

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

The cost of replacing a component 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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

• long term leasehold land	64	-	80 years
• buildings	20	-	25 years
• plant, machinery and equipment	1	-	10 years
• furniture, fittings and office equipment	2	-	7 years
• motor vehicles	5	-	10 years

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

(e) Leased assets

(i) Finance leases

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Research and development expenditure

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

Expenditure on development activities for new products is capitalised if the cost can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

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

(iv) Amortisation

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

- development expenditures 3-5 years
- trademarks 2 years

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

(g) Investment properties

(i) Investment properties carried at cost

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

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

Depreciation on buildings is charged to profit or loss on a straight-line basis over the estimated useful lives of 20 to 25 years. Long term leasehold land is depreciated over the lease term of 64 to 80 years.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(g) Investment properties (continued)

(i) Investment properties carried at cost (continued)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When the Group or the Company transfers a property between investment property and property, plant and equipment, the property transferred will be stated at its carrying amount from previous classification.

(iii) Determination of fair value

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

(h) Inventories

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

The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

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

(j) Assets held for sale

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

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

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

(k) Impairment

(i) Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

(l) Equity instruments

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

Repurchase of share capital

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(iv) Defined benefit plans

As a result of adopting MFRS 119 (2011), *Employee Benefits*, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The adoption of MFRS 119 (2011) has no significant impact to the financial statements of the Group.

(n) Provisions

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

Warranties

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

In rare circumstances, a provision for warranties is not made when it is related to unusual product defects and where the amount of obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

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

(iii) Dividend income

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

(iv) Rental income

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

(v) Interest income

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

(p) Borrowing costs

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

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

(q) Income tax

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(q) Income tax (continued)

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

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

(s) Operating segments

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

(t) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Under construction RM'000	Total RM'000
Cost								
At 1 January 2012	15,862	40,532	127,462	384,004	25,421	8,799	5,810	607,890
Additions	3,049	-	3,878	18,678	1,385	660	1,284	28,934
Disposals	-	-	-	(4,090)	(515)	(1,108)	-	(5,713)
Written off	-	-	-	(1,507)	(109)	(53)	(26)	(1,695)
Transfer	-	-	1,805	1,082	-	-	(2,887)	-
Transfer to investment properties	-	(12,743)	(13,536)	-	(854)	-	-	(27,133)
Effect of movement in exchange rates	-	-	(750)	(1,285)	(36)	(29)	(3)	(2,103)
At 31 December 2012/ 1 January 2013	18,911	27,789	118,859	396,882	25,292	8,269	4,178	600,180
Additions	6,098	76	22,563	14,805	2,473	1,645	1,308	48,968
Disposals	-	-	-	(4,812)	(205)	(1,472)	(40)	(6,529)
Acquisition through business combination	-	-	-	52	1	45	-	98
Written off	-	-	(19)	(4,977)	(117)	(1)	(3)	(5,117)
Transfer	-	-	705	2,508	163	-	(3,376)	-
Transfer to investment properties	-	(897)	-	-	-	-	-	(897)
Effect of movement in exchange rates	-	-	(606)	(1,371)	(7)	(29)	4	(2,009)
At 31 December 2013	25,009	26,968	141,502	403,087	27,600	8,457	2,071	634,694

Accumulated depreciation and impairment loss

At 1 January 2012

Accumulated depreciation	-	7,593	43,983	297,233	21,155	4,704	-	374,668
Accumulated impairment loss	-	-	-	254	-	-	-	254
Charge for the year	-	346	4,529	24,020	1,604	885	-	31,384
Disposals	-	-	-	(4,033)	(507)	(971)	-	(5,511)
Written off	-	-	-	(1,432)	(182)	(53)	-	(1,667)
Transfer to investment properties	-	(2,277)	(7,527)	-	(790)	-	-	(10,594)
Reversal of impairment loss	-	-	-	(254)	-	-	-	(254)
Effect of movement in exchange rates	-	-	(83)	(461)	(15)	(18)	-	(577)

At 31 December 2012/
1 January 2013

Accumulated depreciation	-	5,662	40,902	315,327	21,265	4,547	-	387,703
Charge for the year	-	346	4,933	16,761	1,985	861	-	24,886
Disposals	-	-	-	(4,736)	(202)	(1,077)	-	(6,015)
Written off	-	-	(4)	(4,938)	(86)	(1)	-	(5,029)
Transfer to investment properties	-	(535)	-	-	-	-	-	(535)
Effect of movement in exchange rates	-	-	(86)	(323)	(2)	(28)	-	(439)

At 31 December 2013

Accumulated depreciation	-	5,473	45,745	322,091	22,960	4,302	-	400,571
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NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Under construction RM'000	Total RM'000	
Carrying amounts									
At 1 January 2012	15,862	32,939	83,479	86,517	4,266	4,095	5,810	232,968	
At 31 December 2012/ 1 January 2013	18,911	22,127	77,957	81,555	4,027	3,722	4,178	212,477	
At 31 December 2013	25,009	21,495	95,757	80,996	4,640	4,155	2,071	234,123	
Company									
						Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000	
Cost									
At 1 January 2012							754	1,502	2,256
Additions							191	85	276
Transfer from a subsidiary							4	-	4
At 31 December 2012/1 January 2013							949	1,587	2,536
Disposals							-	(330)	(330)
At 31 December 2013							949	1,257	2,206
Accumulated depreciation									
At 1 January 2012							713	212	925
Charge for the year							74	185	259
Others							4	-	4
At 31 December 2012/1 January 2013							791	397	1,188
Charge for the year							103	167	270
Disposals							-	(94)	(94)
At 31 December 2013							894	470	1,364
Carrying amounts									
At 1 January 2012							41	1,290	1,331
At 31 December 2012/1 January 2013							158	1,190	1,348
At 31 December 2013							55	787	842

NOTES TO THE FINANCIAL STATEMENTS

4. Prepaid lease payments

Group	Unexpired period less than or equal to 50 years RM'000
Cost	
At 1 January 2012	6,182
Additions	9,708
Effect of movement in exchange rate	(325)
At 31 December 2012/1 January 2013	15,565
Additions	932
Effect of movement in exchange rate	(1,515)
At 31 December 2013	14,982
Amortisation	
At 1 January 2012	130
Charge during the year	157
Effect of movement in exchange rate	(8)
At 31 December 2012/1 January 2013	279
Charge during the year	96
Effect of movement in exchange rate	21
At 31 December 2013	396
Carrying amounts	
At 1 January 2012	6,052
At 31 December 2012/1 January 2013	15,286
At 31 December 2013	14,586

5. Investment properties

Group	Note	Long term leasehold land RM'000	Buildings RM'000	Others RM'000	Total RM'000
Cost					
At 1 January 2012		-	1,791	-	1,791
Transfer from property, plant and equipment	3	12,743	13,536	854	27,133
At 31 December 2012/1 January 2013		12,743	15,327	854	28,924
Transfer from property, plant and equipment	3	897	-	-	897
At 31 December 2013		13,640	15,327	854	29,821

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties (continued)

Group	Note	Long term leasehold land RM'000	Buildings RM'000	Others RM'000	Total RM'000
Accumulated depreciation					
1 January 2012		-	614	-	614
Depreciation for the year		130	583	1	714
Transfer from property, plant and equipment	3	2,277	7,527	790	10,594
At 31 December 2012/1 January 2013		2,407	8,724	791	11,922
Depreciation for the year		130	616	1	747
Transfer from property, plant and equipment	3	535	-	-	535
At 31 December 2013		3,072	9,340	792	13,204
Carrying amounts					
At 1 January 2012		-	1,177	-	1,177
At 31 December 2012/1 January 2013		10,336	6,603	63	17,002
At 31 December 2013		10,568	5,987	62	16,617

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013 RM'000	2012 RM'000
Rental income	2,355	2,167
Direct operating expenses from income generating investment properties	(252)	(243)

5.1 Fair value information

Fair value of investment properties are categorised as follows:

2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Long-term leasehold land	-	-	40,005	40,005
Buildings	-	-	32,458	32,458
	-	-	72,463	72,463

NOTES TO THE FINANCIAL STATEMENTS

5. Investment properties (continued)

5.1 Fair value information (continued)

The fair value of investment properties can be categorised based on the following:

Level 1 fair value: Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date; or

Level 2 fair value: Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly; or

Level 3 fair value: Level 3 fair value is estimated using unobservable inputs for the investment property.

The fair values of all investment properties are determined by the Directors using income approach. Key assumption is as follow:

Yield rates 8% - 8.5% (2012: 8% - 8.5%)

6. Investment in subsidiaries

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	365,284	351,978
Less: Accumulated impairment losses	(9,539)	(9,539)
	<hr/> 355,745	<hr/> 342,439

Details of the subsidiaries are shown in Note 32.

