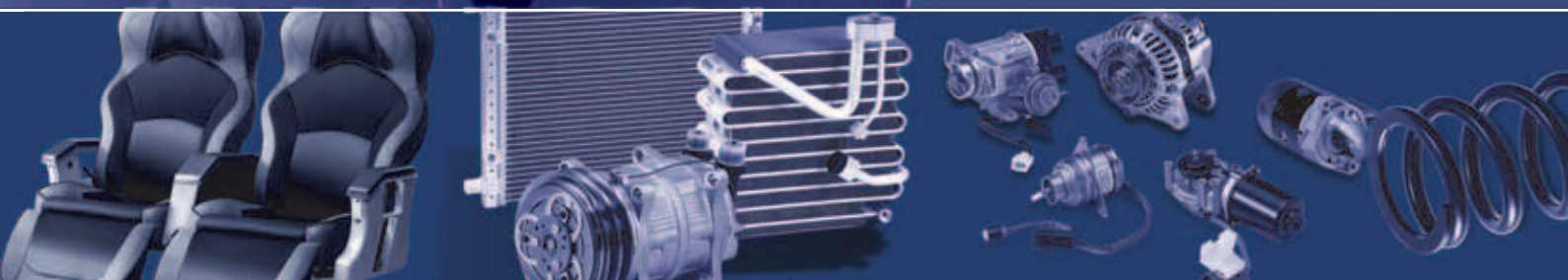
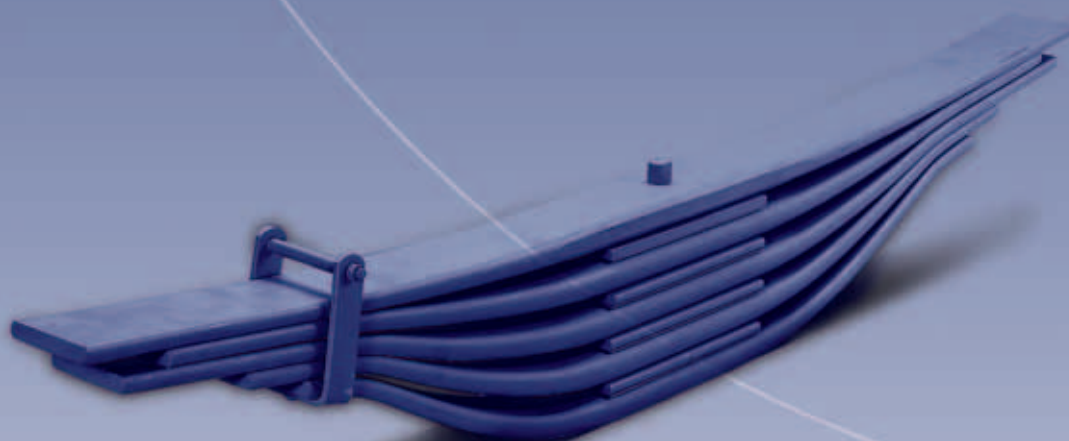




APM AUTOMOTIVE HOLDINGS BERHAD
(Company No. 424838-D)



LEADING our core Strength
annual report 2008



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Corporate Information

DIRECTORS

Dato' Tan Heng Chew JP, DJMK
Chairman

Azman Badrillah

Dr. Fun Woh Peng

Tan Eng Hwa

Sow Soon Hock

Oei Kok Eong

Tan Eng Soon

Dato' N. Sadasivan DPMP, JSM, KMN

Dato' Haji Kamaruddin @ Abas Nordin DSSA, KMN

Mohd. Sharif Haji Yusof

AUDIT COMMITTEE MEMBERS

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

Dato' Haji Kamaruddin @ Abas Nordin DSSA, KMN

Mohd. Sharif Haji Yusof

COMPANY SECRETARIES

Lee Kwee Cheng

Chan Yoke-Lin

REGISTRARS

Tenaga Koperat Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : (603) 2264 3883
Facsimile : (603) 2282 1886

REGISTERED OFFICE

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

AUDITORS

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

CORPORATE OFFICE

Lot 1 Jalan 6/3
Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Telephone : (603) 8946 3333
Facsimile : (603) 8948 4400
Website : www.apm-automotive.com
E-mail : apmah@apm-automotive.com



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

OVERSEAS OPERATIONS

Australia
Indonesia
Vietnam

MARKETING DIVISION

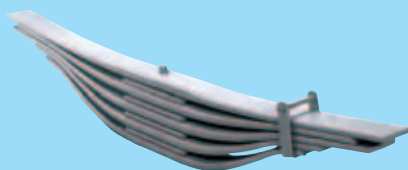
Local Replacement Market
Export Market

Business Divisions



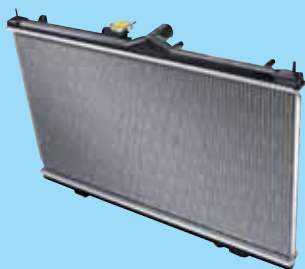
INTERIOR & PLASTICS DIVISION

Automotive Seats
Plastic Parts
Body Side Mouldings
Interior Trims
Door Panels



SUSPENSION DIVISION

Leaf Springs
Shock Absorbers
Coil Springs
Metal Parts
Gas Springs



ELECTRICAL & HEAT EXCHANGE DIVISION

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

Chairman's Statement



On behalf of the Board of Directors, I am happy to report another year of good financial results.

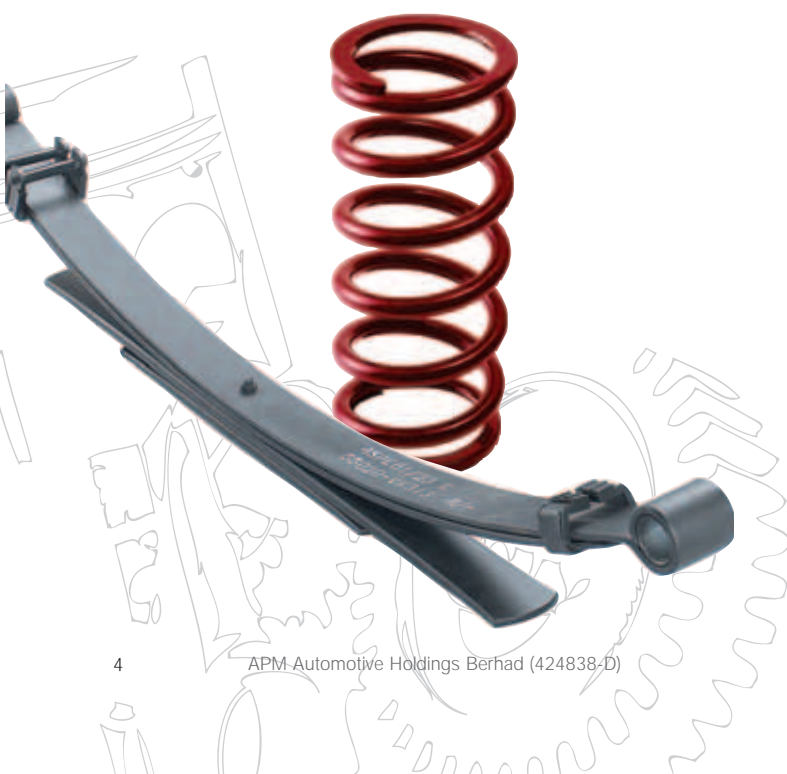
The Group recorded revenue of RM 943.5 million for the financial year ended 31 December 2008, an increase of 12.4% compared with RM 839.2 million achieved in 2007. Pretax profit improved by 2.4% from RM 78.5 million to RM 80.4 million.

The growth in revenue came mainly from our operations outside Malaysia, which contributed 15% of the Group's revenue in 2008. The Group's expansion overseas had opened up a new avenue of growth for the Group and our financial reporting had since last year been aligned accordingly based on two geographical segments, namely operations in Malaysia and operations outside Malaysia, so as to reflect the autonomous contribution of these operations.

MALAYSIA OPERATIONS

The Malaysian automotive industry in 2008 had been resilient with total industry volume (TIV) of new vehicles registered at 548,115 units against 487,176 units in 2007, an increase of 12.5% (source: Malaysian Automotive Association or MAA). It was the second highest record for the industry after an all time high of 552,316 units registered in year 2005. The strong growth in TIV was mainly due to the strong economic environment and positive consumer sentiments, particularly in the first nine months of the year. Introduction of new models at competitive prices and provision of attractive financing schemes to new car buyers were some of the contributing factors for the higher vehicle sales. Total industry production during the year had also achieved a remarkable increase of 20.2%, from 441,678 units to 530,810 units (source: MAA). However, domestic vehicle sales failed to continue its positive trend in the last quarter of the year, losing its momentum as local consumer sentiments weakened with the deteriorating global economy.

Under such a scenario, the Group's Original Equipment Manufacturer (OEM) sales for 2008, which accounted for 63% of Group revenue, grew 6.1% from the year earlier despite a 3.3% decline in the fourth quarter from the immediate preceding quarter of 2008.



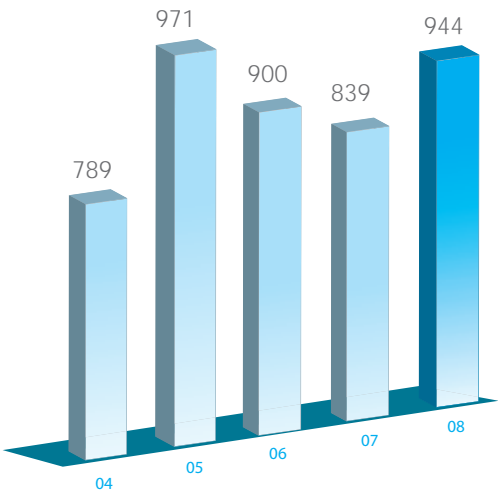
Chairman`s Statement

Sales to replacement market (RE) which accounted for 12% of the Group's revenue had recorded a drop of 2.0% while sales to countries outside Malaysia (Export) recorded an increase of 3.5%. As a whole, operations in Malaysia recorded a 11.2% increase in Group annual revenue compared with 2007.

Pretax operating profit rose by 19.4% from RM 72.3 million in 2007 to RM 86.3 million in 2008. Higher production output during the year had contributed to higher efficiencies and economies of scale. Nevertheless, protecting profitability amidst an environment of unprecedented high energy costs and raw material prices was not by chance but a result of the Group's continuous improvement efforts and successful implementation of strategized rationalization programmes.

In response to the increasingly competitive business conditions, the Group had taken rationalization efforts which involved the consolidation and relocation of certain manufacturing processes and facilities during the year. The Group had successfully completed the building construction and the realignment of its seating manufacturing facilities in Bukit Beruntung, now the hub for all our interior business. It had successfully merged its radiators business with that of air-conditioners and completed its relocation of the electrical products operations to Tanjung Malim. Whilst our short term profitability was affected by the one-time rationalization costs for relocation and employee severance payments among others, these efforts were necessary for long term growth and value.

REVENUE (RM Million)



APM Million Dollar Sales Award & Dealer Appreciation Dinner

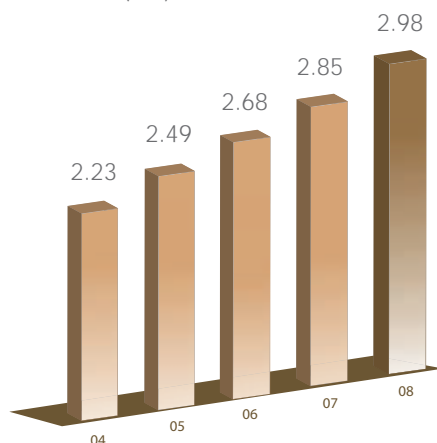


Chairman`s Statement



BrandLaureate Award for
Corporate Branding 2007-2008

NTA PER SHARE (RM)



Completion of new coil springs plant facilities in Indonesia

OPERATIONS OUTSIDE MALAYSIA

With the completion of the disposal of our 60% owned subsidiary in China during the second quarter of 2008, our operations outside Malaysia now consist of our wholly-owned subsidiaries in Australia and Vietnam, and the jointly controlled entities in Indonesia. The challenges faced by this segment of operations are more complex and substantially different from those faced by our operations in Malaysia. The sales contribution in this segment does not reflect the respective vehicle production in the various countries.

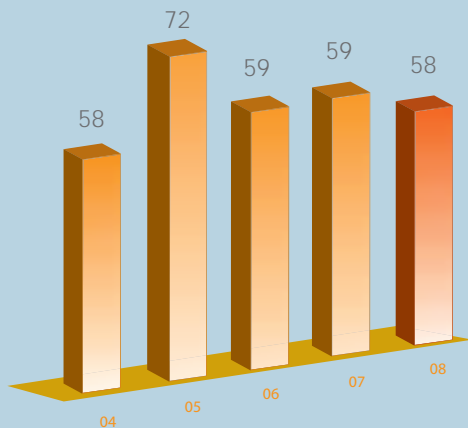
The operations in this segment registered a revenue of RM 145.5 million, a 24.4% increase over the RM 117.0 million registered in the previous year. Higher revenue was recorded by all the operating units, with the highest increase from our seat and interior joint-ventures in Indonesia.

