4,846	-	242,058
Charge for the year		-	-	3,098	27,673	2,862	1,424	-	35,057
Disposals		-	-	-	(2,027)	(725)	(1,048)	-	(3,800)
Written off		-	-	-	(335)	(134)	-	-	(469)
Foreign exchange adjustment		-	-	(5)	(1)	4	2	-	-
Impairment loss		-	-	-	254	-	-	-	254
At 31 December 2006, restated / 1 January 2007		-	2,444	21,771	224,672	18,735	5,224	-	272,846
Accumulated depreciation		-	-	-	254	-	-	-	254
Accumulated impairment loss		-	-	-	-	-	-	-	-
		<u>-</u>	<u>2,444</u>	<u>21,771</u>	<u>224,926</u>	<u>18,735</u>	<u>5,224</u>	<u>-</u>	<u>273,100</u>
At 31 December 2006, restated / 1 January 2007		-	2,444	21,771	224,926	18,735	5,224	-	273,100
Charge for the year		-	-	3,526	23,856	3,577	1,408	-	32,367
Disposals		-	-	(4)	(4,750)	(1,300)	(1,518)	-	(7,572)
Transfer		-	(2,444)	2,444	-	-	-	-	-
Written off		-	-	-	(323)	(186)	-	-	(509)
Impairment loss		-	-	-	165	-	-	-	165
Foreign exchange adjustment		-	-	(11)	(127)	(5)	7	-	(136)
At 31 December 2007		-	-	27,726	243,328	20,821	5,121	-	296,996
Accumulated depreciation		-	-	-	419	-	-	-	419
Accumulated impairment loss		-	-	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>27,726</u>	<u>243,747</u>	<u>20,821</u>	<u>5,121</u>	<u>-</u>	<u>297,415</u>
<i>Carrying amounts</i>									
At 1 January 2006, restated		13,712	4,361	48,902	75,833	6,308	4,203	13,876	167,195
At 31 December 2006, restated / 1 January 2007		13,847	4,361	59,739	83,634	5,972	5,068	3,015	175,636
At 31 December 2007		13,847	-	61,187	71,504	4,348	5,142	4,125	160,153

NOTES TO THE FINANCIAL STATEMENTS

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

Revaluation

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

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by the Financial Reporting Standards ("FRS") Standard No 116 on "Property, Plant and Equipment" is not shown as the records are not available since the revaluation was done in 1984.

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2006	335	851	1,186
Additions	601	242	843
<hr/>			
At 31 December 2006/1 January 2007	936	1,093	2,029
Additions	13	471	484
Disposals	-	(379)	(379)
<hr/>			
At 31 December 2007	949	1,185	2,134
<hr/>			
Accumulated depreciation			
At 1 January 2006	204	309	513
Charge for the year	215	118	333
<hr/>			
At 31 December 2006/1 January 2007	419	427	846
Charge for the year	325	130	455
Disposals	-	(282)	(282)
<hr/>			
At 31 December 2007	744	275	1,019
<hr/>			
Carrying amounts			
At 1 January 2006	131	542	673
<hr/>			
At 31 December 2006/1 January 2007	517	666	1,183
<hr/>			
At 31 December 2007	205	910	1,115
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

4. Prepaid lease payments

Group	Note	Unexpired period less than or equal to 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
At valuation				
At 1 January 2006		-	-	-
Adoption of FRS 117	3	-	40,532	40,532
<hr/>				
At 1 January 2006, restated/ At 31 December 2006, restated/ 1 January 2007		-	40,532	40,532
Additions		1,049	-	1,049
<hr/>				
At 31 December 2007		1,049	40,532	41,581
<hr/>				
Amortisation				
At 1 January 2006		-	-	-
Adoption of FRS 117	3	-	4,292	4,292
<hr/>				
At 1 January 2006, restated		-	4,292	4,292
Amortisation for the year		-	772	772
<hr/>				
At 31 December 2006, restated/ /1 January 2007		-	5,064	5,064
Amortisation for the year		29	526	555
<hr/>				
At 31 December 2007		29	5,590	5,619
<hr/>				
Carrying amounts				
At 1 January 2006, restated		-	36,240	36,240
<hr/>				
At 31 December 2006, restated/ 1 January 2007		-	35,468	35,468
<hr/>				
At 31 December 2007		1,020	34,942	35,962
<hr/>				

Revaluation

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

NOTES TO THE FINANCIAL STATEMENTS

5. Investment property

Group

	Building RM'000
Cost	
At 1 January 2006/31 December 2006/1 January 2007/ 31 December 2007	1,791
Accumulated depreciation	
At 1 January 2006	154
Depreciation for the year	166
At 31 December 2006/1 January 2007	320
Depreciation for the year	131
At 31 December 2007	451
Carrying amounts	
At 1 January 2006	1,637
At 31 December 2006/ 1 January 2007	1,471
At 31 December 2007	1,340
Fair values	
At 1 January 2006	1,637
At 31 December 2006/ 1 January 2007	1,471
At 31 December 2007	1,340

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

	Group	
	2007 RM'000	2006 RM'000
Rental income	173	173
Direct operating expenses	(146)	(188)

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in subsidiaries

	Company	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	281,665	227,665
Less: Allowance for diminution in value	(3,445)	(3,452)
	<u>278,220</u>	<u>224,213</u>

Details of the subsidiaries are shown in Note 27.

