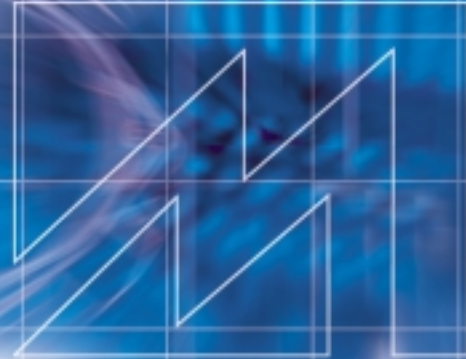




**MBM RESOURCES BERHAD**

(Incorporated in Malaysia)

(Co. No. 284495-V)



**ANNUAL REPORT 2001**

**MBM RESOURCES BERHAD (284496-V)**

50-04-05 Wisma UOA Damansara

50 Jalan Dungun, Damansara Heights

50490 Kuala Lumpur, Malaysia

Tel: (603) 2093 3230

Fax: (603) 2093 3251

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## BOARD OF DIRECTORS

Y. Bhg. Dato' Mohd Ridzuan bin Abdul Halim (*Chairman, appointed on 18 May 2001*)

Y. Bhg. Dato' Abdul Rahim bin Abdul Halim (*Managing Director*)

Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman

Y. Bhg. Dato' Lee Lam Thye

Encik Shamshir bin Ghazali

Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin (*appointed on 18 May 2001*)

Encik Low Hin Choong (*appointed on 18 May 2001*)

Encik Looi Kok Loon (*appointed on 18 May 2001*)

Cik Wong Fay Lee (*appointed on 18 May 2001 and resigned on 22 February 2002*)

Y. Bhg. Dr. Nawawi bin Mat Awin (*appointed on 12 June 2001*)

Y. Bhg. Tan Sri Dato' Hj. Ahmad Azizuddin bin Hj. Zainal Abidin (*retired on 18 May 2001*)

Y. Bhg. Dato' Yap Lim Sen (*resigned on 18 May 2001*)

Y. Bhg. Dato' Abdul Aziz bin Ahmad (*retired on 18 May 2001*)

Encik Wong Leong Thean (*retired on 18 May 2001*)

Encik Looi Kum Pak (*retired on 18 May 2001*)

Tuan Haji Mohd Razali bin Hj. Bidin (*resigned on 5 July 2001*)

Encik Wong Wei Khin (*alternate to Encik Wong Leong Thean; resigned on 18 May 2001; appointed as alternate to Cik Wong Fay Lee; resigned on 22 February 2002*)

## COMPANY SECRETARIES

Puan Shahrizat bt Othman (*MAICSA 0764744*)

Puan Zaharah bt Ibrahim (*MAICSA 7012004*)

# Corporate Information

## REGISTERED OFFICE

Suite 15-03, 15th Floor  
Wisma UOA II  
21 Jalan Pinang  
50450 Kuala Lumpur, Malaysia  
Tel : (603) 2166 5007  
Fax : (603) 2166 5006

## CORPORATE OFFICE

50-04-05 Wisma UOA Damansara  
50 Jalan Dungun, Damansara Heights  
50490 Kuala Lumpur, Malaysia  
Tel : (603) 2093 3230  
Fax : (603) 2093 3251

## AUDITORS

Arthur Andersen & Co.  
Public Accountants

## PRINCIPAL BANKERS

HSBC Bank (Malaysia) Berhad  
Citibank Berhad  
Bumiputra Commerce Bank Berhad

## SHARE REGISTRAR

AAJ Registration Services Sdn Bhd  
Suite 15-03, 15th Floor  
Wisma UOA II  
21 Jalan Pinang  
50450 Kuala Lumpur, Malaysia

## STOCK EXCHANGE LISTING

Main Board,  
Kuala Lumpur Stock Exchange (KLSE)

# Annual Notice of General Meeting

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting of the Company will be held on Thursday, 23 May 2002 at 2nd Floor, Ballroom C, Pan Pacific Hotel, Jalan Putra, 50746 Kuala Lumpur at 10.00 a.m..