6.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2013 Other subsidiary with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (held via Fuji Seat Co.,Ltd)	40%		
Carrying amount of NCI	23,888	2,312	26,200
Profit allocated to NCI	12,297	782	13,079

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in subsidiaries (continued)

6.1 Non-controlling interest in subsidiaries (continued)

Summarised financial information before intra-group elimination	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2013 Other subsidiary with immaterial NCI RM'000	Total RM'000
As at 31 December 2013	RM'000		
Non-current assets	4,200		
Current assets	108,353		
Non-current liabilities	(907)		
Current liabilities	(51,926)		
Net assets	59,720		
Year ended 31 December 2013	RM'000		
Revenue	283,714		
Profit for the year	30,743		
Total comprehensive income	30,787		
	RM'000		
Cash flows from operating activities	30,171		
Cash flows from investing activities	(636)		
Cash flows from financing activities	(19,249)		
Net increase in cash and cash equivalents	10,286		
Dividends paid to NCI	7,700		
	RM'000		
	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2012 Other subsidiary with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (Held via Fuji Seat Co.,Ltd)	40%		
Carrying amount of NCI	19,291	1,530	20,821
Profit allocated to NCI	12,100	(515)	11,585
Summarised financial information before intra-group elimination			
As at 31 December 2012	RM'000		
Non-current assets	4,174		
Current assets	93,542		
Non-current liabilities	(878)		
Current liabilities	(48,610)		
Net assets	48,228		

NOTES TO THE FINANCIAL STATEMENTS

6. Investment in subsidiaries (continued)

6.1 Non-controlling interest in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Summarised financial information before intra-group elimination	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2012	
		Other subsidiary with immaterial NCI RM'000	Total RM'000
Year ended 31 December 2012		RM'000	
Revenue	277,146		
Profit for the year/Total comprehensive income	30,250		
		RM'000	
Cash flows from operating activities	34,243		
Cash flows from investing activities	(819)		
Cash flows from financing activities	(37,915)		
Net decrease in cash and cash equivalents	(4,491)		
Dividends paid to NCI	15,166		

6.2 Restriction imposed by shareholder's agreement

For Fuji Seats (Malaysia) Sdn. Bhd., the non-controlling interests shareholder holds protective rights restricting the Group's ability to use the net assets of the subsidiary to settle the liabilities of the Group, unless approval is obtained from the non-controlling interests shareholder.

7. Investment in an associate

	Group	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	5,048	-
Share of post-acquisition reserves	3,407	-
	8,455	-

Detail of the material associate is as follow:

Name of entity	Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2013	2012
P.T. Armada Johnsons Controls ("PTAJC")	Indonesia	Manufacturing and supplying automotive products to the Group	12.5%	25%

In 2013, PTAJC was classified as a joint venture of the Group. On 6 September 2013, the effective interest in PTAJC held via P.T. APM Armada Autoparts was diluted from 25% to 12.5%. As a result of the dilution, the Group has lost joint control of PTAJC and the involvement in day to day operation. Thus, PTAJC is reclassified as an associate of the Group.

NOTES TO THE FINANCIAL STATEMENTS

8. Investments in joint ventures

	Group	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	25,162	28,684
Share of post-acquisition reserves	7,489	2,272
	32,651	30,956

Details of joint ventures are as follows:

Name of joint ventures	Nature of the relationship	Effective ownership interest	
		2013	2012
APM Tachi-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Technical partner and tier-one automotive seats manufacturer for Original Equipment Market customers of the Group.	60%	-
P.T. APM Armada Autoparts (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture interior products and is one of the strategic partnerships to develop Indonesia's automotive market.	50%	50%
IAC APM Automotive Systems Ltd (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture interior plastic components and is one of the strategic partnerships to develop Thailand's automotive market.	40%	40%
Diversified Furniture Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	50%	50%

There is no individually material joint venture which is significant to the Group. The following is the summarise information of the joint ventures of the Group.

Summarise financial information As at 31 December

	2013 RM'000	2012 RM'000
Non-current assets	38,692	61,168
Current assets	87,162	97,249
Non-current liabilities	(20,941)	(909)
Current liabilities	(35,636)	(68,356)
Cash and cash equivalents	39,819	6,779
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,559)	(909)
	16,822	15,484

NOTES TO THE FINANCIAL STATEMENTS

8. Investments in joint ventures (continued)

Details of joint ventures are as follows (continued):

Included in the total comprehensive income	2013 RM'000	2012 RM'000
Revenue	96,115	286,949
Depreciation and amortisation	(1,390)	(7,875)
Interest income	302	233
Interest expense	-	(1,382)
Income tax expense	(7,979)	(4,711)

9. Intangible assets

	Trademarks RM'000	Group Development expenditure RM'000	Total RM'000
Cost			
At 1 January 2012	-	2,118	2,118
Additions	-	118	118
At 31 December 2012/1 January 2013	-	2,236	2,236
Additions	712	99	811
At 31 December 2013	712	2,335	3,047
Amortisation			
At 1 January 2012	-	1,319	1,319
Additions	-	443	443
At 31 December 2012/1 January 2013	-	1,762	1,762
Charge for the year	-	412	412
At 31 December 2013	-	2,174	2,174
Carrying amounts			
At 1 January 2012	-	799	799
At 31 December 2012/1 January 2013	-	474	474
At 31 December 2013	712	161	873

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

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits	1,546	3,535	-	-	1,546	3,535
Property, plant and equipment	150	21	(8,055)	(6,211)	(7,905)	(6,190)
Provisions	3,437	2,361	-	-	3,437	2,361
Unutilised capital allowance	385	-	-	-	385	-
Unutilised reinvestment allowance	4,132	5,254	-	-	4,132	5,254
Others	12,682	6,838	(604)	(341)	12,078	6,497
Tax assets/(liabilities)	22,332	18,009	(8,659)	(6,552)	13,673	11,457
Set off of tax	(6,649)	(5,208)	6,649	5,208	-	-
Net deferred tax assets/(liabilities)	15,683	12,801	(2,010)	(1,344)	13,673	11,457

Company

Property, plant and equipment	-	-	(147)	(192)	(147)	(192)
Employee benefits	22	-	-	-	22	-
Others	198	351	-	-	198	351
Tax assets/(liabilities)	220	351	(147)	(192)	73	159
Set off of tax	(147)	(192)	147	192	-	-
Net deferred tax assets/(liabilities)	73	159	-	-	73	159

Movement in temporary differences during the year

Group	Recognised in profit or loss		Recognised in profit or loss		Recognised in other comprehensive income	
	At 1.1.2012 RM'000	or loss (Note 26) RM'000	At 31.12.2012/ 1.1.2013 RM'000	or loss (Note 26) RM'000	in other comprehensive income (Note 27) RM'000	At 31.12.2013 RM'000
Employee benefits	3,690	(155)	3,535	(1,444)	(545)	1,546
Property, plant and equipment	(5,416)	(774)	(6,190)	(1,715)	-	(7,905)
Provisions	2,253	108	2,361	1,076	-	3,437
Unutilised capital allowance	-	-	-	385	-	385
Unutilised reinvestment allowance	5,350	(96)	5,254	(1,122)	-	4,132
Unutilised tax losses	259	(259)	-	-	-	-
Others	6,050	447	6,497	5,581	-	12,078
	12,186	(729)	11,457	2,761	(545)	13,673

Company

Property, plant and equipment	(207)	15	(192)	45	-	(147)
Employee benefits	-	-	-	-	22	22
Others	436	(85)	351	(153)	-	198
	229	(70)	159	(108)	22	73

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

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

	Group	
	2013 RM'000	2012 RM'000
Unutilised tax losses	15,073	12,441
Unabsorbed capital allowances	797	1,580
Deductible temporary differences	4,247	4,405
	20,117	18,426

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation except for the unutilised tax losses of RM11,567,000 (IDR36,376,937,000) which will expire in financial years 2013 - 2014 for the subsidiary in Indonesia. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

11. Inventories

	Group	
	2013 RM'000	2012 RM'000
Raw materials	163,234	106,732
Work-in-progress	10,648	10,982
Manufactured inventories and trading inventories	47,020	39,905
Spare parts and others	8,160	10,008
	229,062	167,627
Recognised in profit or loss		
Write-down to net realisable value	(2,526)	(2,565)
Reversal of write-downs	1,439	1,458

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

12. Trade and other receivables, including derivatives

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade					
Trade receivables		218,040	182,439	-	-
Less: Impairment losses		(1,301)	(1,058)	-	-
		216,739	181,381	-	-
Joint ventures	12.1	25,406	85	-	-
Related parties	12.1	25,487	28,810	-	-
		267,632	210,276	-	-

NOTES TO THE FINANCIAL STATEMENTS

12. Trade and other receivables, including derivatives (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-trade					
Other receivables		8,997	4,653	852	2,674
Subsidiaries	12.2	-	-	47,239	37,852
Joint ventures	12.2	1,060	326	30	29
Derivatives held for trading at fair value through profit or loss					
- Forward exchange contracts		66	677	-	-
Others		-	355	19	78
		10,123	6,011	48,140	40,633
		277,755	216,287	48,140	40,633

12.1 The trade amounts due from joint ventures and related parties are subject to normal trade terms.

12.2 The non-trade amounts due from subsidiaries and joint ventures are unsecured, interest free and repayable on demand except for amount due from subsidiaries, amounting to RM30,905,000 (2012: RM33,189,000) which is subject to interest ranging from 3.3% to 3.5% (2012: 3.3% to 3.5%) per annum.