For the first six months of the year, contribution from this segment was still positive and profitable. Losses started to set in as a result of the sharp increase in fuel prices and sudden swing in the currencies which seriously affected the margins of our businesses in Indonesia. Unable to mitigate fully our exposure to these adverse impacts, this segment suffered a pretax loss of RM 5.5 million for year 2008, compared with a pretax profit of RM 6.3 million on the back of a lower revenue in 2007. The operating margins were further affected by the drastic drop in customer demand in the last quarter of the year and also the burden of pre-operating expenses of our new coil spring plant.

The spring plant in Vietnam remained in a loss position for the full year as it was still operating below optimum capacity especially in last quarter of the year. Our radiator operations in Australia was performing better than 2007 with a 12.9% increase in revenue.

Chairman's Statement

PROFIT AFTER TAX (RM Million)



FUTURE PROSPECTS

In the fourth quarter of 2008, the US financial meltdown created a rippling effect that permeated every corner of the globe. The devastating effects of the crisis effectively halted all growth, with the exception of perhaps China and India. Oil prices saw a historic high, and then plunged to a level not seen in decades. Steel and other commodities prices saw a similar roller coaster effect. Additionally, volatile currency fluctuations over the last few months had created an extremely challenging business environment.

Amidst the global economic crisis, the Group is cautious about the performance for 2009. MAA forecasted a drop in TIV to 480,000 from the previous year high of 548,000.

Although MAA is expecting a reduction of TIV of about 12%, the launch of two new models from the two national car projects and the recently announced new car incentive packages should somewhat stimulate domestic vehicle sales.

In the local components replacement market (RE), the Group continues to face stiff competition from both domestic and foreign manufacturers. Nonetheless, our marketing team is continuing to expand our distribution network to improve sales and establish strong brand recognition. With over 30 years of experience, the "APM" name is highly recognized in the local market. Being one of the winners of the BrandLaureate Awards 2007-2008, we are proud to say that our brand is well recognized by many overseas customers.

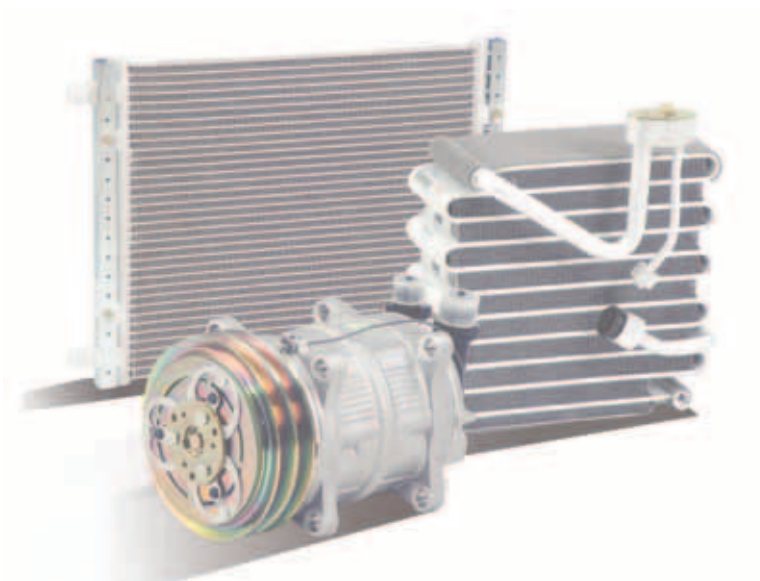
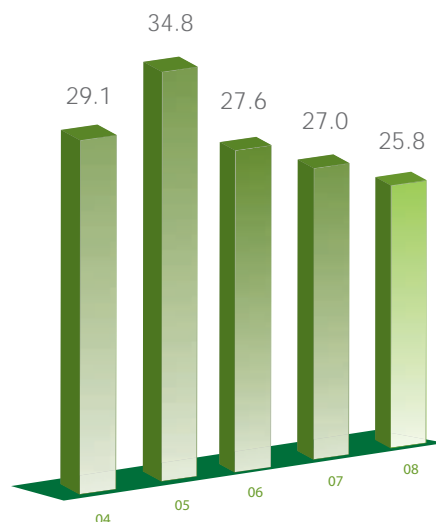


Chairman's Statement

Over the last few years, our efforts to expand our quality products in the overseas markets have yielded positive results as can be seen in the improvement in sales, new customers and wider coverage. An area of particular concern for our exports is the volatility of currencies as seen in the fourth quarter of 2008. The Group is glad to report that the impact due to currencies had been minimal for operations in Malaysia. Nevertheless, we will continue to keep close monitoring and take the necessary actions as appropriate.

Our overseas joint-ventures and subsidiaries will continue to provide an avenue of growth for the Group. The Indonesian coil spring subsidiary supplied to our first RE customer at the end of the first quarter of 2009. The seat and interior joint-ventures saw a substantial growth in sales in 2008. However, the economic crisis has dampened demand and we expect 2009 to be a challenging year.

EARNINGS PER SHARE (SEN)



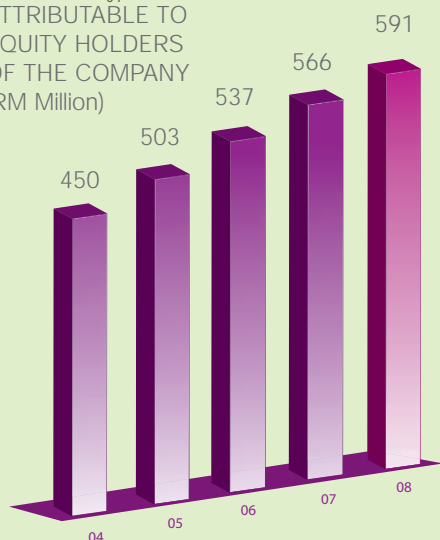
For the Vietnam leaf spring subsidiary, we have completed and stabilized the first stage of the multi-leaf spring manufacturing operations and is currently supplying to both OEM and RE customers. The next stage is to establish the parabolic leaf spring production line. It will then enable the plant to manufacture the full range of leaf spring products.

Finally, Radiator Australia, our radiator manufacturing and distribution subsidiary, completed its installation of the industrial radiator line and has started its supply. With the addition of the new range of product, the Group expects the expansion to provide a healthy growth for the company.

Directors are of the opinion that the current global economic crisis will continue to have an adverse effect on our economy. However, with strong focus to improve quality, efficiency and cost, we are confident that we can emerge as a stronger group.

Chairman's Statement

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



DIVIDENDS

An interim dividend of 6% less 26% tax (2007 - 5% less 27% tax) amounting to RM8.78 million was paid to shareholders on 26 September 2008.

The Directors recommend a final dividend payment of 9% less 25% tax (2007 - 9% less 26% tax) amounting to about RM13.35 million based on the total number of ordinary shares outstanding at 31 December 2008. The amount, if approved at the forthcoming Annual General Meeting, will result in a total dividend payment of RM 22.13 million (2007 - RM20.45 million) for financial year ended 31 December 2008.

ACKNOWLEDGMENT

The Board of Directors would like to thank the Management and staff for their continued dedication and contribution. We are confident that all staff will continue to work hard to increase productivity and reduce costs to ensure the continued success of the Group in the challenging year ahead.

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

DATO' TAN HENG CHEW JP, DJMK

Chairman

10 April 2009

Profile of The Board Of Directors

Dato' Tan Heng Chew, JP, DJMK, 62, a Malaysian, is a Non-Independent Non-Executive Director. He was the first director of the Company when it was incorporated on 26 March 1997 and was appointed the Chairman of the Board on 1 November 1999.

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

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

Dr. Fun Woh Peng, 49, a Malaysian, is an Executive Director appointed to the Board on 15 January 2003.

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

Encik Azman Badrillah, 61, a Malaysian, is an Executive Director. He was appointed to the Board on 1 November 1999. Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the bank. Encik Azman joined Tan Chong Motor Holdings Berhad (TCMH) group in 1983 as an Executive Director of its manufacturing division and was responsible for the overall performance of one of its key product groups. With the re-structuring of the TCMH group resulting in the emergence of the Company in 1999, he was appointed an Executive Director of the Company. Encik Azman sits on the board of TCMH and Eco Resources Berhad.

Profile Of The Board Of Directors

Mr. Tan Eng Hwa, 54, a Malaysian, is an Executive Director. He was first appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director. Mr. Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad group as Treasurer and was also involved in various departmental functions within the group.

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

Mr. Sow Soon Hock, 51, a Malaysian, is the Director in charge of Marketing. He was appointed to the Board on 1 July 2006

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

Mr. Oei Kok Eong, 55, a Malaysian, is an Executive Director appointed to the Board on 1 November 2006. Mr. Oei has a Bachelor's Degree in Engineering (major in Mechanical Engineering) from the University of Singapore. He has more than 25 years experience in the automotive component industry, starting out as an Operations Manager in the Malaysian operation of an international Japanese group in the early 1980s and then rose to the position of director before leaving in 2004. Prior to joining the Group, Mr. Oei was Chief Operating Officer of an automotive component manufacturing company in Malaysia.

Mr. Tan Eng Soon, 60, a Singaporean and a Malaysian Permanent Resident, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999.

Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia. He has been involved in the Tan Chong Motor Holdings Berhad (TCMH) group's operations since 1971. Mr. Tan is the Group Managing Director of TCMH and Chairman of Tan Chong International Limited. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' N. Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 69, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is the Chairman of the Audit Committee.

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

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

Profile Of The Board Of Directors

Dato' Haji Kamaruddin @ Abas Nordin, DSSA, KMN, 70, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is a member of the Audit Committee.

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

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

Encik Mohd. Sharif Haji Yusof, 69, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 September 2001 and is a member of the Audit Committee.

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

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

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

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

A summary of the attendance of the Directors at board meetings held in 2008 is set out on page 13.

Statement on Corporate Governance

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

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

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

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

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

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

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

II. Board Composition

The Board comprises 10 members: 5 directors hold non-executive positions, including the Chairman and 3 independent directors, and the remaining 5 having executive functions. The composition of the Board is in compliance with the requirement that one-third of the directors must be independent directors.

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

The directors have wide-ranging experiences, having had previously occupied or are currently occupying senior positions in the corporate and government sectors. The profiles of the Board members are set out on pages 10 to 12.

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

III. Supply of information

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

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

IV. Appointments to the Board

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

Statement on Corporate Governance

V. Re-election

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

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

Directors who are due for re-election by rotation in accordance with Article 96 of the Articles of Association of the Company at the forthcoming Twelfth Annual General Meeting are Dr. Fun Woh Peng, Encik Azman Badrillah and Dato' N Sadasivan. Dato' Haji Kamaruddin @ Abas Nordin is to be appointed as a director pursuant to Section 129 of the Companies Act, 1965, as he has attained the age of seventy years.

The profiles of the directors due for re-election and appointment are set out on pages 10 to 12.

VI Training

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

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

B. Directors ' Remuneration

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

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

The guidelines on the quantum of bonus payments in 2008 and annual salary increment for 2009 for executive employees of the Group, recommended to the Board for its approval by committees, whose members included senior heads of operations below Board level, were based on performance and depended on the operating results of the Group after taking into consideration the prevailing business environment. The same guidelines were applied to the executive directors.

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

Statement on Corporate Governance

The directors' aggregate remuneration in 2008, paid and payable, with categorization into appropriate components distinguishing between executive and non-executive directors, is set out below:

| Category | Executive RM'000 | Non-executive RM'000 |
|-------------------------|---------------------|-------------------------|
| Directors' fees | - | 162 |
| Salaries and allowances | 1,959 | 16 |
| Bonuses | 893 | - |
| Benefits-in-kind | 132 | - |
| Total | 2,984 | 178 |

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

| | Executive | Non-executive |
|-----------------------|-----------|---------------|
| RM50,001 - RM100,000 | - | 3 |
| RM100,001 - RM150,000 | 1 | - |
| RM150,001 - RM200,000 | 1 | - |
| RM200,001 - RM250,000 | 1 | - |
| RM250,001 - RM300,000 | 1 | - |
| RM300,001 - RM350,000 | 1 | - |
| Total | 5 | 3 |

C. Relations with Shareholders

I. Dialogue with Investors

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

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

II. The AGM

The Eleventh Annual General Meeting ("AGM") of the Company was held on Thursday, 22 May 2008 at 21 Jalan Ipoh Kecil, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives with a total shareholding representing 63% of the issued share capital.

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

D. Accountability and Audit

I. Financial Reporting

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

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

II. Internal Control

The Statement on Internal Control set out on page 18 of the Annual Report provides an overview of the state of internal control within the Group.

III. Audit Committee and Auditors

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

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

Statement on Compliance with the Best Practices in Corporate Governance

The Board considers that the Company had substantially complied with the Best Practices in Corporate Governance set out in Part 2 of the Code in 2008 except for the formation of the remuneration and nomination committees, for which reasons have been given under the section "Application of Principles" in the Statement on Corporate Governance.

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

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

In preparing the financial statements for the year ended 31 December 2008, the directors have:

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

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

Other Statements and Disclosures

Statement on Material contracts

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

Statement on Revaluation Policy

The Group's policy on revaluation of landed properties is stated in Note 2(d) on page 38 of the financial statements.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm for the financial year ended 31 December 2008 was RM 129,000.

Internal Audit Function

The Group has an in-house Internal Audit Function and management fees charged to subsidiaries for performing this function for financial year ended 31 December 2008 was RM 324,000.