7. Development expenditure

	Group	
	2007	2006
	RM'000	RM'000
Cost		
At 1 January	469	1,636
Additions	37	-
Written off	-	(1,167)
At 31 December	<u>506</u>	<u>469</u>
Amortisation		
At 1 January	258	202
Charge for the year	68	90
Written off	-	(34)
At 31 December	<u>326</u>	<u>258</u>
Carrying amount		
At 31 December	<u>180</u>	<u>211</u>

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

NOTES TO THE FINANCIAL STATEMENTS

8. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment						
- temporary differences	71	58	(7,416)	(8,289)	(7,345)	(8,231)
- revaluation	-	-	(1,870)	(1,860)	(1,870)	(1,860)
Unrealised foreign exchange gain	56	56	-	(9)	56	47
Provisions	13,863	14,590	-	-	13,863	14,590
Unabsorbed capital allowances	680	543	-	-	680	543
Unutilised tax losses	-	11	-	-	-	11
Tax assets/(liabilities)	14,670	15,258	(9,286)	(10,158)	5,384	5,100
Set off of tax	(5,334)	(7,222)	5,334	7,222	-	-
Net tax assets/(liabilities)	9,336	8,036	(3,952)	(2,936)	5,384	5,100

Company	Assets		Liabilities		Net	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment						
- temporary differences	-	-	(94)	(117)	(94)	(117)
Provisions	631	570	-	-	631	570
Unabsorbed capital allowances	59	272	-	-	59	272
Tax assets/(liabilities)	690	842	(94)	(117)	596	725

NOTES TO THE FINANCIAL STATEMENTS

8. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group	
	2007 RM'000	2006 RM'000
Unutilised tax losses	6,164	5,707
Unabsorbed capital allowances	114	114
Deductible temporary differences	2,120	1,914
	8,398	7,735

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. Except for the unutilised tax losses of RM1,221,000 (VND5,942,828,000) which will expire in year 2010, unutilised tax losses of RM1,405,000 (VND6,838,869,000) which will expire in year 2011 and unutilised tax losses of RM711,000 (VND3,460,699) which will expire in year 2012, the unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation.

9. Receivables, deposits and prepayments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Trade receivables	186,420	167,062	-	-
Jointly controlled entities	437	257	-	-
Related parties	16,216	13,978	-	-
	203,073	181,297	-	-
Less: Allowance for doubtful debts	(1,109)	(4,848)	-	-
	201,964	176,449	-	-
Non-trade				
Other receivables, deposits and prepayments	20,915	25,985	408	762
Subsidiaries	-	-	201,688	41,392
Jointly controlled entities	10	86	17	19
Related parties	218	2	-	-
	21,143	26,073	202,113	42,173
Less: Allowance for doubtful debts	(1,000)	(1,000)	-	-
	20,143	25,073	202,113	42,173
	222,107	201,522	202,113	42,173

NOTES TO THE FINANCIAL STATEMENTS

9. Receivables, deposits and prepayments *(continued)*

Group

Included in other receivables, deposits and prepayments is an amount of RM 3.8 million (2006 - RM4.2 million) incurred on product development which is recoverable from the Group's customer.

Group and Company

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

The non-trade amounts due from subsidiaries, jointly controlled entities and related parties are unsecured, interest free and repayable on demand except for an amount due from subsidiary amounting to Nil (2006 - RM1,200,000) which is subject to interest of Nil (2006 - 3% per annum).

10. Inventories

	Group	
	2007	2006
	RM'000	RM'000
Raw materials	77,950	63,018
Work-in-progress	11,200	14,130
Manufactured inventories and trading inventories	58,828	59,789
Spare parts and others	5,649	4,351
	153,627	141,288

The write-down of inventories to net realisable value amounted to RM982,000 (2006 - RM3,204,000). The reversal of write-down amounted to RM1,652,000 (2006 - RM196,000). The write-down and reversal are included in cost of sales.

11. Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits are placed with:				
Licensed banks	144,603	87,818	12,825	5,139
Other financial institutions and corporations	-	31,121	-	6,685
	144,603	118,939	12,825	11,824
Cash and bank balances	32,802	26,531	47	606
	177,405	145,470	12,872	12,430

NOTES TO THE FINANCIAL STATEMENTS

12. Capital and reserves

Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2007	of shares	2006	of shares
	RM'000	2007	RM'000	2006
Authorised:				
Ordinary shares of RM1 each	300,000	300,000	300,000	300,000
Issued and fully paid:				
Ordinary shares of RM1 each	201,600	201,600	201,600	201,600

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

Revaluation reserve

The revaluation reserve relates to the revaluation of long term leasehold land and buildings by the Directors based on professional valuations on the existing use basis conducted in 1984.

Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 17 May 2007, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

For the year ended 31 December 2007, the Company repurchased 1,841,300 (2006 - 1,106,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.23 (2006 - RM2.24) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased were retained as treasury shares. Cumulatively, the Company holds 3,197,300 (2006 - 1,356,000) shares as treasury shares as at 31 December 2007.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2007 if paid out as dividends.

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

NOTES TO THE FINANCIAL STATEMENTS

13. Loans and borrowings

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current				
Unsecured term loans	2,717	4,759	-	-
Current				
Unsecured bills payable	3,812	3,214	-	-
Unsecured overdrafts	1,537	1,772	-	-
Unsecured foreign currency trade loans	265	176	-	-
Revolving credit	-	5,000	-	-
Unsecured term loans	1,873	1,922	-	-
	7,487	12,084	-	-

The borrowings of the Group are subject to interest at 3.00% to 9.27% (2006 - 3.00% to 6.75%) per annum.