13. Deposits and prepayments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits	16,267	4,609	5	755
Prepayments	58,112	13,187	68	65
	74,379	17,796	73	820

During the financial year, there was an increase in prepayment due to complete knock down components purchased from overseas supplier amounting to RM41,758,000 (2012: RM6,680,000).

14. Cash and cash equivalents

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits placed with licensed banks	242,463	329,425	-	-
Corporate management accounts	45,267	75,648	1,706	2,266
Cash and bank balances	18,686	19,836	1,509	870
	306,416	424,909	3,215	3,136

Corporate management accounts are interest bearing current accounts maintained with a bank.

NOTES TO THE FINANCIAL STATEMENTS

15. Assets classified as held for sale

In 2011, plant and equipment and inventories held by the Group through a wholly-owned subsidiary, Radiators Australia (2000) Pty. Ltd. were presented as assets held for sale following the commitment of the Group's management to a plan to sell the assets. The sale was finalised on 20 January 2012 following the Asset Sales Agreement signed with a third party for a total consideration of AUD3.74 million.

	Group 1.1.2012 RM'000
Plant and equipment	2,107
Inventories	7,371
	9,478

16. Capital and reserves

Share capital

	Group and Company			
	Amount 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '000
Authorised Ordinary shares of RM1.00 each	300,000	300,000	300,000	300,000
Issued and fully paid Ordinary shares of RM1.00 each	201,600	201,600	201,600	201,600

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

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 22 May 2013, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 (2012: 2,000) of its issued ordinary share capital from the open market at an average price of RM5.34 (2012: RM4.75) per ordinary share. The purchase transactions were financed by internally generated funds. The ordinary shares purchased are retained as treasury shares.

At 31 December 2013, the Company held 5,912,000 (2012: 5,910,000) of the Company's shares.

Share premium

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

Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

17. Employee benefits

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Recognised liability for employee benefits	10,301	13,187	615	1,257

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' Employee Provident Funds contribution.

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

Group	Net defined benefit liability	
	2013 RM'000	2012 RM'000
Balance at 1 January	13,187	14,204
Included in profit or loss		
Current service cost	779	(130)
Past service credit	279	(188)
Interest cost	512	532
Effect of movements in exchange rate	159	(16)
	1,729	198
Included in other comprehensive income		
Actuarial gain recognised in equity	(2,180)	-
Others		
Benefits paid	(2,435)	(1,215)
Balance at 31 December	10,301	13,187
Company		
Balance at 1 January	1,257	1,585
Included in profit or loss		
Current service cost	74	104
Past service credit	225	69
Interest cost/(income)	22	(21)
	321	152
Included in other comprehensive income		
Actuarial gain recognised in equity	87	-
Others		
Benefits paid	(1,050)	(480)
Balance at 31 December	615	1,257

NOTES TO THE FINANCIAL STATEMENTS

17. Employee benefits (continued)

Actuarial assumptions

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

	Group and Company	
	2013	2012
Discount rate	5.75%-6.0%	5.4%
Future salary growth	6.5%	6.5%
Future pension growth	12%-13%	12%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 55 years and extended to age 60 years with effect from 1 July 2013 (2012: 55 years) for both genders at the end of the reporting date.

At 31 December 2013, the weighted-average duration of the defined benefit obligation was 3 years (2012: 3 years).

18. Loans and borrowings

	Group	
	2013 RM'000	2012 RM'000
Current		
Unsecured foreign currency trade loans	12,306	6,117
Unsecured bankers' acceptances	541	14,453
	12,847	20,570

The borrowings of the Group are subject to interest at 0.9% to 3.8% (2012: 1.3% to 3.3%) per annum.

19. Provisions

	Group RM'000
At 1 January 2012	8,854
Provisions made during the year	5,333
Provisions paid during the year	(3,881)
Provisions reversed during the year	(933)
Effect of movement in exchange rates	(9)
At 31 December 2012/1 January 2013	9,364
Provisions made during the year	19,483
Provisions paid during the year	(4,859)
Provisions reversed during the year	(441)
At 31 December 2013	23,547

A provision for warranties is recognised when the products are sold where they are entitled to warranty. The provision is based on historical warranty claim and the Group expects to incur most of the liabilities over the next 1 - 3 years.

NOTES TO THE FINANCIAL STATEMENTS

19. Provisions (continued)

Contingent liability on abnormal defect

Where an abnormal defect is discovered on a product, the management will perform investigation to identify the cause. The total warranty liability that will be incurred is highly dependent on the course of action that needs to be taken by the Group in consultation with the affected customer. It may vary significantly.

Towards the end of March 2013, the management discovered an abnormal defect on one of its products. As at the date of this report, the management has not established the course of action that needs to be taken with the customer.

20. Trade and other payables, including derivatives

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade					
Trade payables		120,192	95,071	-	-
Joint ventures	20.1	3,104	1,575	-	-
Related parties	20.1	9,196	796	-	-
		132,492	97,442	-	-
Non-trade					
Other payables and accruals		78,777	64,952	2,719	2,465
Subsidiaries	20.2	-	-	3,412	29,301
Joint ventures	20.2	3,646	14	-	-
Related parties	20.2	689	112	-	-
Derivatives held for trading at fair value through profit or loss					
- Forward exchange contracts		247	1,089	-	-
		83,359	66,167	6,131	31,766
		215,851	163,609	6,131	31,766

20.1 The trade amounts due to related parties and joint ventures are subject to normal trade terms.

20.2 The non-trade amounts due to subsidiaries, related parties and joint ventures are unsecured, interest free and repayable on demand except for an amount due to a subsidiary in 2012, amounting to RM25,729,000, was subjected to interest ranging from 3.75% to 4.50%.

21. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	1,259,020	1,123,147	-	-
Services rendered	-	-	-	8,890
Dividend income	-	-	141,521	10,412
	1,259,020	1,123,147	141,521	19,302

NOTES TO THE FINANCIAL STATEMENTS

22. Finance costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- unsecured bankers' acceptances	207	299	-	-
- other borrowings	132	298	151	63
	339	597	151	63

23. Finance income

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income received from deposits placed with licensed banks	10,311	11,388	-	-
Interest income received from subsidiaries	-	-	993	1,159
	10,311	11,388	993	1,159

24. Profit before tax

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging				
Amortisation of intangible assets	412	443	-	-
Amortisation of prepaid lease payments	96	157	-	-
Auditors' remuneration:				
Audit fees				
- KPMG Malaysia	364	312	42	39
- Overseas affiliates of KPMG Malaysia	-	25	-	-
- Other auditors	56	44	-	-
Non-audit fees				
- KPMG Malaysia	34	49	34	49
- Local affiliates of KPMG Malaysia	105	127	6	5
- Overseas affiliates of KPMG Malaysia	1,102	-	900	-
- Other auditors	4	39	-	-
Depreciation of property, plant and equipment	24,886	31,384	270	259
Depreciation of investment property	747	714	-	-
Direct operating expenses of investment properties	252	243	-	-
Impairment loss				
- trade receivables	588	203	-	-
Loss on disposal of property, plant and equipment	-	-	80	-
Net foreign exchange loss				
- realised	-	-	30	70
- unrealised	352	675	-	-
Personnel expenses (including key management personnel)				
- Employee benefits	1,570	214	321	152
- Termination benefits	261	2,117	-	-
- Contributions to state plans	7,966	8,379	304	1,364
- Wages, salaries and others	105,816	101,741	-	7,825
Property, plant and equipment written off	88	28	-	-
Provision of warranties	19,483	5,333	-	-
Rental of premises	2,685	1,034	-	-
Royalties	13,999	9,948	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. Profit before tax (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
and after crediting:				
Gain on disposal of property, plant and equipment	134	504	-	-
Gain on disposal of asset held for sale	-	461	-	-
Net foreign exchange gain				
- realised	4,845	-	-	-
- unrealised	444	-	-	58
Rental income from investment property	2,355	2,167	-	-
Reversal of impairment loss				
- trade receivables	345	852	-	-
- property, plant and equipment	-	254	-	-
Reversal of provision of warranties	441	933	-	-
Grossed dividends received from subsidiaries	-	-	141,521	10,412

25. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors				
- Fees	256	284	256	284
- Remuneration	6,111	4,898	4,846	4,303
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	1,278	122	1,209	58
Total short-term employee benefits	7,645	5,304	6,311	4,645
Post-employment benefits	65	91	8	90
	7,710	5,395	6,319	4,735
Other key management personnel:				
- Short-term employee benefits	3,594	2,090	-	-
- Post-employment benefits	162	77	-	-
	3,756	2,167	-	-
	11,466	7,562	6,319	4,735