Share Buyback

During the financial year ended 31 December 2008, the Company bought back a total of 591,600 shares from the open market for a total consideration of RM1,283,507.64. All shares purchased were held as treasury shares. There was no re-sale or cancellation of shares during the year.

The monthly breakdown of shares purchased in 2008 were as follows:

| Month | Number of shares purchased | Highest price paid per share (RM) | Lowest price paid per share (RM) | Average price paid per share (RM) | Total consideration (RM) |
|--------------|----------------------------|-----------------------------------|----------------------------------|-----------------------------------|--------------------------|
| January | 113,900 | 2.36 | 2.33 | 2.35 | 268,002.83 |
| February | 50,000 | 2.10 | 2.09 | 2.11 | 105,429.43 |
| March | 207,200 | 2.10 | 2.04 | 2.11 | 437,146.50 |
| May | 83,000 | 2.18 | 2.16 | 2.19 | 181,489.80 |
| June | 112,700 | 2.15 | 2.00 | 2.14 | 241,661.06 |
| July | 15,100 | 2.00 | 2.00 | 2.01 | 30,421.26 |
| August | 9,700 | 2.00 | 1.98 | 2.00 | 19,356.76 |
| Total | 591,600 | | | 2.17 | 1,283,507.64 |

Disclosure on Corporate Social Responsibility

The Group is fully aware of its corporate social responsibilities and has always made CSR an integral part of the way it conducts its businesses. The various activities carried out during the year reflect the Group's commitment towards CSR, in particular, towards the environment, occupational safety and health as well as welfare of its employees and the community. In emphasizing the importance of education, the APM Education Award was mooted during the year. The award was given to children of qualified employees in helping to pay tuition fees.

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

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

Statement on Internal Control

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

RESPONSIBILITY

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

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

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 19 and 20.

RISK MANAGEMENT

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

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

The Group Risk Management Committee met once during the year to assess and discuss additional significant risks identified by the Group and subsidiaries to ensure that appropriate actions were put in place to mitigate the risks.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

Audit Committee Report

AUDIT COMMITTEE REPORT

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

Composition and Meetings

The members of the Committee and their attendance at the four Committee meetings held during 2008 were as follows:

| Name | Attendance |
|---|------------|
| Dato' N. Sadasivan <i>Chairman, Independent Non-Executive</i> | 4 |
| Dato' Haji Kamaruddin @ Abas Nordin <i>Independent Non-Executive</i> | 3 |
| Mohd. Sharif Haji Yusof <i>Independent Non-Executive</i> | 4 |

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, Dr. Fun Woh Peng, an executive director, relinquished his membership in the Committee on 26 February 2008.

Terms of Reference

Membership

The Committee shall be appointed by the Board from amongst the directors and must be composed of no fewer than three members. All Committee members must be non-executive directors with a majority of them being independent directors.

The Committee shall include at least one director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia. No alternate director shall be appointed a member of the Committee. The members of the Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in the Committee, which result in a breach in the Listing Requirements of Bursa Malaysia, the vacancy must be filled within three months. The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

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

1. investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company or the Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. be able to obtain independent professional or other advice;
6. convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company.

Functions

The functions of the Committee shall be, amongst others -

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

Audit Committee Report

Conduct of Meetings

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

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

Reporting Procedures

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

During the year ended 31 December 2008, the internal audit function undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities were operating satisfactorily and that the subsidiaries had complied with the Group's established policies and procedures. In addition, it also performed ad hoc investigations as well as routine year end reviews such as annual stock takes, related party transactions and related pricing reviews. The audit findings were reported to the Audit Committee and forwarded to management for its attention. Audit reports also encompassed recommendations for improvements which were deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans had been duly implemented.

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

Financial Statements

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Directors' Report for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

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

Results

| | Group RM'000 | Company RM'000 |
|-------------------------------|-----------------|-------------------|
| Profit attributable to: | | |
| Equity holders of the Company | 51,169 | 538 |
| Minority interest | 6,403 | - |
| | <hr/> 57,572 | <hr/> 538 |

Reserves and provisions

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

Dividends

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

- a final ordinary dividend of 9 sen per share less tax at 26% totalling RM13,189,000 (6.66 sen net per share) in respect of the year ended 31 December 2007 on 12 June 2008;
- an interim ordinary dividend of 6 sen per share less tax at 26% totalling RM8,783,000 (4.44 sen net per share) in respect of the year ended 31 December 2008 on 26 September 2008.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2008 is 9 sen per share less tax at 25% totalling RM13,352,000 (6.75 sen net per share) based on the total number of ordinary shares outstanding at 31 December 2008.

Directors of the Company

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

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

Directors' Report for the year ended 31 December 2008

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

| | Number of ordinary shares of RM1 each | | | |
|--|---------------------------------------|---------|-------------|------------------|
| | At 1.1.2008 | Bought | Sold | At 31.12.2008 |
| <i>Shareholdings in which Directors have direct interests:</i> | | | | |
| Interests in the Company: | | | | |
| Dato' Tan Heng Chew | 4,049,999 | 608,400 | - | 4,658,399 |
| Azman Badrillah | 1,537,000 | - | - | 1,537,000 |
| Tan Eng Soon | 210,000 | - | (210,000) * | - |
| Dato' Haji Kamaruddin @ Abas Nordin | 448 | - | - | 448 |
| Tan Eng Hwa | 484,508 | - | (277,500) | 207,008 |

* Direct interest of 210,000 shares have been re-classified as deemed interest.

Shareholdings in which Directors have deemed interest in the Company:

| | | | | |
|---------------------------|------------|-----------|---|---------------|
| Interests in the Company: | | | | |
| Dato' Tan Heng Chew | 93,583,907 | 3,881,400 | - | 97,465,307** |
| Tan Eng Soon | 91,405,399 | 4,091,400 | - | 95,496,799*** |
| Tan Eng Hwa | 5,452,528 | 3,881,400 | - | 9,333,928** |

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

*** Including 210,000 shares previously classified as direct interest.

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

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Issue of shares and debentures

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

Directors' Report for the year ended 31 December 2008

Options granted over unissued shares

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

Other statutory information

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report for the year ended 31 December 2008

Significant events during the year

- i) The Group via its wholly-owned subsidiary, Auto Parts Holdings Sdn. Bhd., had on 5 March 2008 entered into an Equity Transfer Agreement with Hefei Johnson Controls Yunhe Automotive Seating Co. Ltd. ("HJC") of China to dispose of its entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co., Ltd. to HJC for a total cash consideration of USD2.46 million equivalent to RM 7.885 million. The disposal was completed in the second quarter of 2008 and resulted in a gain of RM831,000 to the Group.
- ii) The Management Board of Vietnam-Singapore Industrial Park in Socialist Republic of Vietnam had on 8 August 2008 approved the Group's application for the registration of a limited liability company with the name of APM Auto Components (Vietnam) Co., Ltd. ("AC") and an investment certificate for the manufacture of automotive seats and its components, shock absorbers, radiators and air-conditioners parts. AC has a registered authorised investment capital of USD 1,100,000 and issued and paid-up capital of USD 330,000. It is wholly owned by APM Automotive International Ltd., which is a 100% owned subsidiary of the Company.

Auditors

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

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

Dr Fun Woh Peng

Tan Eng Hwa

Kuala Lumpur,

10 April 2009

Balance Sheets at 31 December 2008

| | Note | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|------|-------------------------|-------------------------|---------------------------|---------------------------|
| Assets | | | | | |
| Property, plant and equipment | 3 | 186,073 | 160,153 | 835 | 1,115 |
| Prepaid lease payments | 4 | 35,436 | 35,962 | - | - |
| Investment property | 5 | 1,298 | 1,340 | - | - |
| Investment in subsidiaries | 6 | - | - | 282,032 | 278,220 |
| Development expenditure | 7 | 615 | 180 | - | - |
| Deferred tax assets | 8 | 6,121 | 9,336 | 408 | 596 |
| Total non-current assets | | 229,543 | 206,971 | 283,275 | 279,931 |
| Receivables, deposits and prepayments | 9 | 194,436 | 222,107 | 133,727 | 202,113 |
| Inventories | 10 | 190,301 | 153,627 | - | - |
| Tax recoverable | | 9,782 | 8,079 | 1,056 | 415 |
| Cash and cash equivalents | 11 | 192,217 | 177,405 | 54,494 | 12,872 |
| Total current assets | | 586,736 | 561,218 | 189,277 | 215,400 |
| Total assets | | 816,279 | 768,189 | 472,552 | 495,331 |
| Equity | | | | | |
| Share capital | | 201,600 | 201,600 | 201,600 | 201,600 |
| Reserves | | 397,471 | 371,162 | 274,372 | 295,806 |
| Treasury shares | | (8,433) | (7,149) | (8,433) | (7,149) |
| Total equity attributable to equity holders of the Company | | 590,638 | 565,613 | 467,539 | 490,257 |
| Minority interest | | 13,325 | 11,497 | - | - |
| Total equity | 12 | 603,963 | 577,110 | 467,539 | 490,257 |
| Liabilities | | | | | |
| Loans and borrowings | 13 | 686 | 2,717 | - | - |
| Employee benefits | 14 | 13,159 | 11,502 | 1,728 | 1,421 |
| Deferred grant income | 15 | 99 | 194 | - | - |
| Deferred tax liabilities | 8 | 4,553 | 3,952 | - | - |
| Total non-current liabilities | | 18,497 | 18,365 | 1,728 | 1,421 |
| Provisions | 16 | 13,674 | 7,635 | - | - |
| Payables and accruals | 17 | 167,085 | 152,343 | 3,285 | 3,653 |
| Loans and borrowings | 13 | 10,969 | 7,487 | - | - |
| Taxation | | 2,091 | 5,249 | - | - |
| Total current liabilities | | 193,819 | 172,714 | 3,285 | 3,653 |
| Total liabilities | | 212,316 | 191,079 | 5,013 | 5,074 |
| Total equity and liabilities | | 816,279 | 768,189 | 472,552 | 495,331 |

The notes on pages 35 to 71 are an integral part of these financial statements.

Income Statements for the year ended 31 December 2008

| | Note | Group | | Company | |
|--|------|------------------|----------------|----------------|----------------|
| | | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Revenue | 18 | 943,526 | 839,243 | 9,118 | 330,785 |
| Cost of sales | | (775,260) | (672,834) | - | - |
| Gross profit | | 168,266 | 166,409 | 9,118 | 330,785 |
| Other income | | 10,487 | 3,300 | 389 | - |
| Distribution expenses | | (41,890) | (34,218) | - | - |
| Administration expenses | | (55,651) | (55,015) | (9,079) | (7,748) |
| Other expenses | | (5,762) | (6,445) | (59) | (474) |
| Results from operating activities | | 75,450 | 74,031 | 369 | 322,563 |
| Interest income | | 5,543 | 5,386 | 3,844 | 2,399 |
| Finance costs | | (598) | (909) | (3,206) | (1,792) |
| Profit before tax | 19 | 80,395 | 78,508 | 1,007 | 323,170 |
| Tax expense | 21 | (22,823) | (19,172) | (469) | (87,596) |
| Profit for the year | | 57,572 | 59,336 | 538 | 235,574 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 51,169 | 53,738 | 538 | 235,574 |
| Minority interest | | 6,403 | 5,598 | - | - |
| Profit for the year | | 57,572 | 59,336 | 538 | 235,574 |
| Basic earnings per ordinary share (sen) | 22 | 25.8 | 27.0 | | |

The notes on pages 35 to 71 are an integral part of these financial statements.

Balance Sheets (In US\$ Equivalent) at 31 December 2008

| | Group | |
|---|------------------|------------------|
| | 2008 US\$'000 | 2007 US\$'000 |
| Assets | | |
| Property, plant and equipment | 53,469 | 46,021 |
| Prepaid lease payments | 10,183 | 10,334 |
| Investment property | 373 | 385 |
| Development expenditure | 177 | 52 |
| Deferred tax assets | 1,759 | 2,683 |
| Total non-current assets | 65,961 | 59,475 |
| Receivables, deposits and prepayments | 55,872 | 63,824 |
| Inventories | 54,684 | 44,146 |
| Tax recoverable | 2,811 | 2,322 |
| Cash and cash equivalents | 55,235 | 50,978 |
| Total current assets | 168,602 | 161,270 |
| Total assets | 234,563 | 220,745 |
| Equity | | |
| Share capital | 57,931 | 57,931 |
| Reserves | 114,216 | 106,656 |
| Treasury shares | (2,423) | (2,054) |
| Total equity attributable to equity holders of the Company | 169,724 | 162,533 |
| Minority interest | 3,829 | 3,304 |
| Total equity | 173,553 | 165,837 |
| Loans and borrowings | 197 | 781 |
| Employee benefits | 3,781 | 3,305 |
| Deferred grant income | 28 | 56 |
| Deferred tax liabilities | 1,308 | 1,136 |
| Total non-current liabilities | 5,314 | 5,278 |
| Provisions | 3,929 | 2,194 |
| Payables and accruals | 48,014 | 43,777 |
| Loans and borrowings | 3,152 | 2,151 |
| Taxation | 601 | 1,508 |
| Total current liabilities | 55,696 | 49,630 |
| Total liabilities | 61,010 | 54,908 |
| Total equity and liabilities | 234,563 | 220,745 |

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

The figures are converted from RM into US\$ equivalent using the exchange rate of RM 3.48 = US\$ 1.00 which approximates that prevailing on 31 December 2008

Income Statements (In US\$ Equivalent) at 31 December 2008

| | Group | |
|---|------------------|------------------|
| | 2008 US\$'000 | 2007 US\$'000 |
| Revenue | 271,128 | 241,162 |
| Cost of sales | (222,776) | (193,343) |
| Gross profit | 48,352 | 47,819 |
| Other income | 3,014 | 948 |
| Distribution expenses | (12,037) | (9,833) |
| Administration expenses | (15,992) | (15,809) |
| Other expenses | (1,656) | (1,852) |
| Results from operating activities | 21,681 | 21,273 |
| Interest income | 1,593 | 1,548 |
| Finance costs | (172) | (261) |
| Profit before tax | 23,102 | 22,560 |
| Tax expense | (6,558) | (5,509) |
| Profit for the year | 16,544 | 17,051 |
| Attributable to : | | |
| Equity holders of the Company | 14,704 | 15,442 |
| Minority interest | 1,840 | 1,609 |
| Profit for the year | 16,544 | 17,051 |
| Basic earnings per ordinary share (cent) | 7.4 | 7.8 |

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

The figures are converted from RM into US\$ equivalent using the exchange rate of RM 3.48 = US\$ 1.00 which approximates that prevailing on 31 December 2008.