Terms and debt repayment schedule

Group	Year of maturity RM'000	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2007					
Term loans-unsecured	2009 - 2010	4,590	1,873	1,965	752
2006					
Term loans-unsecured	2009 - 2010	6,681	1,922	1,956	2,803

14. Employee benefits

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Recognised liability for employee benefits	11,502	12,149	1,421	1,039

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

NOTES TO THE FINANCIAL STATEMENTS

14. Employee benefits *(continued)*

Movement in the liability recognised in the balance sheets

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Liability at 1 January	12,149	11,575	1,039	1,042
Benefits paid	(1,637)	(1,018)	(11)	(3)
Expense recognised in the income statements	1,753	1,593	217	-
Transfer from related company	-	-	215	-
Disposal of jointly controlled entities	(53)	-	-	-
Foreign exchange adjustment	21	(1)	-	-
Over provision in prior year	(731)	-	(39)	-
Liability at 31 December	11,502	12,149	1,421	1,039

Expense recognised in the income statements:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current service costs	1,153	1,049	115	-
Interest on obligation	600	544	102	-
	1,753	1,593	217	-

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of sales	680	1,120	-	-
Distribution cost	57	128	-	-
Administration expenses	1,016	345	217	-
	1,753	1,593	217	-

Actuarial assumptions

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

	2007 %	2006 %
Discount rate	5.4	7.0
Future salary increases	6.5	6.5
Price inflation	3.5	3.5

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred grant income

	Group RM'000
<i>At cost</i>	
At 1 January 2006/31 December 2006/ At 1 January 2007/31 December 2007	<u>3,563</u>
<i>Accumulated amortisation</i>	
At 1 January 2006	3,148
Amortisation during the year	<u>128</u>
At 31 December 2006/1 January 2007	3,276
Amortisation during the year	<u>93</u>
At 31 December 2007	<u>3,369</u>
<i>Carrying amount</i>	
At 1 January 2006	<u>415</u>
At 31 December 2006/1 January 2007	<u>287</u>
At 31 December 2007	<u>194</u>

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

16. Provisions

	Group Warranties RM'000
Balance at 1 January 2006	7,773
Provision made during the year	4,525
Provision paid during the year	(3,035)
Provision reversed during the year	<u>(639)</u>
Balance at 31 December 2006	8,624
Provision made during the year	4,394
Provision paid during the year	(3,586)
Provision reversed during the year	<u>(1,797)</u>
Balance at 31 December 2007	<u>7,635</u>

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

NOTES TO THE FINANCIAL STATEMENTS

17. Payables and accruals

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Trade payables	91,754	72,342	-	-
Related parties	57	117	-	-
	91,811	72,459	-	-
Non-trade				
Other payables and accruals	59,705	51,707	1,429	1,225
Subsidiaries	-	-	2,224	1,519
Jointly controlled entities	47	64	-	-
Related parties	780	859	-	-
	152,343	125,089	3,653	2,744

Group and Company

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

18. Revenue

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of goods	839,070	899,644	-	-
Services rendered	-	-	6,935	5,186
Dividend income	-	-	323,850	38,740
Rental income from investment property	173	173	-	-
	839,243	899,817	330,785	43,926

NOTES TO THE FINANCIAL STATEMENTS

19. Profit before tax

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before tax is arrived at after charging:				
Allowance for doubtful debts	265	753	-	-
Allowance for diminution in value of investment	-	-	-	76
Amortisation of prepaid lease payments	555	772	-	-
Amortisation of development expenditure	68	90	-	-
Audit fee - current year	269	238	30	26
- prior year	-	24	-	-
- other services	15	7	-	-
Development expenditure written off	-	1,133	-	-
Depreciation of property, plant and equipment	32,367	35,057	455	333
Depreciation of investment properties	131	166	-	-
Directors of the Company:				
- fees	144	144	144	144
- emoluments	2,701	2,083	2,700	2,083
- benefit in kind	124	102	124	102
Net foreign exchange loss				
- realised	-	847	9	-
- unrealised	1,047	778	474	503
Inventories written down	982	3,204	-	-
Loss on disposal of property, plant and equipment	180	-	-	-
Rental expenses	529	327	-	-
Product development cost charged off	-	83	-	-
Property, plant and equipment written off	15	58	-	-
Provisions made for warranties	4,394	4,525	-	-
Rental of premises	1,931	2,466	-	-
Royalties	7,316	7,563	-	-
Impairment of property, plant and equipment	165	254	-	-
Interest expense on:				
Bank overdraft	104	82	-	-
Other borrowings	486	745	-	-
Loans	319	450	-	-
Personnel expenses				
Employee benefit	1,753	1,593	217	-
Termination benefit	10,092	3,144	-	-
Contribution to Employees Provident Fund	6,771	7,688	450	496
Wages, salaries and others	90,999	100,265	5,163	5,327
Direct operating expenses of Investment property	146	188	-	-

NOTES TO THE FINANCIAL STATEMENTS

19. Profit before tax (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
and after crediting:				
Allowance for doubtful debts written back	225	1,193	-	-
Reversal of allowance for diminution in value of investment	-	-	7	-
Amortisation of grant income	93	128	-	-
Gain on disposal of property, plant and equipment	461	473	2	-
Net foreign exchange gain - realised	1,236	-	-	-
Reversal of inventory write down	1,652	196	-	-
Reversal of provision for warranties	1,797	639	-	-
Rental income from investment property	173	173	-	-
Taxable dividends received from				
- unquoted subsidiaries	-	-	323,850	38,740
Gain on disposal of joint controlled entities	1	-	-	-