## AGENDA

- |   |              |
|---|--------------|
| 1. To receive, consider and adopt the Audited Accounts for the year ended 31 December 2001 together with the Reports of the Directors and Auditors therein.                       | Resolution 1 |
| 2. To approve the declaration of the final dividend of 10.0 sen per share less tax in respect of the year ended 31 December 2001.   | Resolution 2 |
| 3. To re-elect Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman who retired by rotation pursuant to Article 80 of the Articles of Association of the Company.                    | Resolution 3 |
| 4. To re-elect Encik Looi Kok Loon who retired by rotation pursuant to Article 80 of the Articles of Association of the Company.  | Resolution 4 |
| 5. To re-elect Y. Bhg. Dr. Nawawi bin Mat Awin who retired by casual vacancy pursuant to Article 87 of the Articles of Association of the Company.                                | Resolution 5 |
| 6. To approve the Directors' fees for the year ended 31 December 2001.  | Resolution 6 |
| 7. To appoint Messrs. Hanafiah Raslan & Mohamad in place of Messrs. Arthur Andersen & Co. as the Auditors of the Company and to authorise the Directors to fix their remuneration | Resolution 7 |
| 8. To transact any other business of which due notice has been given.   |              |

By Order of the Board  
MBM RESOURCES BERHAD

**Shahrizat bt Othman** (MAICSA 0764744)  
**Zaharah bt Ibrahim** (MAICSA 7012004)  
Company Secretaries

Kuala Lumpur  
2 May 2002

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Suite 15-03, 15th Floor, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, at least forty-eight hours before the time appointed for holding the Meeting.

## NOTICE OF BOOK CLOSURE

**NOTICE IS HEREBY GIVEN** that the dividend, if approved, will be paid on 26 June 2002. The Register of Members will be closed on 12 June 2002 to determine shareholders' entitlement to the said dividend.

A Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred at the Depositor's Securities Account before 12.30 p.m. on 12 June 2002 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Eighth Annual General Meeting of MBM Resources Berhad are:

- (i) Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman (Resolution 3)
- (ii) Encik Looi Kok Loon (Resolution 4)
- (iii) Y. Bhg. Dr. Nawawi bin Mat Awin (Resolution 6)

The profile of the Directors standing for re-election are on page 6.

2. Details of Attendance of Directors at Board Meetings

Four (4) Board of Directors Meetings were held during the financial year ended 31 December 2001. Attendance of the Directors holding office at the end of the financial year is shown below:

Names of Directors	No. of Meetings Attended
Y. Bhg. Tan Sri Dato' Hj. Ahmad Azizuddin bin Hj. Zainal Abidin*	1
Y. Bhg. Dato' Mohd Ridzuan bin Abdul Halim	4
Y. Bhg. Dato' Abdul Rahim bin Abdul Halim	4
Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman	4
Y. Bhg. Dato' Lee Lam Thye	4
Y. Bhg. Dato' Abdul Aziz bin Ahmad*	1
Y. Bhg. Dato' Yap Lim Sen*	-
Tuan Haji Mohd. Razali bin Hj. Bidin****	1
Encik Wong Leong Thean*	-
Encik Shamshir bin Ghazali	4
Y. Bhg. Dr. Nawawi bin Mat Awin***	2
Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin**	3
Encik Low Hin Choong**	3
Encik Looi Kok Loon **	3
Cik Wong Fay Lee**	1
Encik Wong Wei Khin (Alternate to Cik Wong Fay Lee)**	1

**Note:** \* Resigned/Retired on 18 May 2001  
\*\* Appointed on 18 May 2001  
\*\*\* Appointed on 12 June 2001  
\*\*\*\* Resigned on 5 July 2001