Consolidated statement of changes in equity for the year ended 31 December 2008

| Group | Note | Attributable to equity holders of the Company | | | | | | Total | Minority interest | Total equity |
|--|------|---|-----------------|---------------|---------------------|----------------|------------------|----------|-------------------|--------------|
| | | Share capital | Treasury shares | Share premium | Exchange adjustment | Merger deficit | Retained profits | | | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2007 | | 201,600 | (3,044) | 17,898 | (404) | (42,339) | 362,833 | 536,544 | 11,976 | 548,520 |
| Foreign exchange translation differences | | - | - | - | (1,627) | - | - | (1,627) | 152 | (1,475) |
| Net losses recognised directly in equity | | - | - | - | (1,627) | - | - | (1,627) | 152 | (1,475) |
| Profit for the year | | - | - | - | - | - | 53,738 | 53,738 | 5,598 | 59,336 |
| Total recognised income and expense for the year | | - | - | - | (1,627) | - | 53,738 | 52,111 | 5,750 | 57,861 |
| Treasury shares acquired | | - | (4,105) | - | - | - | - | (4,105) | - | (4,105) |
| Minority interest in newly formed subsidiary | | - | - | - | - | - | - | - | 2,637 | 2,637 |
| Dividends to shareholders | | | | | | | | | | |
| - Final 2006 ordinary | 23 | - | - | - | - | - | (11,673) | (11,673) | (8,866) | (20,539) |
| - Interim 2007 ordinary | 23 | - | - | - | - | - | (7,264) | (7,264) | - | (7,264) |
| At 31 December 2007 | | 201,600 | (7,149) | 17,898 | (2,031) | (42,339) | 397,634 | 565,613 | 11,497 | 577,110 |
| At 1 January 2008 | | 201,600 | (7,149) | 17,898 | (2,031) | (42,339) | 397,634 | 565,613 | 11,497 | 577,110 |
| Foreign exchange translation differences | | - | - | - | (2,958) | - | - | (2,958) | (487) | (3,445) |
| Net losses recognised directly in equity | | - | - | - | (2,958) | - | - | (2,958) | (487) | (3,445) |
| Profit for the year | | - | - | - | - | - | 51,169 | 51,169 | 6,403 | 57,572 |
| Total recognised income and expense for the year | | - | - | - | (2,958) | - | 51,169 | 48,211 | 5,916 | 54,127 |
| Treasury shares acquired | | - | (1,284) | - | - | - | - | (1,284) | - | (1,284) |
| Minority interest in newly formed subsidiary | | - | - | - | - | - | - | - | 2,429 | 2,429 |
| Disposal of subsidiary | 26 | - | - | - | 70 | - | - | 70 | (4,884) | (4,814) |
| Dividends to shareholders | | | | | | | | | | |
| - Final 2007 ordinary | 23 | - | - | - | - | - | (13,189) | (13,189) | - | (13,189) |
| - Interim 2008 ordinary | 23 | - | - | - | - | - | (8,783) | (8,783) | (1,633) | (10,416) |
| At 31 December 2008 | | 201,600 | (8,433) | 17,898 | (4,919) | (42,339) | 426,831 | 590,638 | 13,325 | 603,963 |

Statement of Changes In Equity for the year ended 31 December 2008

| Company | Note | Non-distributable | | | Distributable | Total equity RM'000 |
|--|------|-------------------------|---------------------------|-------------------------|----------------------------|------------------------|
| | | Share capital RM'000 | Treasury shares RM'000 | Share premium RM'000 | Retained profits RM'000 | |
| At 1 January 2007 | | 201,600 | (3,044) | 17,898 | 61,271 | 277,725 |
| Treasury shares acquired | | - | (4,105) | - | - | (4,105) |
| Profit for the year | | - | - | - | 235,574 | 235,574 |
| Dividends to shareholders | | | | | | |
| - Final 2006 ordinary | 23 | - | - | - | (11,673) | (11,673) |
| - Interim 2007 ordinary | 23 | - | - | - | (7,264) | (7,264) |
| At 31 December 2007/ 1 January 2008 | | 201,600 | (7,149) | 17,898 | 277,908 | 490,257 |
| Treasury shares acquired | | - | (1,284) | - | - | (1,284) |
| Profit for the year | | - | - | - | 538 | 538 |
| Dividends to shareholders | | | | | | |
| - Final 2007 ordinary | 23 | - | - | - | (13,189) | (13,189) |
| - Interim 2008 ordinary | 23 | - | - | - | (8,783) | (8,783) |
| At 31 December 2008 | | 201,600 | (8,433) | 17,898 | 256,474 | 467,539 |

The notes on pages 35 to 71 are an integral part of these financial statements.

Cash Flow Statements for the year ended 31 December 2008

| | Note | Group | | Company | |
|---|------|-----------------|----------------|----------------|----------------|
| | | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 80,395 | 78,508 | 1,007 | 323,170 |
| <i>Adjustments for:</i> | | | | | |
| Depreciation of property, plant and equipment | 3 | 28,671 | 32,367 | 312 | 455 |
| Depreciation of investment property | 5 | 42 | 131 | - | - |
| Amortisation of prepaid lease payments | 4 | 523 | 555 | - | - |
| Impairment loss on property, plant and equipment | 3 | - | 165 | - | - |
| Loss/(Gain) on disposal of property, plant and equipment | | 589 | (281) | - | (2) |
| Property, plant and equipment written off | | 298 | 15 | - | - |
| Finance costs | | 598 | 909 | 3,206 | 1,792 |
| Interest income | | (5,543) | (5,386) | (3,844) | (2,399) |
| Employee benefits charged | 14 | 2,292 | 1,753 | 222 | 217 |
| Employee benefits under/(over) provided in prior year | 14 | 343 | (731) | 95 | (39) |
| Employee benefits transferred from related company | 14 | - | - | - | 215 |
| Reversal of allowance for diminution in value of investment | | - | - | - | (7) |
| Amortisation of grant income | 15 | (95) | (93) | - | - |
| Amortisation of development expenditure | 7 | 65 | 68 | - | - |
| Gain on disposal of jointly controlled entity | 26 | - | (1) | - | - |
| Gain on disposal of subsidiary | 26 | (831) | - | - | - |
| Provisions made | 16 | 11,722 | 4,394 | - | - |
| Provisions reversed | 16 | (1,022) | (1,797) | - | - |
| Operating profit before changes in working capital | | 118,047 | 110,576 | 998 | 323,402 |
| Inventories | | (38,108) | (12,572) | - | - |
| Payables and accruals | | 23,627 | 27,648 | (368) | 909 |
| Receivables, deposits and prepayments | | 13,970 | (20,952) | 68,386 | (159,940) |
| Cash generated from operations | | 117,536 | 104,700 | 69,016 | 164,371 |

Cash Flow Statements for the year ended 31 December 2008

| | Note | Group | | Company | |
|---|------|-----------------|----------------|-----------------|----------------|
| | | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Cash generated from operations | | 117,536 | 104,700 | 69,016 | 164,371 |
| Interest received | | 5,543 | 5,386 | 3,844 | 2,399 |
| Interest paid | | (598) | (909) | (3,206) | (1,792) |
| Tax paid | | (23,625) | (17,013) | (922) | (87,098) |
| Employee benefits paid | 14 | (859) | (1,637) | (10) | (11) |
| Provisions paid | 16 | (4,639) | (3,586) | - | - |
| Net cash from operating activities | | 93,358 | 86,941 | 68,722 | 77,869 |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 3 | (60,509) | (18,310) | (32) | (484) |
| Lease payment for leasehold land | 4 | - | (1,049) | - | - |
| Additions of development expenditure | 7 | (500) | (37) | - | - |
| Proceeds from disposal of property, plant and equipment | | 861 | 1,862 | - | 99 |
| Proceeds from disposal of subsidiary | 26 | 5,932 | - | - | - |
| Proceeds from disposal of jointly controlled entity | 26 | - | 277 | - | - |
| Capital contribution from minority interest | | 2,429 | 2,637 | - | - |
| Investment in subsidiaries | | - | - | (3,812) | (54,000) |
| Net cash used in investing activities | | (51,787) | (14,620) | (3,844) | (54,385) |
| Cash flows from financing activities | | | | | |
| Dividends paid to shareholders of the Company | 23 | (21,972) | (18,937) | (21,972) | (18,937) |
| Dividends paid to minority interest | | (1,633) | (8,866) | - | - |
| Drawdown of foreign currency trade loan | | 7,987 | 89 | - | - |
| Repayment of revolving credit | | - | (5,000) | - | - |
| Repayment of term loans | | (1,870) | (2,091) | - | - |
| Purchase of company's own shares | | (1,284) | (4,105) | (1,284) | (4,105) |
| Net cash used in financing activities | | (18,772) | (38,910) | (23,256) | (23,042) |
| Net increase in cash and cash equivalents | | 22,799 | 33,411 | 41,622 | 442 |
| Effect of exchange rate fluctuations on cash held | | (3,321) | (1,839) | - | - |
| Cash and cash equivalents at 1 January | (i) | 172,056 | 140,484 | 12,872 | 12,430 |
| Cash and cash equivalents at 31 December | (i) | 191,534 | 172,056 | 54,494 | 12,872 |

Cash Flow Statements for the year ended 31 December 2008

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

| | Note | Group | | Company | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Cash and bank balances | 11 | 29,276 | 32,802 | 634 | 47 |
| Deposits placed with licensed banks | 11 | 162,941 | 144,603 | 53,860 | 12,825 |
| | | 192,217 | 177,405 | 54,494 | 12,872 |
| Bills payable | 13 | - | (3,812) | - | - |
| Bank overdrafts | 13 | (683) | (1,537) | - | - |
| | | 191,534 | 172,056 | 54,494 | 12,872 |

The notes on pages 35 to 71 are an integral part of these financial statements.

Notes to the Financial Statements

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

Registered office

62-68, Jalan Ipoh
51200 Kuala Lumpur

Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries and the Group's interests in jointly controlled entities. The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

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

The financial statements were approved by the Board of Directors on 10 April 2009.

1. Basis of preparation

(a) Statement of compliance

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

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

| FRSs / Interpretations | Effective date |
|---|----------------|
| FRS 4, <i>Insurance Contracts</i> | 1 January 2010 |
| FRS 7, <i>Financial Instruments : Disclosures</i> | 1 January 2010 |
| FRS 8, <i>Operating Segments</i> | 1 July 2009 |
| FRS 139, <i>Financial Instruments : Recognition and Measurement</i> | 1 January 2010 |
| IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i> | 1 January 2010 |

Notes to the Financial Statements

1. Basis of preparation *(continue)*

(a) Statement of compliance *(continue)*

The Group and the Company plan to apply the FRS 7, FRS 8, FRS 139, IC Interpretation 9 and IC Interpretation 10 from the annual period beginning 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

FRS 4 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its geographical segments (see Note 28). Under FRS 8, the Group will present segment information in respect of its operations segments based on internal reports used by the entity's chief operating decision maker.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

Notes to the Financial Statements

2. Significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

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

(ii) *Jointly-controlled entities*

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

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

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

(iii) *Changes in Group composition*

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

(iv) *Minority interest*

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

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

(v) *Transactions eliminated on consolidation*

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

Notes to the Financial Statements

2. Significant accounting policies *(continued)*

(b) Foreign currency

(i) *Foreign currency transactions*

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

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

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

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

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

(iii) *Net investment in foreign operations*

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

(c) Derivative financial instruments

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

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

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(e) Operating lease

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

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

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

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Development

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

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

(g) Investment property

(i) Investment property carried at cost

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

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

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

(ii) Determination of fair value

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

(h) Inventories

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

(i) Receivables

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

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

Receivables are not held for the purpose of trading.