20. Key management personnel compensation

The key management personnel compensations are as follows:

Group and Company	2007 RM'000	2006 RM'000
Directors		
- Fees	144	144
- Remuneration	2,701	2,083
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	124	102
Total short-term employee benefits	2,969	2,329
Post-employment benefits	253	37
	3,222	2,366
Group		
Other key management personnel:		
- Short-term employee benefits	2,449	2,222
- Post-employment benefits	203	204
	2,652	2,426
	5,874	4,792

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

NOTES TO THE FINANCIAL STATEMENTS

21. Tax expense

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysia - current year	17,047	19,081	87,740	10,780
- prior year	316	626	(272)	(638)
Overseas - current year	1,978	822	-	-
- prior year	136	39	-	-
	19,477	20,568	87,468	10,142
Deferred tax expense				
- Origination and reversal of temporary differences	246	209	(160)	(56)
- (Over)/Under provision in prior years	(551)	304	288	(6)
	(305)	513	128	(62)
	19,172	21,081	87,596	10,080
Reconciliation of tax expense				
Profit before tax	78,508	80,078	323,170	37,232
Tax at Malaysian tax rate at 27% (2006 : 28%)*	21,197	22,422	87,256	10,425
Effect of different tax rates in foreign jurisdictions	181	343	-	-
Non-deductible expenses	1,142	1,184	356	299
Tax exempt income	(1,063)	(555)	(32)	-
Tax incentives	(2,739)	(3,034)	-	-
Effect of utilisation of deferred tax benefits previously not recognised	(34)	(68)	-	-
Effect of deferred tax benefit not recognised	56	116	-	-
Effect of changes in tax rate	307	-	-	-
Other items	224	(296)	-	-
	19,271	20,112	87,580	10,724
(Over)/Under provision in prior years				
- current tax	452	665	(272)	(638)
- deferred tax	(551)	304	288	(6)
Tax expense	19,172	21,081	87,596	10,080

* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

NOTES TO THE FINANCIAL STATEMENTS

22. Earnings per share

The calculation of earnings per share is based on the net profit attributable to ordinary shareholders of RM53,738,000 (2006 - RM55,513,000) and the weighted average number of outstanding ordinary shares in issue during the year of 199,379,573 (2006 - 201,092,908).

Basic earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	Group	
	2007	2006
	RM'000	RM'000
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(2,220)	(507)
	<u>199,380</u>	<u>201,093</u>
Weighted average number of ordinary shares at 31 December		
	<u>199,380</u>	<u>201,093</u>
Basic earnings per share	<u>27.0</u>	<u>27.6</u>

23. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2007			
Interim 2007 ordinary	3.65	7,264	20 September 2007
Final 2006 ordinary	5.84	11,673	14 June 2007
		<u>18,937</u>	
Total amount		<u>18,937</u>	
2006			
Interim 2006 ordinary	3.60	7,237	6 October 2006
Final 2005 ordinary	5.76	11,597	4 July 2006
		<u>18,834</u>	
Total amount		<u>18,834</u>	

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

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	6.66	<u>13,214</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Capital and other commitments

	Group	
	2007	2006
	RM'000	RM'000
Capital expenditure commitments		
<i>Contracted but not provided for and payable</i>		
Within one year	19,272	739

25. Related parties

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

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

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 27.
- ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Parasand Limited ("PL"). TCC and PL are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group") whereas TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

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

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<i>With TCMH Group</i>				
Sales	47,800	85,496	-	-
Purchases	2,469	2,110	182	257
Rental expenses	854	890	-	-
Management fees payable	20	20	20	20
Rental income	574	573	-	-
<i>With TCIL Group</i>				
Sales	351	2,187	-	-

NOTES TO THE FINANCIAL STATEMENTS

25. Related parties (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
With WTCH Group				
Sales	195	207	-	-
Rental expenses	83	-	-	-
Administrative and consultancy services payable	3	-	3	-
Purchases	1,725	2,898	164	93

Balance outstanding as at 31 December:-

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
With TCMH Groups	15,589	13,247	-	-
With WTCH Groups	8	(243)	-	-

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

ii) Significant transactions with key management personnel

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

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

	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Company				
Subsidiaries			199,464	39,873
Management fees and services fees receivable	6,932	5,186		
Interest income	22	47		
Rental income	-	522		

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

NOTES TO THE FINANCIAL STATEMENTS

26. Disposal of jointly controlled entity

On 28 August 2007, the Group disposed of its entire 50% equity interest in Auto Culture Supplies Sdn Bhd (“ACS”) for a cash consideration of RM517,000. ACS is involved in the manufacture and sale of seat cover and others related products. In the 8 months to 31 August 2007 the jointly controlled entity incurred a loss after tax of RM 163,000.