3. Place, date and time of the Board of Directors Meeting

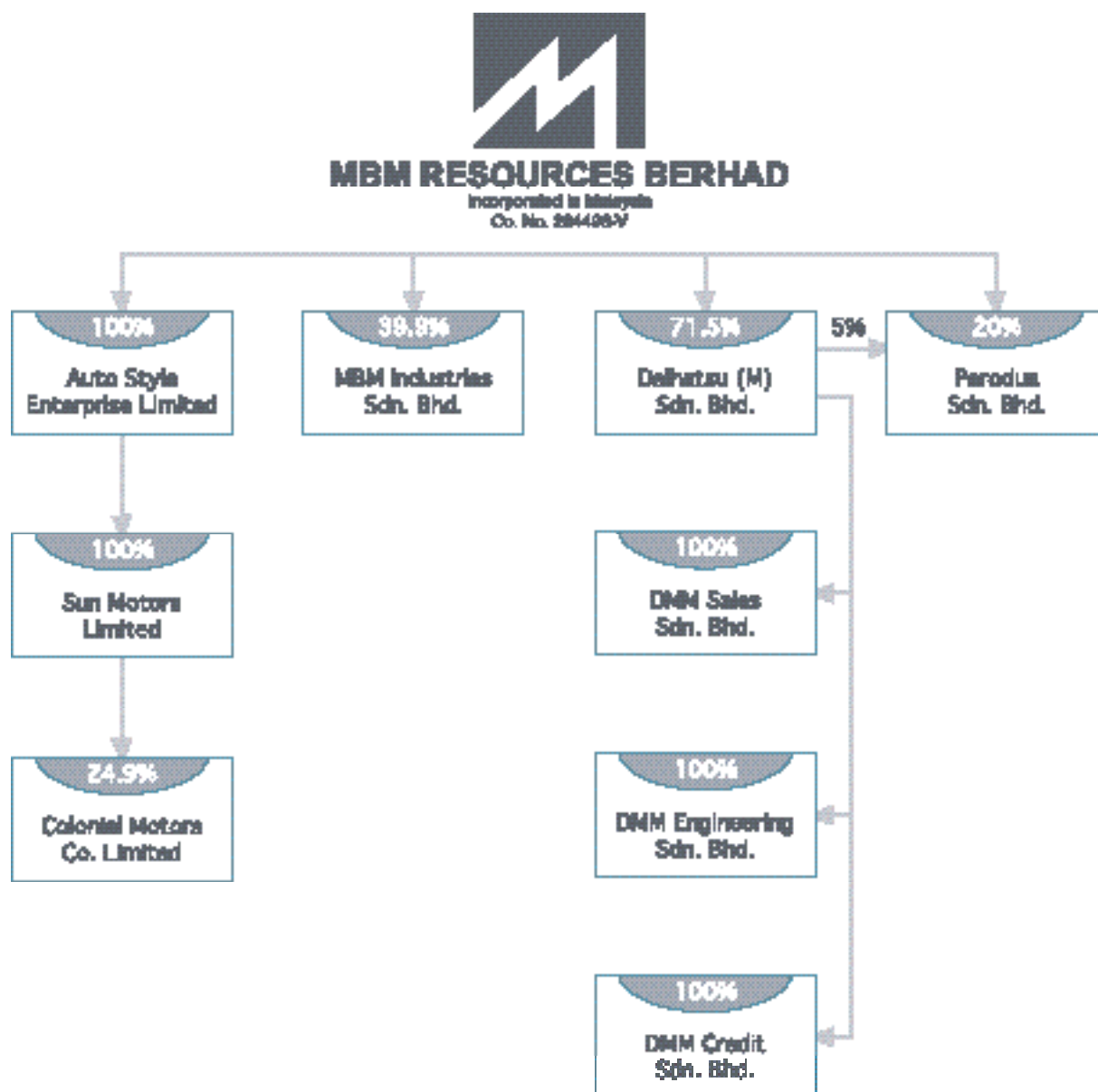
Three (3) Board of Directors Meetings were held at 50-04-05, Wisma UOA Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur and one (1) Board Meeting was held at Level 10, The Legend Hotel, 100 Putra Place, Jalan Putra, 50300 Kuala Lumpur.

Date of Meeting	Time of Meeting
23 February 2001*	4.30 p.m.
18 May 2001#	4.00 p.m.
17 August 2001*	4.00 p.m.
15 November 2001*	11.00 p.m.