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

NOTES TO THE FINANCIAL STATEMENTS

26. Income tax expense

Recognised in profit or loss

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Recognised in profit or loss				
Income tax expense	40,634	34,337	980	2,201
Share of tax of associate	186	-	-	-
Share of tax of joint ventures	4,546	1,187	-	-
	45,366	35,524	980	2,201
Current tax expense				
Malaysia				
- current year	43,332	33,698	168	2,171
- (over)/under provision in prior year	(367)	(715)	699	(40)
Overseas				
- current year	240	-	-	-
- under provision in prior year	-	303	-	-
Total current tax recognised in profit or loss	43,205	33,286	867	2,131
Others	190	322	5	-
Deferred tax expense				
- Origination and reversal of temporary differences	(1,000)	868	98	111
- (Over)/Under provision in prior year	(1,761)	(139)	10	(41)
Total deferred tax recognised in profit or loss	(2,761)	729	108	70
Share of tax of associate	186	-	-	-
Share of tax of joint ventures	4,546	1,187	-	-
Total income tax expense	45,366	35,524	980	2,201

Reconciliation of tax expense

Profit for the year	136,868	125,187	136,377	6,642
Total income tax expense	45,366	35,524	980	2,201
Profit excluding tax	182,234	160,711	137,357	8,843
Income tax using Malaysian tax rate of 25% (2012: 25%)	45,559	40,178	34,339	2,211
Non-deductible expenses	4,752	1,542	1,318	71
Tax exempt income	(125)	(279)	(35,250)	-
Tax incentives	(3,243)	(5,522)	(141)	-
Other items	361	(166)	-	-
Withholding tax	190	322	5	-
	47,494	36,075	271	2,282
Malaysia				
(Over)/Under provision of tax expense in prior year	(367)	(715)	699	(40)
(Over)/Under provision of deferred tax expense in prior year	(1,761)	(139)	10	(41)
Overseas				
Under provision of tax expense in prior year	-	303	-	-
Total tax expense	45,366	35,524	980	2,201

NOTES TO THE FINANCIAL STATEMENTS

27. Other comprehensive (expense)/income

	Group					
	Before tax RM'000	2013 Tax RM'000	Net of tax RM'000	Before tax RM'000	2012 Tax RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	2,180	(545)	1,635	-	-	-
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations						
- Losses arising during the financial year	(5,308)	-	(5,308)	(5,991)	-	(5,991)
	(3,128)	(545)	(3,673)	(5,991)	-	(5,991)

	Company		
	Before tax RM'000	Tax RM'000	Net of tax RM'000
2013			
Items that will not be classified subsequently to profit or loss			
Remeasurement of defined benefit liability	(87)	22	(65)

28. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2013	2012
Profit for the year attributable to ordinary shareholders (RM'000)	123,789	113,602
Weighted average number of ordinary shares ('000 units)		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(5,912)	(5,910)
Weighted average number of ordinary shares at 31 December	195,688	195,690
Basic earnings per ordinary share (sen)	63.3	58.1

NOTES TO THE FINANCIAL STATEMENTS

29. Dividends

Dividends recognised by the Company:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2013			
Special interim 2013 ordinary	22.50	44,030	30 September 2013
Interim 2013 ordinary	7.50	14,677	30 September 2013
Final 2012 ordinary	9.00	17,612	28 June 2013
Special final 2012 ordinary	7.50	14,677	28 June 2013
		90,996	
2012			
Interim 2012 ordinary	7.50	14,677	28 September 2012
Final 2011 ordinary	9.00	17,612	28 June 2012
Special final 2011 ordinary	7.50	14,677	28 June 2012
		46,966	

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

	Sen per share	Total amount RM'000
Final 2013 ordinary-single tier	12.00	23,483

30. Capital and other commitments

	Group 2013 RM'000	2012 RM'000
Property, plant and equipment		
Contracted but not provided for and payable within one year	10,809	18,853
Authorised but not contracted for	36,701	1,675

31. Related parties

Identity of related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS

31. Related parties (continued)

Identity of related parties

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 32.
- ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH"). TCC and WH are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group"). TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

The Director of the Company, Dato' Tan Heng Chew is deemed interested in the shares held by TCC and WH by virtue of Section 6A of the Companies Act, 1965.

For the purpose of related parties transactions and balances disclosure, the Group and the Company treat TCC as the ultimate controlling shareholder.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
With TCMH Group				
Sales	111,280	128,030	-	-
Purchases	(7,497)	(7,224)	-	(88)
Administrative and consultancy services	(1,282)	(883)	19	(234)
Insurance	(2,903)	(2,417)	-	(102)
Rental expenses	(11)	(11)	-	-
Rental income	1,824	1,381	-	-
With WTCH Group				
Sales	27	20	-	-
Purchases	-	(351)	-	(235)
Administrative and consultancy services	(3,066)	(2,070)	-	-
Rental expenses	(253)	(253)	-	-
With TCIL Group				
Sales	73,837	1,048	-	-
Purchases	-	(2)	-	-
Administrative and consultancy services	(1,095)	(581)	-	-

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

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

The outstanding net amounts due from/(to) related parties are disclosed in Note 12 and Note 20 respectively.

There are no allowances for impairment losses made and no bad or doubtful receivables recognised for the financial year ended 31 December 2013 and 31 December 2012 in respect of related parties balances.

NOTES TO THE FINANCIAL STATEMENTS

31. Related parties (continued)

Identity of related parties (continued)

- ii) The significant related party transactions of the Company, other than key management personnel compensation (see Note 25), are as follows:

Company	Transactions value for the year ended 31 December	
	2013 RM'000	2012 RM'000
Subsidiaries		
Management fees receivable	-	8,890

32. Subsidiaries

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

Name of subsidiary	Principal activities	Effective ownership interest	
		2013 %	2012 %
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators	100	100
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

32. Subsidiaries (continued)

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

Name of subsidiary	Principal activities	Effective ownership interest	
		2013 %	2012 %
APM Automotive International Ltd.	Investment holding	100	100
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
APM IAC Automotive Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive interior plastic component and systems	60	60
APM Corporate Services Sdn. Bhd.	Provision of management services	100	100
APM Engineering & Research Sdn. Bhd.	Provision of automotive research and development	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM Motorsport Sdn. Bhd.	Dormant	100	100
APM Radiators Sdn. Bhd.	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
Atsugi Parts Manufacturing Sdn. Bhd.	Dormant	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
APM Suspension Systems Sdn. Bhd.	Dormant	100	100
APM Automotive Modules Sdn. Bhd.	Assembly and sale of door trim module and instrument panel module parts	100	100
APM Thermal Systems Sdn. Bhd.	Dormant	100	100
APM Auto Safety Systems Sdn Bhd (formerly known as TC- Kinugawa Rubber Sdn. Bhd.)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

32. Subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest	
		2013 %	2012 %
APM-Coachair Sdn Bhd (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and provision of after sales service for bus coach air conditioning	100	50
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 Springs (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Auto Components (USA) Inc. * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Marketing and sale of automotive parts and accessories	100	100
Radiators Australia (2000) Pty. Ltd. * (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive and industrial radiators and other automotive components	100	100
P.T. APM Armada Suspension * (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and distribution of coil springs and leaf springs	100	100
APM Auto Components (Vietnam) Co., Ltd. * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles	100	100
P.T. APM Auto Components Indonesia * (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and sale automotive heat exchange product	100	100
APM Automotive IndoChina Ltd. *	Investment holding	100	100
APM Automotive Thailand Ltd. *	Investment holding	100	100
APM Automotive Myanmar Ltd. *	Investment holding	100	100
APM Auto Components Myanmar Co., Ltd* (held via 100% owned subsidiary, APM Automotive Myanmar Ltd.)	Dormant	100	-
APM Auto Components (Thailand) Ltd* (held via 100% owned subsidiary, APM Automotive Thailand Ltd.)	Dormant	100	-

NOTES TO THE FINANCIAL STATEMENTS

32. Subsidiaries (continued)

APM Components America Inc. and APM Holdings Inc. are incorporated in Canada. APM Springs (Vietnam) Co., Ltd. and APM Auto Components (Vietnam) Co., Ltd. are incorporated in Vietnam. APM Auto Components (USA) Inc. is incorporated in the United States of America. Radiators Australia (2000) Pty. Ltd. is incorporated in Australia. P.T. APM Armada Suspension and P.T. APM Auto Components Indonesia are incorporated in Indonesia. APM Automotive Components (Thailand) Ltd. is incorporated in Thailand. APM Auto Component Myanmar Co, Ltd are incorporated in Myanmar. All other subsidiaries are incorporated in Malaysia.