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

Group	Carrying amount RM’000
Property, plant and equipment	(51)
Inventories	(233)
Deferred tax assets	(21)
Tax recoverable	(52)
Receivables, deposits and prepayments	(367)
Cash and cash equivalents	(240)
Employee benefits	54
Payables and accruals	393
	<hr/>
Net identifiable assets and liabilities	(517)
Consideration received in cash	517
Cash disposed	(240)
	<hr/>
Net cash inflow	<u>277</u>

27. Subsidiaries

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

Name of Subsidiary	Principal activities	Effective interest	
		2007 %	2006 %
APM Air-Conditioners Sdn. Bhd.	Manufacture and sale of automotive air-conditioners	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Motorsport Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100

NOTES TO THE FINANCIAL STATEMENTS

27. Subsidiaries (continued)

Name of Subsidiary	Principal activities	Effective interest	
		2007 %	2006 %
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
APM Springs (Vietnam) Co., Ltd.*** (held via 100% owned subsidiary, APM Automotive International Ltd, Labuan)	Manufacture and sale of automotive suspension parts	100	100
Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats and radiators	100	100
Radiators Australia (2000) Pty. Ltd. ** (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive radiators and other automotive components.	100	100
Anhui Winking Auto Parts Co. Ltd.** (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats, interior parts and seating components.	60	60
Fuji Seats (Malaysia) Sdn. Bhd.(held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
P.T. APM Armada Suspension. * (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and distribution of coil springs and leaf springs	80	-
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
APM Seatings Sdn. Bhd.	Property investment	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Automotive International Ltd., Labuan*	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

27. Subsidiaries (continued)

Name of Subsidiary	Principal activities	Effective interest	
		2007 %	2006 %
APM Holdings Inc.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc.* (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100
APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM 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 America Inc. and APM Holdings Inc. are subsidiaries incorporated in Canada. Radiators Australia (2000) Pty. Ltd., APM Components (USA) Inc., APM Spring (Vietnam) Co., Ltd., Anhui Winking Auto Parts Co. Ltd. and P.T. APM Armada Suspension are incorporated in Australia, United States of America, Vietnam, the People's Republic of China and Indonesia respectively. The other subsidiaries are incorporated in Malaysia.

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

** Audited by another firm of Public Accountants

*** Audited by other member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

28. Segment reporting

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

Geographical segments

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

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

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

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

	Operations in Malaysia		Outside Malaysia		Elimination		Consolidation	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Geographical segments								
Total external revenue	727,635	841,656	111,608	58,262	-	-	839,243	899,918
Inter-segment revenue	4,452	4,037	5,435	6,751	(9,887)	(10,788)	-	-
Total segment revenue	732,087	845,693	117,043	65,013	(9,887)	(10,788)	839,243	899,918
Segment result/ result from operating activities	67,779	75,906	6,281	2,001	(29)	-	74,031	77,907
Interest income							5,386	3,448
Finance costs							(909)	(1,277)
Profit before tax							78,508	80,078
Tax expense							(19,172)	(21,081)
Profit after tax							59,336	58,997

NOTES TO THE FINANCIAL STATEMENTS

28. Segment reporting *(continued)*

	Operations in Malaysia		Outside Malaysia		Elimination		Consolidation	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Segment assets	689,727	671,522	96,338	60,522	(17,876)	(16,184)	768,189	715,860
Total assets	689,727	671,522	96,338	60,522	(17,876)	(16,184)	768,189	715,860
Segment liabilities	150,933	146,610	40,146	20,730	-	-	191,079	167,340
Total liabilities	150,933	146,610	40,146	20,730	-	-	191,079	167,340
Capital expenditure	14,159	42,775	4,151	2,201	-	-	18,310	44,976
Depreciation	30,272	33,213	2,095	1,844	-	-	32,367	35,057
Impairment loss on property, plant and equipment recognised directly in: - income statements	165	254	-	-	-	-	-	-

29. Financial instruments

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

Credit risk

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

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

Major outstanding balances as at balance sheet date

	2007 RM'000	2006 RM'000
Trade receivables:		
Perusahaan Otomobil Nasional Sdn Bhd	18,715	10,661
Perodua Manufacturing Sdn Bhd	64,066	56,112
Tan Chong Motor Assemblies Sdn Bhd	11,513	8,968
	<u>94,294</u>	<u>75,741</u>

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments (continued)

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

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

Interest rate risk

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

The excess fund placed with licensed banks and other financial institutions and corporations are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

Effective interest rates and repricing analysis

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

Group	← 2007 →				← 2006 →			
	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	Average effective interest rate %	Total RM'000 Restated	Within 1 year RM'000 Restated	1-5 years RM'000 Restated
Financial assets								
Short term deposits	3.26	144,603	144,603	-	3.02	118,939	118,939	-
Financial liabilities								
Unsecured bills payable	3.50	3,812	3,812	-	2.50	3,214	3,214	-
Unsecured overdrafts	6.13	1,537	1,537	-	6.75	1,772	1,772	-
Unsecured foreign currency trade loan	5.52	265	265	-	5.52	176	176	-
Unsecured term loans	5.21	4,590	1,873	2,717	5.26	6,681	1,922	4,759
Unsecured revolving credit	-	-	-	-	4.95	5,000	5,000	-
Company								
Financial assets								
Short term deposits	3.60	12,825	12,825	-	3.26	11,824	11,824	-
Amount due from subsidiary	-	-	-	-	3.00	1,200	1,200	-

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments *(continued)*

Foreign currency risk

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

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

Liquidity risk

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

Fair value

Recognised financial instruments

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

The fair value of other financial liabilities, together with the carrying amount shown in the balance sheets are as follows:

	Group 2007		Group 2006	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Unsecured term loans	4,590	4,425	6,681	6,283