**Note:** \* Held at 50-04-05, Wisma UOA Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur  
# Held at Level 10, The Legend Hotel, 100 Putra Place, Jalan Putra, 50300 Kuala Lumpur

# Corporate Structure

as at 31 March 2002



## Y. BHG. DATO' MOHD RIDZUAN BIN ABDUL HALIM

*Aged 59 (Non-Executive Chairman; Malaysian)*

Dato' Mohd Ridzuan was appointed to the Board as Chairman of MBM Resources Berhad on 18 May 2001. He also serves the Company as member of the Nomination Committee. As the former Chief Operating Officer of Utusan Melayu, the largest Malay language newspaper in the country, and former Director-General of Majlis Amanah Rakyat (MARA), he brings with him a wealth of corporate experience. Dato' Mohd Ridzuan graduated from The Chartered Institute of Management Accountants (CIMA).

## Y. BHG. DATO' ABDUL RAHIM BIN ABDUL HALIM

*Aged 53 (Managing Director; Malaysian)*

A qualified economist, Dato' Abdul Rahim is MBMR's Managing Director and Remuneration Committee member. He held several senior positions in the Ministry of International Trade and Industry (MITI) and Daihatsu (Malaysia) Sdn Bhd (DMSB) prior to being appointed to MBMR's Board on 17 December 1993. Dato' Abdul Rahim has extensive experience in the motor vehicle industry and is presently on the Board of Intelligent Edge Berhad and Central Cables Berhad. He holds a Bachelor of Economics (Honours) from the University of Malaya.

# Profile of Directors

## ENCIK SHAMSHIR BIN GHAZALI

*Aged 53 (Executive Director; Malaysian)*

An accountant by profession, he was appointed to the Board on 17 December 1993. He also serves as member of the Audit Committee. Encik Shamsir was previously the Deputy Director-General of MARA and is presently a fellow member of the Chartered Institute of Management Accountants (CIMA), the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

## ENCIK AQIL BIN TAN SRI DATO' HJ. AHMAD AZIZUDDIN

*Aged 43 (Executive Director; Malaysian)*

Encik Aqil began his career with DMSB where he held various senior management positions prior to his appointment to the Board on 18 May 2001. He is currently the Managing Director of DMSB and he holds a Bachelor of Science in Business Economics and an Associate Degree in Commercial Graphics from Southern Illinois University, USA.

## ENCIK LOW HIN CHOONG

*Aged 41 (Non-Independent Non-Executive Director; Malaysian)*

Encik Low joined the Board on 18 May 2001 and has more than 18 years experience in the IT industry, having worked as a systems analyst and software manager. He graduated from Queen's University, Belfast, with a Bachelor of Science (Honours) in Business Administration and Computer Science and is currently managing his own successful software applications business.

## ENCIK LOOI KOK LOON

*Aged 35 (Non-Independent Non-Executive Director; Malaysian)*

He was appointed to the Board on 18 May 2001 and he brings with him more than a decade of experience in financial markets having worked for Cazenove, an independent British investment bank. Encik Looi holds a Bachelor's degree in Government and Economics from Brunel University and a Master's degree in Management from the University of Kent, United Kingdom. He is currently the executive director of a financial consultancy firm he co-founded.

## CIK WONG FAY LEE

*Aged 39 (Non-Independent Non-Executive Director; Malaysian)*

A lawyer by training, Cik Wong was named to the Board on 18 May 2001. She has many years of experience in the capital markets having held the position of Chief Executive Officer of Malaysian Derivatives Clearing House Berhad. She holds a Bachelor of Laws degree from the University of Sydney.

## Y. BHG. TAN SRI DATO' ABDUL AZIZ BIN ABDUL RAHMAN

*Aged 69 (Independent Director; Malaysian)*

A lawyer by profession, Tan Sri Dato' Abdul Aziz was nominated to the Board on 28 February 1994 where he also sits in both the Company's Remuneration and Nomination Committees. Tan Sri Dato' Abdul Aziz, who is the former managing director of Malaysian Airlines System (MAS), also serves as Chairman of Sateras Resources Berhad and director of United Chemical Industry Berhad. He is a Barrister-At-Law, London and a partner in Nik Saghir & Ismail.