* Audited by another firm of Public Accountants

33. Operating segments

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

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

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

Segment assets

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

Segment liabilities

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

Segment capital expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

33. Operating segments (continued)

	Suspension 2013 RM'000	Interior and plastics 2013 RM'000	Electrical and heat exchange 2013 RM'000	Marketing 2013 RM'000	Operations outside Malaysia 2013 RM'000	Others 2013 RM'000	Eliminations 2013 RM'000	Total 2013 RM'000
Segment profit/(loss)	11,539	128,899	18,290	12,122	9,767	(2,547)	(568)	177,502
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	121,578	685,210	229,317	195,814	24,584	2,517	-	1,259,020
Inter-segment revenue	118,897	302,899	24,200	5,524	14,940	27,578	(494,038)	-
Provisions for warranties	1,637	1,673	6,393	130	-	9,650	-	19,483
Depreciation and amortisation	(7,168)	(9,510)	(3,755)	(109)	(2,421)	(4,072)	894	(26,141)
Finance income	1,382	6,544	588	941	679	10,272	(10,095)	10,311
<i>Not included in the measure of segment profit but provided to CODM:</i>								
Income tax expense	(3,879)	(29,297)	(4,659)	(2,958)	(241)	(1,393)	1,793	(40,634)
Segment assets	221,585	524,840	168,478	27,573	135,811	625,457	(489,617)	1,214,127
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	3,870	11,612	2,423	363	3,433	29,545	(535)	50,711
	Suspension 2012 RM'000	Interior and plastics 2012 RM'000	Electrical and heat exchange 2012 RM'000	Marketing 2012 RM'000	Operations outside Malaysia 2012 RM'000	Others 2012 RM'000	Eliminations 2012 RM'000	Total 2012 RM'000
Segment profit	16,854	106,199	14,427	12,720	6,946	1,644	734	159,524
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	109,835	568,912	222,302	198,550	20,794	2,676	78	1,123,147
Inter-segment revenue	116,485	197,821	23,842	6,682	19,351	27,209	(391,390)	-
Provisions for warranties	2,855	1,326	1,668	163	(679)	-	-	5,333
Depreciation and amortisation	(6,965)	(15,609)	(4,047)	(94)	(2,772)	(3,596)	385	(32,698)
Finance income	1,349	6,825	464	1,055	475	11,284	(10,064)	11,388

NOTES TO THE FINANCIAL STATEMENTS

33. Operating segments (continued)

	Suspension 2012 RM'000	Interior and plastics 2012 RM'000	Electrical and heat exchange 2012 RM'000	Marketing 2012 RM'000	Operations outside Malaysia 2012 RM'000	Others 2012 RM'000	Eliminations 2012 RM'000	Total 2012 RM'000
<i>Not included in the measure of segment profit but provided to CODM:</i>								
Income tax expense	884	(26,442)	(3,127)	(2,847)	(1,647)	(5,799)	4,641	(34,337)
Segment assets	215,997	487,644	153,984	55,134	104,915	549,228	(446,795)	1,120,107
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments and deferred tax assets								
	8,740	9,566	1,370	34	10,204	8,846	-	38,760

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Group	
	Revenue RM'000	Non-current assets RM'000
2013		
Malaysia	1,234,436	237,380
Indonesia	4,465	57,953
Vietnam	13,316	10,812
Other countries	6,803	1,160
	1,259,020	307,305
2012		
Malaysia	1,102,353	217,464
Indonesia	2,850	47,755
Vietnam	9,934	10,880
Other countries	8,010	96
	1,123,147	276,195

NOTES TO THE FINANCIAL STATEMENTS

33. Operating segments (continued)

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segments
	2013 RM'000	2012 RM'000	
All common control companies of:			
- Company A	457,358	437,885	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company B	105,362	160,402	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company C	99,231	114,874	Suspension, Interior and Plastics and Electrical and Heat Exchange

34. Financial instruments

34.1 Categories of financial instruments

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

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

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000
Financial assets			
Group			
2013			
Trade and other receivables, including derivatives	277,755	277,689	66
Cash and cash equivalents	306,416	306,416	-
	584,171	584,105	66
Company			
Trade and other receivables, including derivatives	48,140	48,140	-
Cash and cash equivalents	3,215	3,215	-
	51,355	51,355	-
Financial liabilities			
Group			
2013			
Loans and borrowings	(12,847)	(12,847)	-
Trade and other payables, including derivatives	(215,851)	(215,604)	(247)
	(228,698)	(228,451)	(247)

NOTES TO THE FINANCIAL STATEMENTS

34. Financial instruments (continued)

34.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL -HFT RM'000
Company			
Trade and other payables, including derivatives	(6,131)	(6,131)	-
Financial assets			
Group			
2012			
Trade and other receivables, including derivatives	216,287	215,610	677
Cash and cash equivalents	424,909	424,909	-
	641,196	640,519	677
Company			
Trade and other receivables, including derivatives	40,633	40,633	-
Cash and cash equivalents	3,136	3,136	-
	43,769	43,769	-
Financial liabilities			
Group			
2012			
Loans and borrowings	(20,570)	(20,570)	-
Trade and other payables, including derivatives	(163,609)	(162,520)	(1,089)
	(184,179)	(183,090)	(1,089)
Company			
Trade and other payables, including derivatives	(31,766)	(31,766)	-

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Loans and receivables	15,005	11,362	963	1,147
Financial liabilities measured at amortisation cost	(339)	(597)	(151)	(63)
Fair value through profits or loss	(181)	(412)	-	-
	14,485	10,353	812	1,084

35. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.1 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

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

	Group	
	2013	2012
	RM'000	RM'000
Malaysia	255,806	199,552
Asia	3,408	3,432
Europe	3,784	1,959
North America	2,147	1,556
South America	723	2,447
Oceania	1,764	1,330
	267,632	210,276

Impairment losses

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

Group	Gross	Impairment	Net
	RM'000	RM'000	RM'000
31 December 2013			
Not past due	190,424	(303)	190,121
Past due 0 - 90 days	69,672	-	69,672
Past due 91 - 180 days	7,788	(33)	7,755
Past due more than 180 days	1,049	(965)	84
	268,933	(1,301)	267,632

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.1 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

	Gross RM'000	Impairment RM'000	Net RM'000
31 December 2012			
Not past due	183,978	-	183,978
Past due 0 - 90 days	16,404	-	16,404
Past due 91 - 180 days	3,008	(52)	2,956
Past due more than 180 days	7,944	(1,006)	6,938
	211,334	(1,058)	210,276

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

	2013 RM'000	2012 RM'000
At 1 January	1,058	1,711
Impairment loss recognised	588	203
Impairment loss reversed	(345)	(852)
Effect of movement in exchange rate	-	(4)
At 31 December	1,301	1,058

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

Inter company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.1 Credit risk (continued)

Other financial assets

Risk management objectives, policies and processes for managing the risk

The Group and the Company are also exposed to counterparty credit risk from financial institutions through fund placement activities. These exposures are managed in accordance with the existing guidelines and procedures that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating additional returns above appropriate benchmarks within allowable risk parameters. Investments are only made with reputable licensed financial institutions with high creditworthiness.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

35.2 Liquidity risk

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

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

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

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	Under 1 year RM'000	1 - 3 years RM'000
Group					
31 December 2013					
<i>Non-derivative financial liabilities</i>					
Unsecured bankers' acceptances	541	3.8	541	541	-
Unsecured foreign currency trade loan	12,306	0.9	12,357	12,357	-
Trade and other payables, excluding derivatives	215,604	-	215,604	215,604	-
	228,451		228,502	228,502	-
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Outflow	181	-	20,084	20,084	-
Inflow	-	-	(19,903)	(19,903)	-
	228,632	-	228,683	228,683	-

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.2 Liquidity risk (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	Under 1 year RM'000	1 - 3 years RM'000
31 December 2013					
<i>Non-derivative financial liabilities</i>					
Trade and other payables, excluding derivatives	6,131		6,131	6,131	-
Group					
31 December 2012					
<i>Non-derivative financial liabilities</i>					
Unsecured bankers' acceptances	14,453	3.3	14,453	14,453	-
Unsecured foreign currency trade loan	6,117	1.3	6,147	6,147	-
Trade and other payables, excluding derivatives	162,520	-	162,520	162,520	-
	183,090		183,120	183,120	
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Outflow	412	-	43,124	43,124	-
Inflow	-	-	(42,712)	(42,712)	-
	183,502		183,532	183,532	-
Company					
31 December 2012					
<i>Non-derivative financial liabilities</i>					
Trade and other payables, excluding derivatives	31,766	-	31,766	31,766	-

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows. The Group is exposed to risk arising from foreign exchange rates and interest rates.

35.3.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.3 Market risk (continued)

35.3.1 Currency risk (continued)

Exposure to foreign currency risk

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

Group <i>In thousands RM</i>	Denominated in					
	USD	JPY	EURO	AUD	IDR	THB
31 December 2013						
Trade receivables	12,073	160	3,383	682	912	-
Trade payables	(14,885)	(12,038)	(752)	(577)	(1,391)	(8,709)
Forward exchange contracts	(113)	42	(47)	-	-	(24)
Net exposure	(2,925)	(11,836)	2,584	105	(479)	(8,733)
31 December 2012						
Trade receivables	6,492	238	1,682	1,220	2,789	-
Trade payables	(275)	(8,221)	(1,391)	(2)	(1,364)	(8,756)
Forward exchange contracts	563	(977)	(20)	8	-	9
Net exposure	6,780	(8,960)	271	1,226	1,425	(8,747)

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

35.3.2 Interest rate risk

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed rate instruments				
Financial asset				
Deposits placed with licensed banks	242,463	329,425	-	-
Financial liabilities				
Unsecured Foreign currency trade loan	(12,306)	(6,117)	-	-
Unsecured bankers' acceptances	(541)	(14,453)	-	-
	229,616	308,855	-	-
Floating rate instrument				
Financial asset				
Corporate management accounts	45,267	75,648	1,706	2,266

As the Group does not fair value its fixed rate instruments, the Group is not exposed to fair value risk.