Estimation of fair value

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

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

	2007	2006
Unsecured term loans	5.21%	5.26%

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments (continued)

Unrecognised financial instruments

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

	Group			
	2007 Carrying amount RM'000	2007 Fair value RM'000	2006 Carrying amount RM'000	2006 Fair value RM'000
Forward foreign exchange purchase contracts	11,259	-	7,307	(143)
Forward foreign exchange sales contracts	17,936	249	940	31

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

30. Jointly controlled entities

Details of jointly controlled entities are as follows:

Name of company	Principal activities	Effective interest	
		2007 %	2006 %
APM-Coachair Sdn. Bhd.*	Distribution of coach air-conditioners.	50	50
P.T. APM Armada Autoparts*	Manufacture and sale of automotive, bus and train seating products in Indonesia	50	50
Diversified Furniture Systems Sdn. Bhd.*	Dormant	50	50
Auto Culture Supplies* Sdn. Bhd.	Manufacture and sale of seat covers and related products	-	50
P.T. Armada Johnson Controls (owned via 50% jointly controlled entity, P.T. APM Armada Autoparts)	Manufacture and sale of automotive seat products	30	-

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

P.T. APM Armada Autoparts and P.T. Armada Johnson Control are incorporated in the Republic of Indonesia. The other jointly controlled entities are incorporated in Malaysia.

The Group disposed of its entire 50% equity interest in Auto Culture Supplies Sdn. Bhd. for a cash consideration of RM 517,000 (see note 26).

NOTES TO THE FINANCIAL STATEMENTS

31. Changes in accounting policies

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2007.

The Group had previously classified a lease of land as finance lease and had recognized the amount of prepaid lease payments as property within its property, plant and equipment. The Group on the adoption of FRS 117, Leases, treats such a lease as an operating lease, with unamortized revalued amount as the surrogate carrying amount of prepaid lease payments and amortised over the remaining lease term.

The change in accounting policy was recognized retrospectively in accordance with the transitional provisions and the comparatives have been reclassified, as disclosed in note 32.

32. Comparative figures

The following comparative figures have been reclassified as a result of changes in accounting policies as stated in note 31.

	As restated RM	As previously stated RM
Balance sheet		
Property, plant and equipment	175,636	211,104
Prepaid lease payments	35,468	-

33. Significant events during the year

- i) The Group's 80% owned subsidiary, P.T. APM Armada Suspension ("AAS"), held through Auto Parts Holdings Sdn. Bhd., was incorporated in Indonesia to manufacture and distribute automobile coil springs.

AAS has a paid-up capital of USD3.75 million which is approximately RM12.4 million.

- ii) P.T. APM Armada Auto Parts ("AAA") a 50% owned jointly controlled entity of the Group via its wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd. entered into a joint venture agreement with Johnson Controls Inc. ("JCI") to form a new joint venture company, P.T. Armada Johnson Controls ("AJC"), to carry on the business of designing, manufacturing and selling of automotive seating products in Indonesia and export market. AJC has a paid up capital of USD1.5 million which is approximately RM4.9 million and AAA has a 60% equity interest in AJC.

34. Subsequent events

The Group via its wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd. entered into an Equity Interest Transfer Agreement with Hefei Johnson Controls Yunhe Automotive Seating Co. Ltd. of China on 5 March 2008 for the disposal of its entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co. Ltd. for a cash consideration of USD2.46 million which is approximately RM7.7 million.

The completion of the disposal is pending fulfillment of certain conditions by the parties.

GROUP PROPERTIES

As at 31 December 2007

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang Selangor	Factory, office & warehouse	40,545	Leasehold/ 21.06.2092	9,330	10	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang Selangor	Factory, office & warehouse	42,046	Leasehold/ 21.06.2092	9,470	13	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	24,651	21	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	4,894	29	1984	1974
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang Selangor	Vacant industrial land	16,186	Leasehold/ 19.10.2076	3,813	-	-	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	11,725	11	-	1996
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu Sabah	Light industrial building	195	Leasehold/ 16.11.2922	240	11	-	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	302	11	-	2001
No. 4 (PT 15020) Seksyen 20 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang Selangor	Factory, office & warehouse	24,239	Freehold	12,846	2 to 5	-	2002

GROUP PROPERTIES

As at 31 December 2007

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
No. 8 (Lot 9390) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang Selangor	Factory, office & warehouse	8,094	Freehold	5,291	5	-	2002
No. 7 (Lot 9385) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang Selangor	Factory, office & warehouse	8,094	Freehold	7,125	3	-	2002
No. 9 (Lot 9384 & 9124) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang Selangor	Vacant industrial land	8,094	Freehold	1,076	-	-	2002
No. 8 (Lot 9380) Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang Selangor	Factory, office & warehouse	8,094	Freehold	3,369	2	-	2003
No. 10 (Lots 9379 & 9119) Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang Selangor	Vacant industrial land	8,094	Freehold	1,076	-	-	2003
Lots 20A, 20B Proton City Vendors Park Tanjung Malim Perak	Vacant industrial land	26,932	Freehold	3,555	-	-	2004
Lot 20C Proton City Vendors Park Tanjung Malim Perak	Factory, office & warehouse	12,950	Freehold	7,712	3	-	2004
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang Selangor	Factory, office & warehouse	2,358	Freehold	1,340	8	-	2000
25 Dai Lo Tu Do (Lot 342) Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	10,000	Leasehold 08.08.2054	2,707	3	-	2004