Notes to the Financial Statements

2. Significant accounting policies *(continued)*

(j) Cash and cash equivalents

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

(k) Impairment of assets

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

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

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

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

(l) Equity instruments

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

(i) *Purchase of company's own shares*

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

(m) Loans and borrowings

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

(n) Employee benefits

(i) *Short term employee benefits*

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

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

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

Notes to the Financial Statements

2. Significant accounting policies *(continued)*

(n) Employee benefits *(continued)*

(ii) Employee benefits

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

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

(iii) Termination benefits

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

(o) Provisions

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

(i) Product warranty

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

(p) Payables

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

(q) Revenue recognition

(i) Goods sold

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

(ii) Services

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

(iii) Dividend income

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

(iv) Rental income

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

Notes to the Financial Statements

2. Significant accounting policies *(continued)*

(q) Revenue recognition *(continued)*

(v) *Deferred grant income*

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

(r) Interest income and borrowing costs

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

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

(s) Tax expense

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

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

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

Deferred tax liability is recognised for all taxable temporary differences.

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

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when they are utilised.

(t) Earnings per share

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

(u) Segment reporting

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

Notes to the Financial Statements

3. Property, plant and equipment

| Group | Note | Freehold land RM'000 | Long term leasehold land RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Furniture, fittings and office equipment RM'000 | Motor vehicles RM'000 | Under construction RM'000 | Total RM'000 |
|--------------------------------------|------|-------------------------|------------------------------------|---------------------|--|--|--------------------------|------------------------------|-----------------|
| Cost/valuation | | | | | | | | | |
| At 1 January 2007 | | 13,847 | 6,805 | 81,510 | 308,560 | 24,707 | 10,292 | 3,015 | 448,736 |
| Additions | | - | - | 916 | 10,341 | 1,943 | 2,119 | 2,991 | 18,310 |
| Disposals | | - | - | (114) | (5,610) | (1,320) | (2,160) | - | (9,204) |
| Written off | | - | - | - | (337) | (187) | - | - | (524) |
| Transfer | | - | (6,805) | 6,805 | 1,829 | 52 | - | (1,881) | - |
| Effect of movement in exchange rates | | - | - | (204) | 468 | (26) | 12 | - | 250 |
| At 31 December 2007 | | | | | | | | | |
| 1 January 2008 | | 13,847 | - | 88,913 | 315,251 | 25,169 | 10,263 | 4,125 | 457,568 |
| Additions | | - | - | 3,077 | 16,877 | 2,191 | 1,060 | 37,304 | 60,509 |
| Disposals | | - | - | - | (8,414) | (307) | (1,163) | (17) | (9,901) |
| Written off | | - | - | - | (1,303) | (252) | - | - | (1,555) |
| Transfer | | - | - | 146 | 4,650 | 8 | - | (4,804) | - |
| Effect of movement in exchange rates | | - | - | (45) | 527 | 243 | (166) | (50) | 509 |
| At 31 December 2008 | | 13,847 | - | 92,091 | 327,588 | 27,052 | 9,994 | 36,558 | 507,130 |
| Representing items at: | | | | | | | | | |
| Cost | | 13,847 | - | 85,441 | 327,588 | 27,052 | 9,994 | 36,558 | 500,480 |
| 1984 valuation | | - | - | 6,650 | - | - | - | - | 6,650 |
| | | 13,847 | - | 92,091 | 327,588 | 27,052 | 9,994 | 36,558 | 507,130 |

Depreciation and impairment loss

At 1 January 2007

| | | | | | | | | |
|--------------------------------------|---|---------|--------|---------|---------|---------|---|---------|
| Accumulated depreciation | - | 2,444 | 21,771 | 224,672 | 18,735 | 5,224 | - | 272,846 |
| Accumulated impairment loss | - | - | - | 254 | - | - | - | 254 |
| | - | 2,444 | 21,771 | 224,926 | 18,735 | 5,224 | - | 273,100 |
| Charge for the year | - | - | 3,526 | 23,856 | 3,577 | 1,408 | - | 32,367 |
| Disposals | - | - | (4) | (4,750) | (1,300) | (1,518) | - | (7,572) |
| Transfer | - | (2,444) | 2,444 | - | - | - | - | - |
| Written off | - | - | - | (323) | (186) | - | - | (509) |
| Impairment loss | - | - | - | 165 | - | - | - | 165 |
| Effect of movement in exchange rates | - | - | (11) | (127) | (5) | 7 | - | (136) |

At 31 December 2007

| | | | | | | | | |
|-----------------------------|---|---|--------|---------|--------|-------|---|---------|
| Accumulated depreciation | - | - | 27,726 | 243,328 | 20,821 | 5,121 | - | 296,996 |
| Accumulated impairment loss | - | - | - | 419 | - | - | - | 419 |
| | - | - | 27,726 | 243,747 | 20,821 | 5,121 | - | 297,415 |

Notes to the Financial Statements

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

| Group | Note | Freehold land RM'000 | Long term leasehold land RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Furniture, fittings and office equipment RM'000 | Motor vehicles RM'000 | Under construction RM'000 | Total RM'000 |
|--|------|-------------------------|------------------------------------|---------------------|--|--|--------------------------|------------------------------|-----------------|
| At 1 January 2008 | | | | | | | | | |
| Accumulated depreciation | | - | - | 27,726 | 243,328 | 20,821 | 5,121 | - | 296,996 |
| Accumulated impairment loss | | - | - | - | 419 | - | - | - | 419 |
| | | - | - | 27,726 | 243,747 | 20,821 | 5,121 | - | 297,415 |
| Charge for the year | | - | - | 3,582 | 21,538 | 2,181 | 1,370 | - | 28,671 |
| Disposals | | - | - | - | (3,779) | (299) | (654) | - | (4,732) |
| Written off | | - | - | - | (1,015) | (242) | - | - | (1,257) |
| Effect of movement in exchange rates | | - | - | (4) | 891 | 130 | (57) | - | 960 |
| At 31 December 2008 | | | | | | | | | |
| Accumulated depreciation | | - | - | 31,304 | 260,963 | 22,591 | 5,780 | - | 320,638 |
| Accumulated impairment loss | | - | - | - | 419 | - | - | - | 419 |
| | | - | - | 31,304 | 261,382 | 22,591 | 5,780 | - | 321,057 |
| Carrying amounts | | | | | | | | | |
| At 1 January 2007 | | 13,847 | 4,361 | 59,739 | 83,634 | 5,972 | 5,068 | 3,015 | 175,636 |
| At 31 December 2007/ 1 January 2008 | | 13,847 | - | 61,187 | 71,504 | 4,348 | 5,142 | 4,125 | 160,153 |
| At 31 December 2008 | | 13,847 | - | 60,787 | 66,206 | 4,461 | 4,214 | 36,558 | 186,073 |

Notes to the Financial Statements

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

Revaluation

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

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

| Company | Furniture, fittings and office equipment RM'000 | Motor vehicles RM'000 | Total RM'000 |
|--|---|-----------------------------|-----------------|
| <i>Cost</i> | | | |
| At 1 January 2007 | 936 | 1,093 | 2,029 |
| Additions | 13 | 471 | 484 |
| Disposals | - | (379) | (379) |
| At 31 December 2007/ 1 January 2008 | 949 | 1,185 | 2,134 |
| Additions | 32 | - | 32 |
| At 31 December 2008 | 981 | 1,185 | 2,166 |
| <i>Accumulated depreciation</i> | | | |
| At 1 January 2007 | 419 | 427 | 846 |
| Charge for the year | 325 | 130 | 455 |
| Disposals | - | (282) | (282) |
| At 31 December 2007/1 January 2008 | 744 | 275 | 1,019 |
| Charge for the year | 159 | 153 | 312 |
| At 31 December 2008 | 903 | 428 | 1,331 |
| <i>Carrying amounts</i> | | | |
| At 1 January 2007 | 517 | 666 | 1,183 |
| At 31 December 2007/1 January 2008 | 205 | 910 | 1,115 |
| At 31 December 2008 | 78 | 757 | 835 |

Notes to the Financial Statements

4. Prepaid lease payments

| Group | Unexpired period less than or equal to 50 years RM'000 | Unexpired period more than 50 years* RM'000 | Total RM'000 |
|--|--|---|-----------------|
| <i>At cost/valuation</i> | | | |
| At 1 January 2007 | - | 40,532 | 40,532 |
| Additions | 1,049 | - | 1,049 |
| At 31 December 2007/1 January 2008 | 1,049 | 40,532 | 41,581 |
| Effect of movement in exchange rates | (3) | - | (3) |
| At 31 December 2008 | 1,046 | 40,532 | 41,578 |
| <i>Amortisation</i> | | | |
| At 1 January 2007 | - | 5,064 | 5,064 |
| Amortisation for the year | 29 | 526 | 555 |
| At 31 December 2007/1 January 2008 | 29 | 5,590 | 5,619 |
| Amortisation for the year | 21 | 502 | 523 |
| At 31 December 2008 | 50 | 6,092 | 6,142 |
| <i>Carrying amounts</i> | | | |
| At 1 January 2007 | - | 35,468 | 35,468 |
| At 31 December 2007/ 1 January 2008 | 1,020 | 34,942 | 35,962 |
| At 31 December 2008 | 996 | 34,440 | 35,436 |

* *Revaluation*

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

Notes to the Financial Statements

5. Investment property

Group

**Building
RM'000**

Cost

At 1 January 2007/At 31 December 2007/1 January 2008/
At 31 December 2008

1,791

Accumulated depreciation

At 1 January 2007

320

Depreciation for the year

131

At 31 December 2007/1 January 2008

451

Depreciation for the year

42

At 31 December 2008

493

Carrying amounts

At 1 January 2007

1,471

At 31 December 2007/1 January 2008

1,340

At 31 December 2008

1,298

The Directors estimate the fair value of investment property based on comparable market value of similar properties. Based on the Directors' estimation, the fair value of the building approximates its carrying values at 31 December 2008 and 31 December 2007.

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

| | Group | |
|---------------------------|------------------------|------------------------|
| | 2008 RM'000 | 2007 RM'000 |
| Rental income | 144 | 173 |
| Direct operating expenses | (65) | (146) |

Notes to the Financial Statements

6. Investment in subsidiaries

| | Company | |
|---|---------|---------|
| | 2008 | 2007 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 285,477 | 281,665 |
| Less: Allowance for diminution in value | (3,445) | (3,445) |
| | 282,032 | 278,220 |

Details of the subsidiaries are shown in Note 27.

7. Development expenditures

| | Group | |
|-------------------------|--------|--------|
| | 2008 | 2007 |
| | RM'000 | RM'000 |
| <i>Cost</i> | | |
| At 1 January | 506 | 469 |
| Additions | 500 | 37 |
| At 31 December | 1,006 | 506 |
| <i>Amortisation</i> | | |
| At 1 January | 326 | 258 |
| Charge for the year | 65 | 68 |
| At 31 December | 391 | 326 |
| <i>Carrying amounts</i> | | |
| At 31 December | 615 | 180 |

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

Notes to the Financial Statements

8. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| Group | Assets | | Liabilities | | Net | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Property, plant and equipment | | | | | | |
| - temporary differences | 8 | 71 | (8,315) | (7,416) | (8,307) | (7,345) |
| - revaluation | - | - | (1,617) | (1,870) | (1,617) | (1,870) |
| Unrealised foreign exchange loss/(gain) | - | 56 | (100) | - | (100) | 56 |
| Provisions | 11,338 | 13,863 | - | - | 11,338 | 13,863 |
| Unabsorbed capital allowances | 237 | 680 | - | - | 237 | 680 |
| Others | 30 | - | (13) | - | 17 | - |
| Tax assets/(liabilities) | 11,613 | 14,670 | (10,045) | (9,286) | 1,568 | 5,384 |
| Set off of tax | (5,492) | (5,334) | 5,492 | 5,334 | - | - |
| Net tax assets/(liabilities) | 6,121 | 9,336 | (4,553) | (3,952) | 1,568 | 5,384 |

| Company | Assets | | Liabilities | | Net | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Property, plant and equipment | | | | | | |
| - temporary differences | - | - | (108) | (94) | (108) | (94) |
| Provisions | 479 | 631 | - | - | 479 | 631 |
| Unabsorbed capital allowances | 37 | 59 | - | - | 37 | 59 |
| Tax assets/(liabilities) | 516 | 690 | (108) | (94) | 408 | 596 |

Notes to the Financial Statements

8. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

| | Group | |
|----------------------------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 |
| Unutilised tax losses | 12,945 | 6,164 |
| Unabsorbed capital allowances | 117 | 114 |
| Deductible temporary differences | 2,001 | 2,120 |
| | 15,063 | 8,398 |

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation except for the unutilised tax losses of RM4,175,000 (VND20,384,065,000) which will expire in years 2010-2013 for a subsidiary in Vietnam and an unutilised tax losses of RM5,771,000 (IDR16,727,530,000) which will expire in year 2013 for the jointly controlled entities in Indonesia.