As cash flow risk arising from floating rate instruments is not material, sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS

35. Financial risk management (continued)

35.4 Fair value information

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

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2013										
Financial assets										
Forward exchange contracts	-	66	-	66	-	-	-	-	66	66
	-	66	-	66	-	-	-	-	66	66
Financial liabilities										
Forward exchange contracts	-	(247)	-	(247)	-	-	-	-	(247)	(247)
2012										
Financial assets										
Forward exchange contracts	-	677	-	677	-	-	-	-	677	677
	-	677	-	677	-	-	-	-	677	677
Financial liabilities										
Forward exchange contracts	-	(1,089)	-	(1,089)	-	-	-	-	(1,089)	(1,089)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2012: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS

36. Capital management

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

The Group reviews and manages its capital structure maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at 31 December 2012 and 2013, the Group was in net cash position.

	Group	
	31.12.2013	31.12.2012
	RM'000	RM'000
Cash and cash equivalents (Note 14)	306,416	424,909
Less: Loans and borrowings (Note 18)	(12,847)	(20,570)
Net cash	293,569	404,339

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

37. Dilution of interest in a joint venture

On 6 September 2013, the shareholding in P.T. Armada Johnson Controls held via P.T. APM Armada Autoparts which is a joint venture of the Group, was diluted from 25% to 12.5% to become an associate.

38. Comparative figures

The Group and the Company adopted MFRS 11, Joint Arrangements on 1 January 2013. The transition has resulted in a change in its accounting policies from proportionate consolidation of joint ventures to equity accounting.

The change in accounting policy has been applied retrospectively in accordance with the requirements of MFRS 11. The financial impacts are presented below.

38.1 Reconciliation of financial position

Group	← 1.1.2012 →			← 31.12.2012 →		
	As previously stated RM'000	Effect of adoption of MFRS 11 RM'000	As restated RM'000	As previously stated RM'000	Effect of adoption of MFRS 11 RM'000	As restated RM'000
Assets						
Property, plant and equipment	246,021	(13,053)	232,968	228,698	(16,221)	212,477
Prepaid lease payments	7,649	(1,597)	6,052	18,212	(2,926)	15,286
Investment properties	1,177	-	1,177	17,002	-	17,002
Investment in joint ventures	-	28,684	28,684	-	30,956	30,956
Intangible assets	799	-	799	1,726	(1,252)	474
Deferred tax assets	15,586	(635)	14,951	13,405	(604)	12,801
Total non-current assets	271,232	13,399	284,631	279,043	9,953	288,996

NOTES TO THE FINANCIAL STATEMENTS

38. Comparative figures (continued)

38.1 Reconciliation of financial position (continued)

Group	1.1.2012			31.12.2012		
	As previously stated RM'000	Effect of adoption of MFRS 11 RM'000	As restated RM'000	As previously stated RM'000	Effect of adoption of MFRS 11 RM'000	As restated RM'000
Inventories	163,609	(7,499)	156,110	176,804	(9,177)	167,627
Current tax assets	5,694	(658)	5,036	5,008	(516)	4,492
Trade and other receivables, including derivatives	211,026	(9,644)	201,382	229,271	(12,984)	216,287
Deposits and prepayments	19,304	(4,928)	14,376	21,775	(3,979)	17,796
Cash and cash equivalents	393,637	(8,106)	385,531	427,012	(2,103)	424,909
Assets classified as held for sale	9,478	-	9,478	-	-	-
Total current assets	802,748	(30,835)	771,913	859,870	(28,759)	831,111
Total non-current assets	1,073,980	(17,436)	1,056,544	1,138,913	(18,806)	1,120,107
Equity						
Share capital	201,600	-	201,600	201,600	-	201,600
Reserves	640,949	-	640,949	698,840	-	698,840
Treasury shares	(12,786)	-	(12,786)	(12,796)	-	(12,796)
Total equity attributable to owners of the Company	829,763	-	829,763	887,644	-	887,644
Non-controlling interest	25,298	-	25,298	20,821	-	20,821
Total equity	855,061	-	855,061	908,465	-	908,465
Liabilities						
Employee benefits	14,761	(557)	14,204	14,010	(823)	13,187
Loans and borrowings	-	-	-	795	(795)	-
Deferred tax liabilities	2,765	-	2,765	1,344	-	1,344
Total non-current liabilities	17,526	(557)	16,969	16,149	(1,618)	14,531
Loans and borrowings	21,677	(3,210)	18,467	25,308	(4,738)	20,570
Provisions	9,011	(157)	8,854	9,443	(79)	9,364
Trade and other payables, including derivatives	166,717	(12,950)	153,767	175,980	(12,371)	163,609
Current tax liabilities	3,988	(562)	3,426	3,568	-	3,568
Total current liabilities	201,393	(16,879)	184,514	214,299	(17,188)	197,111
Total liabilities	218,919	(17,436)	201,483	230,448	(18,806)	211,642
Total equity and liabilities	1,073,980	(17,436)	1,056,544	1,138,913	(18,806)	1,120,107

The transition to MFRS 11 does not have financial impact to the separate statement of profit or loss and other comprehensive income of the Company.

NOTES TO THE FINANCIAL STATEMENTS

38. Comparative figures (continued)

38.2 Reconciliation of profit or loss and other comprehensive income for the year ended 31 December 2012

Group	As previously RM'000	Effect of transition to MFRS 11 RM'000	As restated RM'000
Revenue	1,198,475	(75,328)	1,123,147
Cost of sales	(955,351)	61,392	(893,959)
Gross profit	243,124	(13,936)	229,188
Other income	9,735	(848)	8,887
Distribution expenses	(29,402)	4,020	(25,382)
Administrative expenses	(67,475)	4,628	(62,847)
Other expenses	(5,818)	423	(5,395)
Results from operating activities	150,164	(5,713)	144,451
Finance costs	(946)	349	(597)
Finance income	11,493	(105)	11,388
Net finance income	10,547	244	10,791
Share of profit of joint ventures	-	4,282	4,282
Profit before tax	160,711	(1,187)	159,524
Income tax expense	(35,524)	1,187	(34,337)
Profit for the year	125,187	-	125,187
Other comprehensive income			
Foreign currency translation differences for foreign operations	(5,991)	-	(5,991)
Other comprehensive income for the year	(5,991)	-	(5,991)
Total comprehensive income for the year	119,196	-	119,196

There are no changes in basic earnings per ordinary shares.

38.3 Reconciliation of statement of cash flows for the year ended 31 December 2012

Group	As previously stated RM'000	Effect of transition to MFRS 11 RM'000	As restated RM'000
Cash flows from operating activities			
Profit before tax	160,711	(1,187)	159,524
<i>Adjustments for:</i>			
Amortisation of intangible assets	443	-	443
Amortisation of prepaid lease payment	162	(5)	157
Depreciation of investment properties	714	-	714
Depreciation of property, plant and equipment	33,018	(1,634)	31,384
Employee benefits	544	(330)	214
Finance costs	946	(349)	597

NOTES TO THE FINANCIAL STATEMENTS

38. Comparative figures (continued)

38.3 Reconciliation of statement of cash flows for the year ended 31 December 2012 (continued)

Group	As previously stated RM'000	Effect of transition to MFRS 11 RM'000	As restated RM'000
Cash flows from operating activities (continued)			
Impairment loss on property, plant and equipment written back	(254)	-	(254)
Interest income	(11,493)	105	(11,388)
(Gain)/loss on disposal of property, plant and equipment	(504)	20	(484)
Gain on disposal of asset held for sale	(461)	-	(461)
Provision of warranties	5,362	(29)	5,333
Provision of warranties reversed	(985)	52	(933)
Property, plant and equipment written off	28	-	28
Share of profit of joint ventures	-	(4,282)	(4,282)
Operating profit before changes in working capital	188,231	(7,639)	180,592
Deposits and prepayments	(2,471)	(949)	(3,420)
Inventories	(5,824)	1,678	(4,146)
Trade and other payables, including derivatives	9,263	(24,168)	(14,905)
Trade and other receivables, including derivatives	(18,245)	28,087	9,842
Cash generated from operations	170,954	(2,991)	167,963
Cash generated from operations	170,954	(2,991)	167,963
Employee benefits paid	(1,232)	17	(1,215)
Interest received	11,493	(105)	11,388
Interest paid	(946)	349	(597)
Warranties paid	(3,936)	55	(3,881)
Income tax paid	(34,611)	85	(34,526)
Net cash generated from operating activities	141,722	(2,590)	139,132
Cash flows from investing activities			
Acquisition of property, plant and equipment	(34,884)	5,950	(28,934)
Additions of intangible assets	(1,370)	1,252	(118)
Acquisition of non-controlling interest in a subsidiary	(5,570)	-	(5,570)
Lease payment for leasehold land	(11,171)	1,463	(9,708)
Proceeds from disposal of property, plant and equipment	768	(82)	686
Proceeds from disposal of asset held for sale	2,509	-	2,509
Net cash used in investing activities	(49,718)	8,583	(41,135)
Cash flows from financing activities			
Dividends paid to non-controlling interest	(15,166)	-	(15,166)
Dividends paid to owners of the Company	(46,966)	-	(46,966)
Repayment of revolving credit	(1,330)	(1,528)	(2,858)
Drawdown of secured term loan	795	(795)	-
Drawdown of banker's acceptance	5,715	-	5,715
Repayment of foreign currency trade loan	(754)	-	(754)
Purchase of Company's own shares	(10)	-	(10)
Subscription of shares in a subsidiary by non-controlling interest	1,920	-	1,920
Net cash used in financing activities	(55,796)	(2,323)	(58,119)
Net increase in cash and cash equivalents	36,208	3,670	39,878
Effect of exchange rate fluctuations on cash held	(2,833)	2,333	(500)
Cash and cash equivalents at 1 January	393,637	(8,106)	385,531
Cash and cash equivalents at 31 December	427,012	(2,103)	424,909

NOTES TO THE FINANCIAL STATEMENTS

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

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2013		2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits	713,550	195,224	668,512	149,764
- unrealised (losses)/profits	(9,767)	73	786	217
	703,783	195,297	669,298	149,981
Total share of retained earnings of associate:				
- realised profits	8,260	-	-	-
Total share of retained earnings of joint ventures:				
- realised profits	21,834	-	24,882	-
- unrealised profits	-	-	450	-
	733,877	195,297	694,630	149,981
Less: consolidation adjustments	(11,673)	-	(6,854)	-
Total retained earnings	722,204	195,297	687,776	149,981

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2011.