SHAREHOLDERS' STATISTICS

As at 31 March 2008

SHARE CAPITAL

Authorised	:	RM300,000,000
Issued and fully paid up	:	RM201,600,000
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share
Treasury shares	:	3,568,400

THIRTY LARGEST SHAREHOLDERS

(According to the Register of Depositors)

	No. of shares held	%*
1 Parasand Limited	40,320,000	20.3604
2 Tan Chong Consolidated Sdn Bhd	34,539,999	17.4417
3 Lembaga Tabung Haji	12,538,150	6.3314
4 Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	9,753,800	4.9254
5 HSBC Nominees (Asing) Sdn Bhd FGCS NV for Platinum Global Dividend Fund Limited	7,400,000	3.7368
6 Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860)	6,750,000	3.4085
7 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	6,000,000	3.0298
8 Citigroup Nominees (Asing) Sdn Bhd Exempt An for Mellon Bank (Mellon)	5,803,900	2.9308
9 Permodalan Nasional Berhad	4,911,400	2.4801
10 Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Prudential Fund Management Berhad	4,001,900	2.0208
11 Pertubuhan Keselamatan Sosial	3,114,100	1.5725
12 CIMSEC Nominees (Tempatan) Sdn Bhd Allied Investments Limited for Tan Chong Consolidated Sdn Bhd	3,000,000	1.5149
13 CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 Pzdm)	2,840,200	1.4342
14 Citigroup Nominees (Asing) Sdn Bhd UBS AG for The Navis Asia Navigator Master Fund	2,640,700	1.3335
15 Valuecap Sdn Bhd	2,296,200	1.1595

SHAREHOLDERS' STATISTICS

As at 31 March 2008

THIRTY LARGEST SHAREHOLDERS *(continued)*

	No. of shares held	%*
16 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Khor Swee Wah @ Koh Bee Leng (Mm1208)	2,178,508	1.1001
17 Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,150,000	1.0857
18 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (Mm1063)	1,902,200	0.9606
19 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Heng Chew (E-Klc)	1,859,500	0.9390
20 Wealthmark Holdings Sdn Bhd	1,535,300	0.7753
21 Tan Boon Hooi	1,510,213	0.7626
22 Azman Bin Badrillah	1,500,000	0.7575
23 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	1,483,000	0.7489
24 Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)	1,350,000	0.6817
25 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Lgf)	1,253,900	0.6332
26 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Maakl Al-Fauzan (5170)	1,080,000	0.5454
27 Wealthmark Holdings Sdn Bhd	1,071,200	0.5409
28 Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	1,028,100	0.5192
29 Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	1,024,700	0.5174
30 Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Maakl Value Fund (950290)	1,020,000	0.5151
Total	167,856,970	84.7629

* Percentage based on issued share capital less treasury shares

SHAREHOLDERS' STATISTICS

As at 31 March 2008

ANALYSIS BY SIZE OF HOLDINGS

(According to the Record of Depositors)

Size of Holdings	No of Holders	%	No of Shares Held	%
1 - 99	311	4.0150	15,342	0.0076
100 - 1,000	4,991	64.4333	2,025,376	1.0047
1,001 - 10,000	2,122	27.3948	6,742,068	3.3443
10,001 - 100,000	251	3.2404	6,493,856	3.2212
100,001 - 9,901,579	68	0.8779	95,356,809	47.3000
9,901,580 and above	3	0.0387	87,398,149	43.3522
	7,746	100	198,031,600	98,2300
Treasury Shares	-	-	3,568,400	1.7700
Total	7,746	100	201,600,000	100

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct No. of shares held	%	Indirect No. of shares held	%
Tan Chong Consolidated Sdn Bhd	45,639,999	23.05	40,320,000	20.36 ⁽¹⁾
Parasand Limited	40,320,000	20.36	-	-
Lembaga Tabung Haji	12,538,150	6.33	-	-
Dato' Tan Heng Chew	4,224,199	2.13	91,943,799	46.43 ⁽²⁾
Tan Eng Soon	210,000	0.11	91,943,799	46.43 ⁽²⁾
Dato' Tan Kim Hor	461,225	0.23	85,959,999	43.41 ⁽³⁾
Dato' Tan Boon Pun	28,064	0.01	86,156,541	43.51 ⁽⁴⁾
Dr. Tan Kang Leong	1,500	- ⁽⁵⁾	85,959,999	43.41 ⁽³⁾
Tan Kheng Leong	40,500	0.02	85,959,999	43.41 ⁽³⁾
Dato' Tan Hoe Pin	5,000	- ⁽⁵⁾	86,138,499	43.50 ⁽⁶⁾
Tan Beng Keong	-	-	86,138,499	43.50 ⁽⁶⁾
Dr. Tan Ban Leong	90,000	0.05	86,138,499	43.50 ⁽⁶⁾
Tan Chee Keong	14,000	0.01	85,959,999	43.41 ⁽³⁾

SHAREHOLDERS' STATISTICS

As at 31 March 2008

SHAREHOLDINGS OF DIRECTORS

(According to the Register of Directors' Shareholdings)

Name of Director *	Direct		Indirect	
	No of shares held	%	No of shares held	%
Dato' Tan Heng Chew	4,224,199	2.13	94,122,307	47.53 ⁽⁷⁾
Azman bin Badrillah	1,537,000	0.78	-	-
Tan Eng Soon	210,000	0.11	91,943,799	46.43 ⁽²⁾
Tan Eng Hwa	462,008	0.23	5,990,928	3.03 ⁽⁸⁾
Dato' Haji Kamaruddin @ Abas bin Nordin	448	- ⁽⁵⁾	-	-