9. Receivables, deposits and prepayments

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Trade | | | | |
| Trade receivables | 165,248 | 186,420 | - | - |
| Jointly controlled entities | 590 | 437 | - | - |
| Related parties | 11,507 | 16,216 | - | - |
| | 177,345 | 203,073 | - | - |
| Less: Allowance for doubtful debts | (1,375) | (1,109) | - | - |
| | 175,970 | 201,964 | - | - |
| Non-trade | | | | |
| Other receivables, deposits and prepayments | 19,411 | 20,915 | 604 | 408 |
| Subsidiaries | - | - | 132,105 | 201,688 |
| Jointly controlled entities | 23 | 10 | 18 | 17 |
| Related parties | 32 | 218 | - | - |
| | 19,466 | 21,143 | 133,727 | 202,113 |
| Less: Allowance for doubtful debts | (1,000) | (1,000) | - | - |
| | 18,466 | 20,143 | 133,727 | 202,113 |
| | 194,436 | 222,107 | 133,727 | 202,113 |

Notes to the Financial Statements

9. Receivables, deposits and prepayments (continued)

Group and Company

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

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

10. Inventories

| | Group | |
|--|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 |
| Raw materials | 104,518 | 77,950 |
| Work-in-progress | 10,793 | 11,200 |
| Manufactured inventories and trading inventories | 67,863 | 58,828 |
| Spare parts and others | 7,127 | 5,649 |
| | 190,301 | 153,627 |

The write-down of inventories to net realisable value amounted to RM9,090,000 (2007 - RM982,000). The reversal of write-down of inventories amounted to RM127,000 (2007 - RM1,652,000). The write-down and reversal are included in cost of sales.

11. Cash and cash equivalents

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Deposits placed with licensed banks | 162,941 | 144,603 | 53,860 | 12,825 |
| Cash and bank balances | 29,276 | 32,802 | 634 | 47 |
| | 192,217 | 177,405 | 54,494 | 12,872 |

12. Capital and reserves

Share capital

| | Group and Company | | Number | |
|-----------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
| | Amount 2008 RM'000 | Number of shares 2008 '000 | Amount 2007 RM'000 | Number of shares 2007 '000 |
| Authorised: | | | | |
| Ordinary shares of RM1 each | 300,000 | 300,000 | 300,000 | 300,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM1 each | 201,600 | 201,600 | 201,600 | 201,600 |

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

Notes to the Financial Statements

12. Capital and reserves (continued)

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 22 May 2008, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company purchased 591,600 (2007 - 1,841,300) of its own shares from the open market at an average price of RM 2.17 (2007 - RM2.23) per share. The total consideration paid was RM 1,284,000 including transaction costs of RM 7,111. The purchase transactions were financed by internally generated funds. The shares purchased are retained as treasury shares.

Exchange adjustment

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

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2008 if paid out as dividends.

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

13. Loans and borrowings

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | | | | |
| Unsecured term loans | 686 | 2,717 | - | - |
| Current | | | | |
| Unsecured overdrafts | 683 | 1,537 | - | - |
| Unsecured foreign currency trade loans | 8,252 | 265 | - | - |
| Unsecured term loans | 2,034 | 1,873 | - | - |
| Unsecured bills payable | - | 3,812 | - | - |
| | 10,969 | 7,487 | - | - |

The borrowings of the Group are subject to interest at 3.49% to 10.3% (2007 - 3.00% to 9.27%) per annum.

Terms and debt repayment schedule

| Group | Year of maturity RM'000 | Carrying amount RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 |
|------------------------|----------------------------|---------------------------|------------------------|-----------------------|-----------------------|
| 2008 | | | | | |
| Term loans - unsecured | 2009 - 2010 | 2,720 | 2,034 | 686 | - |
| 2007 | | | | | |
| Term loans - unsecured | 2009 - 2010 | 4,590 | 1,873 | 1,965 | 752 |

Notes to the Financial Statements

14. Employee benefits

| | Group | | Company | |
|--|---------------|--------|--------------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Recognised liability for employee benefits | 13,159 | 11,502 | 1,728 | 1,421 |

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

Movement in the liability recognised in the balance sheets

| | Group | | Company | |
|---|---------------|---------|--------------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Liability at 1 January | 11,502 | 12,149 | 1,421 | 1,039 |
| Benefits paid | (859) | (1,637) | (10) | (11) |
| Expense recognised in the income statements | 2,292 | 1,753 | 222 | 217 |
| Transfer from related company | - | - | - | 215 |
| Disposal of jointly controlled entity | - | (53) | - | - |
| Effect of movement in exchange rates | (119) | 21 | - | - |
| Under/(Over) provision in prior year | 343 | (731) | 95 | (39) |
| Liability at 31 December | 13,159 | 11,502 | 1,728 | 1,421 |

Expense recognised in the income statements

| | Group | | Company | |
|------------------------|--------------|--------|------------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current service costs | 1,667 | 1,153 | 125 | 115 |
| Interest on obligation | 625 | 600 | 97 | 102 |
| | 2,292 | 1,753 | 222 | 217 |

Notes to the Financial Statements

14. Employee benefits (continued)

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

| | Group | | Company | |
|-------------------------|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Cost of sales | 377 | 680 | - | - |
| Distribution expenses | 36 | 57 | - | - |
| Administration expenses | 1,879 | 1,016 | 222 | 217 |
| | 2,292 | 1,753 | 222 | 217 |

Actuarial assumptions

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

| | 2008 % | 2007 % |
|-------------------------|-----------|-----------|
| Discount rate | 5.4 | 5.4 |
| Future salary increases | 6.5 | 6.5 |
| Price inflation | 3.5 | 3.5 |

15. Deferred grant income

| | Group RM'000 |
|--|-----------------|
| At cost | |
| At 1 January 2007/At 31 December 2007/ 1 January 2008/At 31 December 2008 | 3,563 |
| Accumulated amortisation | |
| At 1 January 2007 | 3,276 |
| Amortisation during the year | 93 |
| At 31 December 2007/1 January 2008 | 3,369 |
| Amortisation during the year | 95 |
| At 31 December 2008 | 3,464 |
| Carrying amounts | |
| At 1 January 2007 | 287 |
| At 31 December 2007/1 January 2008 | 194 |
| At 31 December 2008 | 99 |

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

Notes to the Financial Statements

16. Provisions

| | Group Warranties RM'000 |
|--------------------------------------|-------------------------------|
| Balance at 1 January 2007 | 8,624 |
| Provision made during the year | 4,394 |
| Provision paid during the year | (3,586) |
| Provision reversed during the year | (1,797) |
| Balance at 31 December 2007 | 7,635 |
| Provision made during the year | 11,722 |
| Provision paid during the year | (4,639) |
| Provision reversed during the year | (1,022) |
| Effect of movement in exchange rates | (22) |
| Balance at 31 December 2008 | 13,674 |

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

17. Payables and accruals

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Trade | | | | |
| Trade payables | 101,520 | 91,754 | - | - |
| Related parties | 1,589 | 57 | - | - |
| | 103,109 | 91,811 | - | - |
| Non-trade | | | | |
| Other payables and accruals | 63,677 | 59,705 | 1,206 | 1,429 |
| Subsidiaries | - | - | 1,981 | 2,224 |
| Jointly controlled entities | - | 47 | - | - |
| Related parties | 299 | 780 | 98 | - |
| | 167,085 | 152,343 | 3,285 | 3,653 |

Group and Company

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

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

Notes to the Financial Statements

18. Revenue

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sale of goods | 943,382 | 839,070 | - | - |
| Services rendered | - | - | 6,118 | 6,935 |
| Dividend income | - | - | 3,000 | 323,850 |
| Rental income from investment property | 144 | 173 | - | - |
| | 943,526 | 839,243 | 9,118 | 330,785 |

19. Profit before tax

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax is arrived at after charging: | | | | |
| Allowance for doubtful debts | 653 | 265 | - | - |
| Amortisation of prepaid lease payments | 523 | 555 | - | - |
| Amortisation of development expenditure | 65 | 68 | - | - |
| Audit fee - current year | 412 | 269 | 35 | 30 |
| - prior year under provision | 79 | - | - | - |
| - other services | 10 | 15 | 10 | 15 |
| Depreciation of property, plant and equipment | 28,671 | 32,367 | 312 | 455 |
| Depreciation of investment property | 42 | 131 | - | - |
| Net foreign exchange loss | | | | |
| - realised | 4,047 | - | 2 | 9 |
| - unrealised | 1,273 | 1,047 | - | 474 |
| Inventories written down | 9,090 | 982 | - | - |
| Loss on disposal of property, plant and equipment | 749 | 180 | - | - |
| Rental expenses | 999 | 529 | - | - |
| Property, plant and equipment written off | 298 | 15 | - | - |
| Provisions made for warranties | 11,722 | 4,394 | - | - |
| Rental of premises | 1,829 | 1,931 | - | - |
| Royalties | 9,255 | 7,316 | - | - |
| Impairment loss on property, plant and equipment | - | 165 | - | - |
| Interest expense | 598 | 909 | 3,206 | 1,792 |
| Personnel expenses (including key management personnel) | | | | |
| - Employee benefits | 2,292 | 1,753 | 222 | 217 |
| - Termination benefits | 4 | 10,092 | - | - |
| - Contributions to Employees Provident Fund | 6,899 | 6,771 | 726 | 450 |
| - Wages, salaries and others | 93,123 | 90,999 | 5,983 | 5,163 |
| Direct operating expenses of investment property | 65 | 146 | - | - |

Notes to the Financial Statements

19. Profit before tax (continued)

| | Group | | Company | |
|---|--------|--------|---------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| and after crediting: | | | | |
| Allowance for doubtful debts written back | 387 | 225 | - | - |
| Reversal of allowance for diminution in value of investment | - | - | - | 7 |
| Amortisation of grant income | 95 | 93 | - | - |
| Gain on disposal of property, plant and equipment | 160 | 461 | - | 2 |
| Net foreign exchange gain | | | | |
| - realised | - | 1,236 | - | - |
| Reversal of inventory write down | 127 | 1,652 | - | - |
| Reversal of provision for warranties | 1,022 | 1,797 | - | - |
| Rental income from investment property | 144 | 173 | - | - |
| Taxable dividends received from | | | | |
| - unquoted subsidiaries | - | - | 3,000 | 323,850 |
| Gain on disposal of jointly controlled entity | - | 1 | - | - |
| Gain on disposal of subsidiary | 831 | - | - | - |

20. Key management personnel compensation

The key management personnel compensations are as follows:

| Group and Company | 2008 | 2007 |
|--|--------|--------|
| | RM'000 | RM'000 |
| Directors | | |
| - Fees | 162 | 144 |
| - Remuneration | 2,868 | 2,701 |
| Other short term employee benefits (including estimated monetary value of benefits-in-kind) | 132 | 124 |
| Total short-term employee benefits | 3,162 | 2,969 |
| Post-employment benefits | 220 | 253 |
| | 3,382 | 3,222 |
| Group | | |
| Other key management personnel: | | |
| - Short-term employee benefits | 2,295 | 2,449 |
| - Post-employment benefits | 198 | 203 |
| | 2,493 | 2,652 |
| | 5,875 | 5,874 |

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

21. Tax expense

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | | | | |
| Malaysia - current year | 18,675 | 17,047 | 400 | 87,740 |
| - prior year (over)/under provision | (693) | 316 | (119) | (272) |
| Overseas - current year | 891 | 1,978 | - | - |
| - prior year under provision | 134 | 136 | - | - |
| | 19,007 | 19,477 | 281 | 87,468 |
| Deferred tax expense | | | | |
| - Origination and reversal of temporary differences | 1,588 | 246 | 193 | (160) |
| - Under/(Over) provision in prior years | 2,228 | (551) | (5) | 288 |
| | 3,816 | (305) | 188 | 128 |
| | 22,823 | 19,172 | 469 | 87,596 |
| Reconciliation of tax expense | | | | |
| Profit for the year | 57,572 | 59,336 | 538 | 235,574 |
| Total tax expense | 22,823 | 19,172 | 469 | 87,596 |
| Profit excluding tax | 80,395 | 78,508 | 1,007 | 323,170 |
| Tax at Malaysian tax rates at 26% (2007 : 27%)* | 20,903 | 21,197 | 262 | 87,256 |
| Effect of different tax rates in foreign jurisdictions | 59 | 181 | - | - |
| Non-deductible expenses | 1,471 | 1,142 | 312 | 356 |
| Tax exempt income | (215) | (1,063) | - | (32) |
| Tax incentives | (2,811) | (2,739) | - | - |
| Effect of utilisation of deferred tax benefits previously not recognised | - | (34) | - | - |
| Effect of deferred tax benefit not recognised | 1,732 | 56 | - | - |
| Effect of changes in tax rate | 211 | 307 | 19 | - |
| Other items | (196) | 224 | - | - |
| | 21,154 | 19,271 | 593 | 87,580 |
| (Over)/Under provision in prior years | | | | |
| - current tax | (559) | 452 | (119) | (272) |
| - deferred tax | 2,228 | (551) | (5) | 288 |
| Tax expense | 22,823 | 19,172 | 469 | 87,596 |

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

Notes to the Financial Statements

22. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| | Group | |
|---|----------------|----------------|
| | 2008 RM'000 | 2007 RM'000 |
| Profit for the year attributable to equity holders | 51,169 | 53,738 |
| Weighted average number of ordinary shares | | |
| Issued ordinary shares at 1 January | 201,600 | 201,600 |
| Effect of treasury shares held | (3,637) | (2,220) |
| Weighted average number of ordinary shares at 31 December | 197,963 | 199,380 |
| Basic earnings per share | 25.8 | 27.0 |