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

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 36 to 98 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 99 has been properly compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Low Seng Chee

.....
Dato' Tan Eng Hwa

Kuala Lumpur,

Date: 8 April 2014

Statutory Declaration

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

I, **Lee Yuen Lin**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 99 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 2014.

.....
Lee Yuen Lin

Before me:

Lee Chin Hin

No. W493

Commissioner for Oaths
 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of APM Automotive Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 98.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 32 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of APM Automotive Holdings Berhad

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 39 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

We draw attention to the fact that US\$ equivalent statements of financial position and statement comprehensive income on page 37 and page 39 do not form part of audited financial statement. We have not audited these statement and accordingly, we do not express an opinion on these statement.

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Thong Foo Vung

Approval Number: 2867/08/14(J)
Chartered Accountant

Petaling Jaya,

Date: 8 April 2014

GROUP PROPERTIES

Location	Description	Land Area (sq m)	Tenure Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse & vacant land	40,545	Leasehold/ 21.06.2092	7,632	16	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse & vacant land	42,046	Leasehold/ 21.06.2092	7,499	19	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	22,029	27	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	2,813	35	1984	1974
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory & warehouse	16,186	Leasehold/ 19.10.2076	12,319	4	-	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	12,175	2-17	-	1996
Lot 19712,19713,19714, 19715, 19716,19717 Persiaran Raja Muda Musa	Vacant	1,220	Freehold	2,003	-	-	2011
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	125	17	-	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	202	17	-	2001
HS(D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse & vacant land	32,325	Freehold	19,939	5-11	-	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse & vacant land	32,354	Freehold	16,829	4-9	-	2002

GROUP PROPERTIES

Location	Description	Land Area (sq m)	Tenure Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
No.12 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	7,766	14	-	2012
Lots 17295, 17296,17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse and vacant land	39,882	Freehold	11,511	9	-	2004
C-G-05, LG, 1 st , 2 nd , 3 rd , 3A th , Floor, Block C, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan	Office	1,294	Freehold	11,297	1	-	2013
No. 5, Jalan Jasmine 3, Bandar Bukit Beruntung, 48300 Rawang, Selangor	Factory & Warehouse	16,172	Freehold	15,115	8	-	2013
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	2,358	Freehold	1,098	3	-	2000
Suryacipta City of Industry Jl. Surya Utama kav. I-15 A Ciampel, Karawang Jawa Barat 41361 Indonesia	Factory, office & warehouse	20,131	Leasehold 25.05.2025	5,675	6	-	2008
Jl. Surya Kencana Kav 1- MIJK Ciampel, Karawang Jawa Barat 41363 Indonesia	Vacant industrial land	37,517	Leasehold 25.05.2025	9,144	-	-	2012
25 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District, Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	10,000	Leasehold 08.08.2054	2,231	9	-	2004
25A Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District, Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	10,000	Leasehold 08.08.2054	3,555	4	-	2009
27 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District, Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	10,000	Leasehold 08.08.2054	2,446	-	-	2010

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2014

ANALYSIS BY SIZE OF HOLDINGS*(Based on Record of Depositors as at 31 March 2014)*

Size of shareholders	No. of shareholders	% of shareholders	No. of shares held	% of issued capital
1 - 99	411	7.361	15,413	0.007
100 – 1,000	3,438	61.579	1,361,910	0.695
1,001 - 10,000	1,396	25.004	4,605,535	2.353
10,001 – 100,000	240	4.298	7,127,727	3.642
100,001 – 9,784,314	97	1.737	117,680,461	60.137
9,784,315 and above	1	0.017	64,895,254	33.162
Sub Total	5,583	100.000	195,686,300	100.000
Treasury Shares			5,913,700	
	5,583	100.000	201,600,000	100.000

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS*(based on Register of Substantial Shareholders as at 31 March 2014)*

Name of Substantial Shareholders	Direct No. of shares held	%	Indirect No. of shares held	%
Tan Chong Consolidated Sdn. Bhd.	75,944,854	38.81	2,094,023	1.07 ¹
Wealthmark Holdings Sdn. Bhd.	15,260,600	7.80	-	
Dato' Tan Heng Chew	5,924,999	3.03	93,299,477	47.68 ²
Tan Eng Soon	-	-	93,299,477	47.68 ³
Tan Kheng Leong	30,000	0.02	78,038,877	39.88 ⁴

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

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

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

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

* Percentage is based on issued shares less treasury shares.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2014

SHAREHOLDINGS OF DIRECTORS

(Based on Register of Directors as at 31 March 2014)

Name of Directors	No. of shares held	%	No. of shares held	%
Dato' Tan Heng Chew	5,924,999	3.03	96,763,835	49.45 ¹
Dato' Tan Eng Hwa	207,008	0.11	15,267,728	7.80 ²
Nicholas Tan Chye Seng (Appointed on 1 June 2013)	176,100	0.09 ³	-	
Dato' Haji Kamaruddin@ Abas bin Nordin	5,448	0.003 ³	-	
Siow Tiang Sae (Appointed on 1 June 2013)	2,050	0.001 ³		

The other directors, Low Seng Chee, Dato' N. Sadasivan, Sow Soon Hock and Heng Ji Keng do not have any shares, whether direct or indirect, in the Company.

¹ Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.

² Deemed interest by virtue of interests in WH and Solomon House Sdn. Bhd. pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act..

³ Less than 0.01%.

* Percentage is based on issued shares less treasury shares.

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

(Based on Record of Depositors as at 31 March 2014)

NO.	NAME	NO. OF SHARES HELD	%
1	Tan Chong Consolidated Sdn. Bhd.	64,895,254	33.162
2	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account – Ambank (M) Berhad for Wealthmark Holdings Sdn. Bhd.</i>	9,010,000	4.604
3	Tan Chong Consolidated Sdn. Bhd.	8,839,600	4.517
4	Tan Kim Hor	7,077,964	3.616
5	Amanahraya Trustees Berhad <i>Public Islamic Optical Growth Fund</i>	5,699,100	2.912
6	Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH (Lux) SCA for Fidelity Funds Asean</i>	4,597,600	2.349
7	HSBC Nominees (Asing) Sdn. Bhd. <i>TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.</i>	4,503,800	2.301
8	Kumpulan Wang Persaraan (Diperbadankan)	3,824,700	1.954
9	Maybank Nominees (Asing) Sdn. Bhd. <i>DBS Bank for One North Capital – Asia Value Master Fund (290017)</i>	3,656,000	1.868
10	Amanahraya Trustees Berhad <i>Public Smallcap Fund</i>	3,487,100	1.781

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2014

NO. NAME	NO. OF SHARES HELD	%
11 AMSEC Nominees (Tempatan) Sdn. Bhd. <i>Ambank (M) Berhad (Hedging)</i>	2,800,000	1.430
12 CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PBCL-0G0031)</i>	2,522,508	1.289
13 Wealthmark Holdings Sdn. Bhd.	2,511,100	1.283
14 CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Tan Heng Chew (MM1063)</i>	2,463,600	1.258
15 Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (AMUNDI)</i>	2,400,600	1.226
16 Pang Sew Ha @ Phang Sui Har	2,384,156	1.218
17 Tan Chong Consolidated Sdn. Bhd.	2,210,000	1.129
18 Hong Leong Assurance Berhad <i>As Beneficial Owner (Life Par)</i>	2,150,000	1.098
19 HSBC Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for HSBC (Malaysia) Trustee Berhad (D09-6061)</i>	2,094,023	1.070
20 HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for the Bank of New York Mellon (Mellon Acct)</i>	2,075,800	1.060
21 Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	1,960,600	1.001
22 CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)</i>	1,900,000	0.970
23 Tan Boon Pun	1,862,621	0.951
24 Chinchoo Investment Sdn. Bhd.	1,735,300	0.886
25 Malaysia Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	1,698,300	0.867
26 Tan Ban Leong	1,639,108	0.837
27 Tan Beng Keong	1,639,108	0.837
28 Tan Chee Keong	1,639,108	0.837
29 Tan Hoe Pin	1,639,108	0.837
30 Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH (Lux) SCA for Fidelity Funds Malaysia</i>	1,335,700	0.682