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

Percentage of shareholdings are calculated based on issued share capital less treasury shares

Notes:

- ⁽¹⁾ Deemed interest by virtue of interest in Parasand Limited ("Parasand") pursuant to Section 6A of the Companies Act, 1965 ("Act")
- ⁽²⁾ Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC"), Parasand and Wealthmark Holdings Sdn Bhd ("WHSB") pursuant to Section 6A of the Act
- ⁽³⁾ Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act
- ⁽⁴⁾ Deemed interest by virtue of interests in TCC, Parasand, Exepro Sdn Bhd ("ESB"), Progroup Nominees Sdn Bhd and Magic Rooms Sdn Bhd pursuant to Section 6A of the Act
- ⁽⁵⁾ Less than 0.01%
- ⁽⁶⁾ Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Act
- ⁽⁷⁾ Deemed interest by virtue of interests in TCC, Parasand and WHSB pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134 (12) (c) of the Act
- ⁽⁸⁾ Deemed interest by virtue of interests in Solomon House Sdn Bhd and WHSB pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134 (12) (c) of the Act

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of APM Automotive Holdings Berhad (“Company”) will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Thursday, 22 May 2008 at 11:00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and consider the Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereto.

Resolution 1

2. To declare a final dividend of 9% less income tax for the financial year ended 31 December 2007.

Resolution 2

3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company’s Articles of Association.

i Tan Eng Soon

Resolution 3

ii Tan Eng Hwa

Resolution 4

iii Mohd. Sharif Haji Yusof

Resolution 5

4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.

Resolution 6

Special Business:

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

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

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

Resolution 7

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

Resolution 8

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

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.1 of the circular to shareholders dated 28 April 2008 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").

NOTICE OF ANNUAL GENERAL MEETING

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

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

Resolution 9

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

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

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“APM Group”) to enter into all arrangements and/or transactions with Tan Chong International Limited Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group (“Related Parties”) including those set out under section 3.2.2 of the circular to shareholders dated 28 April 2008 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the “Shareholders’ Mandate”).

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

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

Resolution 10

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

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

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“APM Group”) to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group (“Related Parties”) including those set out under section 3.2.3 of the circular to shareholders dated 28 April 2008 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”).

NOTICE OF ANNUAL GENERAL MEETING

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

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

Resolution 11

10. To consider and if thought fit, pass the following resolution as a special resolution:

PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION OF THE COMPANY

“THAT the Articles of Association of the Company set forth in the Schedule to Appendix II to the circular to shareholders dated 28 April 2008 be adopted following the amendment, modification and variation of the existing Articles of Association by the deletion of those words which have been struck off, the insertion of words which have been double-underlined and the renumbering where necessary of Articles in numerical running order, as are more particularly set out in the aforementioned Schedule.”

Resolution 12

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

By order of the Board

LEE KWEE CHENG
CHAN YOKE-LIN
Company Secretaries

Kuala Lumpur
28 April 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

Resolution 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 be empowered to issue shares in the Company of 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 share capital of the Company by utilising the funds allocated out of the retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

Resolutions 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.

Resolution 12

The proposed amendments to the Articles of Association of the Company are made for the purposes of, among others, bringing the Articles to be in line with the recent amendments of the Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act, 1965 as well as clarifying the wording of certain Articles.

Further information on resolutions 8, 9, 10, 11 and 12 are set out in the circular to shareholders dated 28 April 2008 despatched together with the Company's 2007 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

The profiles of the Directors standing for re-election pursuant to Article 100 are set out on pages 11 to 13 in the Annual Report. The Directors' interest in the shares of the Company as at 31 March 2008 are as follows:

Name	Direct interest	Indirect interest
Tan Eng Soon	210,000	91,943,799
Tan Eng Hwa	462,008	5,990,928

The other Director who is standing for re-election does not have interest in the shares of the Company.

None of the Directors has an interest in the shares of the subsidiaries of the Company except for Tan Eng Soon, who by virtue of his shareholdings in the Company, is deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Eleventh Annual General Meeting of APM Automotive Holdings Berhad, a final dividend of 9% less income tax for the financial year ended 31 December 2007 will be paid on 12 June 2008. The entitlement date shall be 29 May 2008.

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

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 29 May 2008 in respect of ordinary transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

LEE KWEE CHENG
CHAN YOKE-LIN
Company Secretaries

Kuala Lumpur
28 April 2008

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FORM OF PROXY

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

CDS Account No.	
Number of shares held	

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

of _____
(Full address)

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

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

or failing him/her _____
(Name of Proxy as in NRIC in capital letters, NRIC no (new and old))

or failing them, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Thursday 22 May 2008 at 11:00 a.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-election of Tan Eng Soon		
Resolution 4	Re-election of Tan Eng Hwa		
Resolution 5	Re-election of Mohd Sharif Haji Yusof		
Resolution 6	Re-appointment of Auditors		
Resolution 7	Proposed grant of authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed grant of authority for 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		
Resolution 12	Proposed amendments of Articles of Association of the Company		

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

Signature/Common Seal

Date: _____

Notes:

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

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	%
Number of shares	
Proxy 1	_____
Proxy 2	_____
Total	100%

Affix
Stamp
here

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