23. Dividends

Dividends recognised in the current year by the Company are:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|-----------------------|----------------------------------|---------------------------|--------------------|
| 2008 | | | |
| Interim 2008 ordinary | 4.44 | 8,783 | 26 September 2008 |
| Final 2007 ordinary | 6.66 | 13,189 | 12 June 2008 |
| Total amount | | 21,972 | |
| 2007 | | | |
| Interim 2007 ordinary | 3.65 | 7,264 | 20 September 2007 |
| Final 2006 ordinary | 5.84 | 11,673 | 14 June 2007 |
| Total amount | | 18,937 | |

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

| | Sen per share (net of tax) | Total amount RM'000 |
|---------------------|----------------------------------|---------------------------|
| Final 2008 ordinary | 6.75 | 13,352 |

Notes to the Financial Statements

24. Capital and other commitments

| | Group | |
|---------------------------------|--------|--------|
| | 2008 | 2007 |
| Property, plant and equipment | RM'000 | RM'000 |
| Contracted but not provided for | | |
| Within one year | 14,484 | 19,272 |

25. Related parties

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

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

Controlling related party relationships are as follows:

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

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

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

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| With TCMH Group | | | | |
| Sales | 55,246 | 47,800 | - | - |
| Purchases | 4,384 | 2,469 | 47 | 182 |
| Rental expenses | 854 | 854 | - | - |
| Administrative and consultancy services | 20 | 20 | 20 | 20 |
| Rental income | 568 | 574 | - | - |
| With TCIL Group | | | | |
| Sales | 246 | 351 | - | - |
| With WTCH Group | | | | |
| Sales | 259 | 195 | - | - |
| Purchases | 2,166 | 1,725 | 138 | 164 |
| Rental expenses | 79 | 83 | - | - |

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

Notes to the Financial Statements

25. Related parties *(continued)*

- ii) Significant transactions with key management personnel

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

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

| Company | Transactions value for the year ended 31 December | |
|----------------------------|---|----------------|
| | 2008 RM'000 | 2007 RM'000 |
| Subsidiaries | | |
| Management fees receivable | 6,118 | 6,935 |

26. Disposal of subsidiary/jointly controlled entity

2008

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

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

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

Notes to the Financial Statements

26. Disposal of subsidiary/jointly controlled entity *(continued)*

2007

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

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

| Group | Carrying amount RM'000 |
|---|------------------------------|
| Property, plant and equipment | (51) |
| Inventories | (233) |
| Deferred tax assets | (21) |
| Tax recoverable | (52) |
| Receivables, deposits and prepayments | (367) |
| Cash and cash equivalents | (240) |
| Employee benefits | 53 |
| Payables and accruals | 395 |
| Net identifiable assets and liabilities | (516) |
| Consideration received in cash | 517 |
| Gain on disposal | 1 |
| Consideration received in cash | 517 |
| Cash disposed | (240) |
| Net cash inflow | 277 |

Notes to the Financial Statements

27. Subsidiaries

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

| Name of subsidiary | Principal activities | Effective ownership Interest | |
|--|--|------------------------------|-----------|
| | | 2008 % | 2007 % |
| APM Climate Control Sdn. Bhd. (formerly known as APM Air-Conditioners Sdn. Bhd.) | Manufacture and sale of automotive air-conditioners | 100 | 100 |
| APM Auto Electronics Sdn. Bhd. | Manufacture and sale of automotive electrical components | 100 | 100 |
| APM Coil Springs Sdn. Bhd. | Manufacture and sale of automotive coil springs | 100 | 100 |
| APM Motorsport Sdn. Bhd. | Marketing and sale of automotive parts and accessories | 100 | 100 |
| APM Plastics Sdn. Bhd. | Manufacture and sale of plastic injection and extrusion moulded parts and components | 100 | 100 |
| APM Shock Absorbers Sdn. Bhd. | Manufacture and sale of shock absorbers and related component parts | 100 | 100 |
| APM Springs Sdn. Bhd. | Manufacture and sale of automotive leaf springs | 100 | 100 |
| APM Springs (Vietnam) Co., Ltd.** (held via 100% owned subsidiary, APM Automotive International Ltd) | Manufacture and sale of automotive suspension parts | 100 | 100 |
| Auto Parts Marketing Sdn. Bhd. | Marketing and sale of automotive parts and accessories | 100 | 100 |
| Auto Parts Manufacturers Co. Sdn. Bhd. | Manufacture and sale of automotive seats and radiators | 100 | 100 |
| Radiators Australia (2000) Pty. Ltd. ** (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Distribution and assembly of automotive and industrial radiators and other automotive components | 100 | 100 |
| Anhui Winking Auto Parts Manufacturing Co. Ltd.** (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd.) | Manufacture and sale of automotive seats, interior parts and seating components. | - | 60 |

Notes to the Financial Statements

27. Subsidiaries (continued)

| Name of subsidiary | Principal activities | Effective ownership Interest | |
|--|---|------------------------------|--------|
| | | 2008 % | 2007 % |
| Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Manufacture and sale of automotive seats and components | 60 | 60 |
| P.T. APM Armada Suspension* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Manufacture and distribution of coil springs and leaf springs | 80 | 80 |
| APM Auto Mechanisms Sdn. Bhd. | Property investment | 100 | 100 |
| APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Property investment | 100 | 100 |
| KAB Otomotif Sdn. Bhd. | Property investment | 100 | 100 |
| Perusahaan Tilam Kereta Sdn. Bhd. | Property investment | 100 | 100 |
| Auto Parts Holdings Sdn. Bhd. | Investment holding | 100 | 100 |
| APM Automotive International Ltd. * | Investment holding | 100 | 100 |
| APM Holdings Inc.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Investment holding | 100 | 100 |
| APM Interiors Sdn. Bhd. | Dormant | 100 | 100 |
| APM Components America Inc.* (held via 100% owned subsidiary, APM Holdings Inc.) | Dormant | 100 | 100 |
| APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) | Dormant | 100 | 100 |

Notes to the Financial Statements

27. Subsidiaries (continued)

| Name of subsidiary | Principal activities | Effective ownership Interest | |
|---|----------------------|------------------------------|--------|
| | | 2008 % | 2007 % |
| APM Metal Industries Sdn. Bhd. | Dormant | 100 | 100 |
| APM Radiators Sdn. Bhd. | Dormant | 100 | 100 |
| APM Tooling Centre Sdn. Bhd. | Dormant | 100 | 100 |
| Atsugi Parts Manufacturing Sdn. Bhd. | Dormant | 100 | 100 |
| Pandamaran Special Steel Sdn. Bhd. | Dormant | 100 | 100 |
| TC-Kinugawa Rubber Sdn. Bhd. | Dormant | 100 | 100 |
| APM Components (USA) Inc.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd.) | Dormant | 100 | 100 |
| APM Auto Components (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd) | Dormant | 100 | - |

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

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

** Audited by another firm of Public Accountants

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

28. Segment reporting

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

Geographical segments

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

Notes to the Financial Statements

28. Segment reporting (continued)

Geographical segments (continued)

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

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

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

| | Operations in Malaysia | | Outside Malaysia | | Elimination | | Consolidated | |
|---|---------------------------|---------|---------------------|---------|-------------|----------|--------------|----------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Geographical segments | | | | | | | | |
| Total external revenue | 808,058 | 727,635 | 135,468 | 111,608 | - | - | 943,526 | 839,243 |
| Inter-segment revenue | 5,832 | 4,452 | 10,050 | 5,435 | (15,882) | (9,887) | - | - |
| Total segment revenue | 813,890 | 732,087 | 145,518 | 117,043 | (15,882) | (9,887) | 943,526 | 839,243 |
| Segment result/result from operating activities | | | | | | | | |
| Segment result/result from operating activities | 81,344 | 67,779 | (5,465) | 6,281 | (429) | (29) | 75,450 | 74,031 |
| Interest income | | | | | | | | |
| Finance costs | | | | | | | 5,543 | 5,386 |
| | | | | | | | (598) | (909) |
| Profit before tax | | | | | | | | |
| Tax expense | | | | | | | 80,395 | 78,508 |
| | | | | | | | (22,823) | (19,172) |
| Profit for the year | | | | | | | 57,572 | 59,336 |
| Segment assets | | | | | | | | |
| Total assets | 720,354 | 689,727 | 116,852 | 96,338 | (20,927) | (17,876) | 816,279 | 768,189 |
| Segment liabilities | | | | | | | | |
| Total liabilities | 158,091 | 150,933 | 54,225 | 40,146 | - | - | 212,316 | 191,079 |
| Capital expenditure | | | | | | | | |
| Depreciation | 38,249 | 14,159 | 22,260 | 4,151 | - | - | 60,509 | 18,310 |
| Impairment loss on property, plant and equipment recognised directly in income statements | | | | | | | | |
| | - | 165 | - | - | - | - | - | - |

Notes to the Financial Statements

29. Financial instruments

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

Credit risk

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

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

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

| | Group | |
|--|--------|--------|
| | 2008 | 2007 |
| | RM'000 | RM'000 |
| Trade receivables: | | |
| Perusahaan Otomobil Nasional Sdn. Bhd. | 18,071 | 18,715 |
| Perodua Manufacturing Sdn. Bhd. | 53,293 | 64,066 |
| Tan Chong Motor Assemblies Sdn. Bhd. | 7,105 | 11,513 |
| | 78,469 | 94,294 |

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

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

Interest rate risk

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

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

Effective interest rates and repricing analysis

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

Notes to the Financial Statements

29. Financial instruments (continued)

Effective interest rates and repricing analysis (continued)

| | 2008 | | | | 2007 | | | |
|---|---|-----------------|----------------------------|------------------------|---|-----------------|----------------------------|------------------------|
| | Average effective interest rate % | Total RM'000 | Within 1 year RM'000 | 1-5 years RM'000 | Average effective interest rate % | Total RM'000 | Within 1 year RM'000 | 1-5 years RM'000 |
| Group | | | | | | | | |
| Financial assets | | | | | | | | |
| Deposits placed with licensed banks | 3.32 | 162,941 | 162,941 | - | 3.26 | 144,603 | 144,603 | - |
| Financial Liabilities | | | | | | | | |
| Unsecured bills payable | - | - | - | - | 3.50 | (3,812) | (3,812) | - |
| Unsecured overdrafts | 7.07 | (683) | (683) | - | 6.13 | (1,537) | (1,537) | - |
| Unsecured foreign currency trade loans | 5.87 | (8,252) | (8,252) | - | 5.52 | (265) | (265) | - |
| Unsecured term loans | 5.16 | (2,720) | (2,034) | (686) | 5.21 | (4,590) | (1,873) | (2,717) |
| Company | | | | | | | | |
| Financial Assets | | | | | | | | |
| Deposits placed with licensed banks | 3.38 | 53,860 | 53,860 | - | 3.60 | 12,825 | 12,825 | - |

Foreign currency risk

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

Hedging

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

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

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

Notes to the Financial Statements

29. Financial instruments (continued)

Fair values

Recognised financial instruments

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

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

| | Group 2008 | | Group 2007 | |
|----------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| Unsecured term loans | 686 | 655 | 2,717 | 2,552 |

Estimation of fair value

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

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

| | 2008 | 2007 |
|----------------------|-------|-------|
| Unsecured term loans | 5.16% | 5.21% |

Unrecognised financial instruments

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

Group

| | 2008 Contract or notional principal amount RM'000 | 2008 Fair value favourable/ (unfavourable) RM'000 | 2007 Contract or notional principal amount RM'000 | 2007 Fair value favourable/ (unfavourable) RM'000 |
|--|--|---|--|---|
| Forward foreign exchange purchase contracts | 32,064 | 1,758 | 11,259 | - |
| Forward foreign exchange sales contracts | 15,402 | 259 | 17,936 | 249 |

Estimation of fair value

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

Notes to the Financial Statements

30. Jointly controlled entities

Details of jointly controlled entities are as follows:

| Name of company | Principal activities | Effective ownership interest | |
|---|--|------------------------------|-----------|
| | | 2008 % | 2007 % |
| APM-Coachair Sdn. Bhd.* | Distribution of coach air-conditioners | 50 | 50 |
| Diversified Furniture Systems Sdn. Bhd.* | Dormant | 50 | 50 |
| P.T. APM Armada Autoparts*# | Manufacture and sale of automotive interior products | 50 | 50 |
| P.T. Armada Johnson Controls # (owned via 50% jointly controlled entity, P.T. APM Armada Autoparts) | Manufacture and sale of automotive seat products | 30 | 30 |

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

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

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

In 2007, the Group disposed of its entire 50% equity investment in Auto Culture Supplies Sdn. Bhd. for a cash consideration of RM517,000 (see Note 26).

31. Significant events during the year

- i) The Group via its wholly-owned subsidiary, Auto Parts Holdings Sdn. Bhd., had on 5 March 2008 entered into an Equity Transfer Agreement with Hefei Johnson Controls Yunhe Automotive Seating Co. Ltd. ("HJC") of China to dispose of its entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co., Ltd. to HJC for a total cash consideration of USD2.46 million equivalent to RM 7.885 million. The disposal was completed in the second quarter of 2008 and resulted in a gain of RM831,000 to the Group.
- ii) The Management Board of Vietnam- Singapore Industrial Park in Socialist Republic of Vietnam had on 8 August 2008 approved the Group's application for the registration of a limited liability company with the name of APM Auto Components (Vietnam) Co., Ltd. ("AC") and an investment certificate for the manufacture of automotive seats and its components, shock absorbers, radiators and air-conditioners parts. AC has a registered authorised investment capital of USD 1,100,000 and issued and paid-up capital of USD 330,000. It is wholly owned by APM Automotive International Ltd., which is a 100% owned subsidiary of the Company.