* Percentage is based on issued shares less treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of APM AUTOMOTIVE HOLDINGS BERHAD ("Company") will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia, on Wednesday 28 May 2014 at 11:00 a.m. to transact the following businesses:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To declare a final single tier dividend of 12% for the financial year ended 31 December 2013. *(Resolution 2)*
3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 76 of the Company's Articles of Association:-
 - (i) Mr Siow Tiang Sae *(Resolution 3)*
 - (ii) Mr Nicholas Tan Chye Seng *(Resolution 4)*
 - (iii) Mr Sow Soon Hock *(Resolution 5)*
4. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 96 of the Company's Articles of Association:-
 - (i) Mr Low Seng Chee *(Resolution 6)*
 - (ii) Dato' Tan Eng Hwa *(Resolution 7)*
 - (iii) Mr Heng Ji Keng *(Resolution 8)*
5. To consider and if thought fit, to pass the following resolutions:-
 - (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Kamaruddin @ Abas Nordin be and is hereby re-appointed as Director of the Company to hold office until the next annual general meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." *(Resolution 9)*
 - (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' N. Sadasivan be and is hereby re-appointed as Director of the Company to hold office until the next annual general meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." *(Resolution 10)*
6. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to fix their remuneration. *(Resolution 11)*

As Special Business

To consider and if thought fit, to pass the following resolutions:

7. 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 ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 12)

NOTICE OF ANNUAL GENERAL MEETING

8. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

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 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 Securities 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:

- (i) at the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will 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) at 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 Securities and/or any other relevant governmental and/or regulatory authorities (if any).

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

(Resolution 13)

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.1 of the circular to shareholders dated 30 April 2014 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 ("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 14)

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.2 of the circular to shareholders dated 30 April 2014 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 ("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 15)

11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.3 of the circular to shareholders dated 30 April 2014 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 ("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 16)

NOTICE OF ANNUAL GENERAL MEETING

12. PROPOSED SALE AND PURCHASE TRANSACTION BETWEEN AUTO PARTS MANUFACTURERS CO. SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF APM AUTOMOTIVE HOLDINGS BERHAD ("THE COMPANY"), AND FUJI SEATS (MALAYSIA) SDN BHD, A 60% OWNED SUBSIDIARY OF AUTO PARTS HOLDINGS SDN BHD WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ALL THAT PIECE OF FREEHOLD LAND TOGETHER WITH THE BUILDINGS ERECTED THEREON HELD UNDER TITLE NO. HSD 47672, PT 16201, TOWN OF SERENDAH, DISTRICT OF ULU SELANGOR, STATE OF SELANGOR MEASURING APPROXIMATELY 16,172 SQUARE METRES FOR A CASH CONSIDERATION OF RM18,100,000.00

THAT pursuant to Section 132E of the Companies Act, 1965, approval be and is hereby given for a proposed sale and purchase transaction to be entered into between Auto Parts Manufacturers Co. Sdn Bhd ("Vendor"), a wholly-owned subsidiary of APM Automotive Holdings Berhad ("the Company"), and Fuji Seats (Malaysia) Sdn Bhd ("Purchaser"), a 60% owned subsidiary of Auto Parts Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, in respect of all that piece of freehold land held under title no. HSD 47672, PT 16201, Town of Serendah, District of Ulu Selangor, State of Selangor measuring approximately 16,172 square metres together with a 2-storey office building with an annexed single storey factory, another single storey factory and two (2) guardhouses erected thereon bearing postal address No. 5 Jalan Jasmine 3, Seksyen BB10, Bukit Beruntung, 48300 Rawang, Selangor, for a cash consideration of RM18,100,000.00 and upon such arm's length and commercially acceptable terms and conditions as the Vendor and the Purchaser, both of which are deemed to be connected with Dato' Tan Heng Chew, a Director of the Company, by virtue of the provisions of Section 122A of the Companies Act, 1965, shall determine and agree upon AND THAT the respective Boards of Directors of the Vendor and the Purchaser be and are hereby given full power to determine and assent to any terms and conditions, modifications, revaluations, variations and/or amendments that may be required and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid proposed sale and purchase transaction.

(Resolution 17)

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Seventeenth Annual General Meeting of APM Automotive Holdings Berhad, a final single tier dividend of 12% for the financial year ended 31 December 2013 will be paid on 27 June 2014. The entitlement date shall be 6 June 2014.

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

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 6 June 2014 in respect of ordinary transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

LEE YUEN LIN (MIA 16484)

LEE KWEE CHENG (MIA 9160)

ANG LAY BEE (MAICSA 7000388)

Company Secretaries

Kuala Lumpur

30 April 2014

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 21 May 2014 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member, other than a member who is also an Authorised Nominee (as defined under the Security Industries (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
4. Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
 - (i) the securities account number;
 - (ii) the name of beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
 - (iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.
6. Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
7. 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.
8. 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.

Explanatory Notes On Special Business:

(1) Resolution 12 - Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965

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

To avoid delay and cost involved in convening a general meeting to approve such issue of shares, the Directors of the Company had obtained the general mandate at the Company's 16th Annual General Meeting held on 22 May 2013 to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being, for such purpose. The Company has not issued any new shares under the general mandate granted to the Directors at the 16th Annual General Meeting which will lapse at the conclusion of the 17th Annual General Meeting to be held on 28 May 2014.

A renewal of the mandate is being sought at the 17th Annual General Meeting under proposed Resolution 12. The renewed mandate, 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.

NOTICE OF ANNUAL GENERAL MEETING

(2) Resolution 13 – Proposed Renewal of Authority for the Company to purchase its own ordinary shares

The proposed Resolution 13, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on Resolution 13 is set out in the Circular to Shareholders dated 30 April 2014 despatched together with the Company's 2013 Annual Report.

(3) Resolutions 14, 15 and 16 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolutions 14, 15 and 16 if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on Resolutions 14, 15 and 16 are set out in the Circular to Shareholders dated 30 April 2014 despatched together with the Company's 2013 Annual Report.

(4) Resolution 17 – Proposed Sale and Purchase Transaction between Auto Parts Manufacturers Co. Sdn Bhd and Fuji Seats (Malaysia) Sdn Bhd

The Company proposes the disposal of the Subject Property held by Auto Parts Manufacturers Co. Sdn Bhd ("Vendor") to Fuji Seats (Malaysia) Sdn Bhd ("Purchaser") at a cash consideration of RM18,100,000.00. The audited net book value of the Property as at 31 December 2013 is RM15,115,000.00. As the proposed disposal falls under the provisions of Section 132E of the Companies Act, 1965, the prior approval of the shareholders at a general meeting is required.

Further details on the proposed sale and purchase transaction between the Vendor and Purchaser are set out in the Circular to Shareholders dated 30 April 2014 despatched together with the Company's 2013 Annual Report.

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CDS Account No.	
Number of shares held	

I/We _____
(Name of shareholder and NRIC no/Company no)

of _____
(Full address)

being a member of APM AUTOMOTIVE HOLDINGS BERHAD, hereby appoint as proxy _____
(Name and NRIC no)

or failing him/her _____
(Name and NRIC no)

or failing them, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia, on Wednesday, 28 May 2014 at 11:00 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final single tier dividend of 12%		
Resolution 3	Re-election of Mr. Siow Tiang Sae		
Resolution 4	Re-election of Mr. Nicholas Tan Chye Seng		
Resolution 5	Re-election of Mr. Sow Soon Hock		
Resolution 6	Re-election of Mr. Low Seng Chee		
Resolution 7	Re-election of Dato' Tan Eng Hwa		
Resolution 8	Re-election of Mr. Heng Ji Keng		
Resolution 9	Re-appointment of Dato' Haji Kamaruddin @ Abas Nordin in accordance with Section 129 (6) of the Companies Act, 1965 and his continuous designation as an Independent Non-Executive Director		
Resolution 10	Re-appointment of Datuk N. Sadasivan in accordance with Section 129 (6) of the Companies Act, 1965 and his continuous designation as an Independent Non-Executive Director		
Resolution 11	Re-appointment of Auditors		
Resolution 12	Proposed grant of authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 13	Proposed renewal of authority for the Company to purchase its own ordinary shares		
Resolution 14	Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Resolution 15	Proposed renewal of shareholders' mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries		
Resolution 16	Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries		
Resolution 17	Proposed sale & purchase of property		

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

_____ Signature/Common Seal Date:	For the appointment of two proxies, percentage of shareholdings to be represented by each proxy: Number of shares % Proxy 1 _____ Proxy 2 _____ Total _____ 100%
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Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 20 May 2014 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member, other than a member who is also an Authorised Nominee (as defined under the Security Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
4. Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
 - (i) the securities account number;
 - (ii) the name of beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
 - (iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.
6. Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
7. 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.
8. The Form of Proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

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

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APM AUTOMOTIVE HOLDINGS BERHAD
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