Statement by Directors Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 26 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

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

Dr Fun Woh Peng

Tan Eng Hwa

Kuala Lumpur,

Date: 10 April 2009

Statutory Declaration Pursuant to section 169(16) of the Companies Act, 1965

I, Lee Kwee Cheng, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 26 to 71 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 10 April 2009

Lee Kwee Cheng
(MIA 9160)

Before me:

Mohd Radzi B Yasin
No.W327

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report to the members of APM Automotive Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 71.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 27 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

10 April 2009

Peter Ho Kok Wai

Approval Number: 1745/12/09(J)
Chartered Accountant

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 | 9,004 | 11 | 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 | 9,142 | 14 | 1984 | 1984 |
| Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor | Factory, office & warehouse | 40,354 | Leasehold/ 19.10.2076 | 23,619 | 22 | - | 1999 |
| Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor | Factory, office & warehouse | 20,234 | Leasehold/ 19.10.2076 | 4,398 | 30 | 1984 | 1974 |
| Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor | Vacant industrial land | 16,186 | Leasehold/ 19.10.2076 | 3,760 | - | - | 2005 |
| Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor | Factory, office & warehouse | 22,573 | Leasehold/ 06.04.2079 | 11,345 | 12 | - | 1996 |
| Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah | Light industrial building | 195 | Leasehold/ 16.11.2922 | 221 | 12 | - | 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 | 286 | 12 | - | 2001 |

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 29119 Seksyen 20 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor | Factory, office, warehouse & vacant land | 24,239 | Freehold | 12,508 | 3-6 | - | 2002 |
| No. 8 (Lot 9390) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor | Factory, office & warehouse | 8,086 | Freehold | 4,636 | 6 | - | 2002 |
| No. 7 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor | Factory, office, warehouse & vacant land | 32,354 | Freehold | 13,009 | 3-4 | - | 2002 |
| Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak | Factory, office, warehouse and vacant land | 39,882 | Freehold | 13,121 | 4 | - | 2004 |
| No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor | Factory, office & warehouse | 2,358 | Freehold | 1,298 | 9 | - | 2000 |
| Suryacipta City of Industry Jl. Surya Utama kav. I-15 A Ciampel, Karawang Jawa Barat 41361 | Factory, office & warehouse | 20,131 | Leasehold 25.05.2025 | 5,640 | 1 | - | 2008 |
| 25 Dai Lo Tu Do (Lot 342) Vietnam Singapore Industrial Park Thuan An District, Binh Duong Province Socialist Republic of Vietnam | Factory, office & warehouse | 10,000 | Leasehold 08.08.2054 | 3,578 | 4 | - | 2004 |

Analysis of Shareholdings as at 31 March 2009

SHARE CAPITAL

| | | |
|------------------------|---|--------------------------------|
| Authorised | : | RM300,000,000 |
| Issued & fully paid up | : | RM201,600,000 |
| Class of shares | : | Ordinary shares of RM1.00 each |
| Voting rights | : | 1 vote per ordinary share |
| Treasury shares | : | 3,989,900 |

THIRTY LARGEST SHAREHOLDERS

According to the Record of Depositors

| | No. of shares held | %* |
|--|--------------------|---------|
| 1 Parasand Limited | 40,320,000 | 20.4038 |
| 2 Tan Chong Consolidated Sdn Bhd | 34,539,999 | 17.4789 |
| 3 Lembaga Tabung Haji | 12,538,150 | 6.3449 |
| 4 Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera | 9,753,800 | 4.9359 |
| 5 CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM) | 8,190,200 | 4.1446 |
| 6 Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860) | 6,750,000 | 3.4158 |
| 7 HSBC Nominees (Asing) Sdn Bhd FGCS NV for Platinum Global Dividend Fund Limited | 6,446,000 | 3.2620 |
| 8 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1) | 6,000,000 | 3.0363 |
| 9 Permodalan Nasional Berhad | 4,911,400 | 2.4854 |
| 10 Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Prudential Fund Management Berhad | 3,945,900 | 1.9968 |
| 11 CIMSEC Nominees (Tempatan) Sdn Bhd Allied Investments Limited for Tan Chong Consolidated Sdn Bhd | 3,000,000 | 1.5181 |
| 12 Pertubuhan Keselamatan Sosial | 2,856,800 | 1.4457 |
| 13 Citigroup Nominees (Asing) Sdn Bhd UBS AG for The Navis Asia Navigator Master Fund | 2,717,600 | 1.3752 |
| 14 Valuecap Sdn Bhd | 2,296,200 | 1.1620 |
| 15 Wealthmark Holdings Sdn Bhd | 2,225,000 | 1.1260 |
| 16 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208) | 2,178,508 | 1.1024 |
| 17 Hong Leong Assurance Berhad As Beneficial Owner (Life Par) | 2,150,000 | 1.0880 |

Analysis of Shareholdings as at 31 March 2009

THIRTY LARGEST SHAREHOLDERS (continued)

According to the Record of Depositors

| | No. of shares held | %* |
|--|--------------------|----------------|
| 18 CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (MM1063) | 1,966,400 | 0.9951 |
| 19 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Heng Chew (E-KLC) | 1,859,500 | 0.9410 |
| 20 AMSEC Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Pacific Pearl Fund (UT-PM-PPF) | 1,776,900 | 0.8992 |
| 21 Tan Boon Hooi | 1,580,013 | 0.7996 |
| 22 Azman Bin Badrillah | 1,500,000 | 0.7591 |
| 23 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2) | 1,483,000 | 0.7505 |
| 24 Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927) | 1,350,000 | 0.6832 |
| 25 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF) | 1,253,900 | 0.6345 |
| 26 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Maakl Al-Fauzan (5170) | 1,185,100 | 0.5997 |
| 27 Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund | 1,024,700 | 0.5185 |
| 28 Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Maakl Value Fund (950290) | 1,020,000 | 0.5162 |
| 29 HSBC Nominees (Asing) Sdn Bhd Exempt An For UBS AG | 1,000,000 | 0.5060 |
| 30 Quarry Lane Sdn Bhd | 950,000 | 0.4807 |
| Total | 168,769,070 | 85.4051 |

* Percentage is based on the issued shares less treasury shares

Analysis of Shareholdings as at 31 March 2009

ANALYSIS BY SIZE OF HOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares held | % |
|---------------------|---------------------|------------|--------------------|----------------|
| 1-99 | 323 | 4.2753 | 15,415 | 0.0076 |
| 100-1,000 | 4,855 | 64.2621 | 1,955,978 | 0.9702 |
| 1,001-10,000 | 2,048 | 27.1079 | 6,537,112 | 3.2426 |
| 10,001-100,000 | 252 | 3.3355 | 6,621,307 | 3.2844 |
| 100,001-9,901,579 | 74 | 0.9795 | 95,082,139 | 47.1638 |
| 9,901,580 and above | 3 | 0.0397 | 87,398,149 | 43.3523 |
| | 7,555 | 100 | 197,610,100 | 98.0209 |
| Treasury Shares | - | - | 3,989,900 | 1.9791 |
| Total | 7,555 | 100 | 201,600,000 | 100 |

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders

| Name of Substantial Shareholder | Direct No. of shares held | %* | Indirect No. of shares held | %* |
|---------------------------------|---------------------------|------------------|-----------------------------|----------------------|
| Tan Chong Consolidated Sdn Bhd | 45,639,999 | 23.10 | 40,320,000 | 20.40 ⁽¹⁾ |
| Parasand Limited | 40,320,000 | 20.40 | - | - |
| Lembaga Tabung Haji | 12,538,150 | 6.34 | - | - |
| Wealthmark Holdings Sdn Bhd | 11,526,800 | 5.83 | | |
| Dato' Tan Heng Chew | 4,658,399 | 2.36 | 97,486,799 | 49.33 ⁽²⁾ |
| Tan Eng Soon | - | - | 97,696,799 | 49.44 ⁽³⁾ |
| Dato' Tan Kim Hor | 461,225 | 0.23 | 85,959,999 | 43.50 ⁽⁴⁾ |
| Dato' Tan Boon Pun | 28,064 | 0.01 | 86,156,541 | 43.60 ⁽⁵⁾ |
| Dr. Tan Kang Leong | 1,500 | - ⁽⁷⁾ | 85,959,999 | 43.50 ⁽⁶⁾ |
| Tan Kheng Leong | 40,500 | 0.02 | 85,959,999 | 43.50 ⁽⁶⁾ |
| Dato' Tan Hoe Pin | 5,000 | - ⁽⁷⁾ | 86,138,499 | 43.59 ⁽⁶⁾ |
| Tan Beng Keong | - | - | 86,138,499 | 43.59 ⁽⁶⁾ |
| Dr. Tan Ban Leong | 90,000 | 0.05 | 86,138,499 | 43.59 ⁽⁶⁾ |
| Dato' Tan Chee Keong | 14,000 | 0.01 | 85,959,999 | 43.50 ⁽⁶⁾ |

Notes:

⁽¹⁾ Deemed interest by virtue of interest in Parasand Limited ("Parasand") pursuant to Section 6A of the Companies Act, 1965("Act")

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

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

⁽⁴⁾ Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act

⁽⁵⁾ Deemed interest by virtue of interests in TCC, Parasand, Exepro Sdn Bhd ("ESB"), Progroup Nominees Sdn Bhd and Magic Rooms Sdn Bhd pursuant to Section 6A of the Act

⁽⁶⁾ Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Act

⁽⁷⁾ Less than 0.01%

* Percentage is based on the issued shares less treasury shares

Analysis of Shareholdings as at 31 March 2009

SHAREHOLDINGS OF DIRECTORS

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

| Name of Directors | Direct No. of shares held | %* | Indirect No. of shares held | %* |
|--|------------------------------|------------------|--------------------------------|----------------------|
| Dato' Tan Heng Chew | 4,658,399 | 2.36 | 99,665,307 | 50.44 ⁽¹⁾ |
| Azman Badrillah | 1,537,000 | 0.78 | - | - |
| Tan Eng Soon | - | - | 97,696,799 | 49.44 ⁽²⁾ |
| Tan Eng Hwa | 207,008 | 0.10 | 11,533,928 | 5.84 ⁽³⁾ |
| Dato' Haji Kamaruddin @ Abas Nordin | 448 | - ⁽⁴⁾ | - | - |

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

Notes:

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

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

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

⁽⁴⁾ Less than 0.01%

* Percentage is based on the issued shares less treasury shares

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of APM Automotive Holdings Berhad ("Company") will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Wednesday, 20 May 2009 at 11:00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and consider the Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereto.

Resolution 1

2. To declare a final dividend of 9% less income tax for the financial year ended 31 December 2008.

Resolution 2

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

- i Fun Woh Peng
- ii Azman Badrillah
- iii Dato' N Sadasivan

Resolution 3

Resolution 4

Resolution 5

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

"THAT Dato' Haji Kamaruddin @ Abas Nordin, having attained the age of seventy years, be and is hereby appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next annual general meeting of the Company."

Resolution 6

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

Resolution 7

Special Business:

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

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

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

Resolution 8

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

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

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

Notice of Annual General Meeting

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

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

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

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

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

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

Resolution 9

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

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG 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 Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.1 of the circular to shareholders dated 27 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

Resolution 10

Notice of Annual General Meeting

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

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.2 of the circular to shareholders dated 27 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

Resolution 11

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

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the 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 3.2.3 of the circular to shareholders dated 27 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

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

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

Resolution 12

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

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

Kuala Lumpur
27 April 2009

Notice of Annual General Meeting

Notes:

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

Resolution 8

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company of up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

Resolution 9

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

Resolutions 10, 11 and 12

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

Further information on resolutions 9, 10, 11 and 12 are set out in the circular to shareholders dated 27 April 2009 despatched together with this Annual Report.

Statement Accompanying Notice of Annual General Meeting

The profiles of the Directors standing for re-election pursuant to Article 96 and appointment pursuant to Section 129(6) of the Companies Act, 1965 are set out on pages 10 to 12 of the Annual Report whilst their interest in the shares of the Company as at 31 March 2009 are set out on page 79.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twelfth Annual General Meeting of APM Automotive Holdings Berhad, a final dividend of 9% less income tax for the financial year ended 31 December 2008 will be paid on 24 June 2009. The entitlement date is 5 June 2009.

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 5 June 2009 in respect of ordinary transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

LEE KWEE CHENG
CHAN YOKE-LIN
Company Secretaries

Kuala Lumpur
27 April 2009

FORM OF PROXY

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

CDS Account No. : _____

Number of shares held : _____

I/We _____

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

of _____

(Full address)

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

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

or failing him/her _____

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

or failing them, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Wednesday, 20 May 2009 at 11:00 a.m., and at any adjournment thereof, as indicated below:

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

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

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% |

Notes:

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

Affix
Stamp
here

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

Lot 1 Jalan 6/3
Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Telephone : (603) 8946 3333
Facsimile : (603) 8948 4400

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

Website : www.apm-automotive.com
E-mail : apmah@apm-automotive.com