## Y. BHG. DATO' LEE LAM THYE

*Aged 56 (Independent Director; Malaysian)*

He was appointed to the Board on 28 February 1994 and is a member of both the Audit and Remuneration Committees. Before retiring from politics in 1990, he was the elected State Legislative Assemblyman for Bukit Nenas, Selangor from 1969 to 1974 and served as a Member of Parliament for Kuala Lumpur Bandar from 1974 to 1990. In the private sector, Dato' Lee serves as a director to a few public-listed companies, namely Arab-Malaysian Corporation Berhad, FFM Berhad, Sime-UEP Properties Berhad and Sistem Television Malaysia Berhad.

## Y. BHG. DR. NAWAWI BIN MAT AWIN

*Aged 64 (Independent Director; Malaysian)*

A chartered accountant by profession, he was appointed to the Board on 12 June 2001 where he is also the Chairman of its Audit and Nomination Committees. Dr. Nawawi has extensive experience in the public sector where he served on several public and professional bodies, both national and international, including as Chairman/President of, inter alia, ASEAN Chambers of Commerce and Industry, the Malaysian Association of Certified Public Accountants (MACPA) and as a member of, inter alia, the National Economic Consultative Committee (NECC). Dr. Nawawi is currently Chairman of Kennedy Burkill & Co Berhad and a director of Rubberex Corporation (M) Berhad and Perak Corporation Berhad.

## ENCIK WONG WEI KHIN (alternate to Cik Wong Fay Lee)

*Aged 34 (Non-Independent Non-Executive Director; Malaysian)*

Encik Wong previously served MBMR as the corporate manager and was nominated to the Board on 18 May 2001. He graduated from the University of Sydney with a Bachelor of Economics and Bachelor of Laws and is presently the executive director of a credit and leasing company.



# ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS

The number of Board of Directors' meetings held during the directors' tenure in office in the current financial year and the number of meetings attended by each director are as follows:

Directors	Number of Board meetings held during directors' tenure in office	Number of meetings attended by directors
Y. Bhg. Dato' Mohd Ridzuan bin Abdul Halim	4	4
Y. Bhg. Dato' Abdul Rahim bin Abdul Halim	4	4
Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman	4	4
Y. Bhg. Dato' Lee Lam Thye	4	4
Encik Shamshir bin Ghazali	4	4
Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	3	3
Encik Low Hin Choong	3	3
Encik Looi Kok Loon	3	3
Cik Wong Fay Lee	3	1
Y. Bhg. Dr. Nawawi bin Mat Awin	2	2
Y. Bhg. Tan Sri Dato' Hj. Ahmad Azizuddin bin Hj. Zainal Abidin	1	1
Y. Bhg. Dato' Yap Lim Sen	1	-
Y. Bhg. Dato' Abdul Aziz bin Ahmad	1	1
Encik Wong Leong Thean	1	-
Encik Looi Kum Pak	1	1
Tuan Haji Mohd Razali bin Hj. Bidin	2	2
Encik Wong Wei Khin <i>(Alternate director to Encik Wong Leong Thean and later to Cik Wong Fay Lee)</i>	4	1

# ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

**Family Relationship with any Director and/or Major Shareholder**

- None of the directors have family relationship with any other directors or major shareholders of the Company except for Encik Wong Wei Khin who is a brother of Cik Wong Fay Lee.

**Convictions for Offences (within the past 10 years, other than traffic offences)**

- None of the directors have any convictions for offences other than traffic offences.

## OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KLSE

### **SHARE BUYBACK**

During the financial year, the company did not enter into any share buyback transactions.

### **OPTIONS or WARRANTS**

No options or warrants were exercised during the financial year.

### **AMERICAN DEPOSITORY RECEIPT ("ADR") or GLOBAL DEPOSITORY RECEIPT ("GDR")**

During the financial year, the Company did not sponsor any ADR or GDR

### **IMPOSITION OF SANCTIONS and PENALTIES**

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the year.

### **NON-AUDIT FEES**

There were no non-audit fees paid to the external auditors by the Group and by the Company during the year.

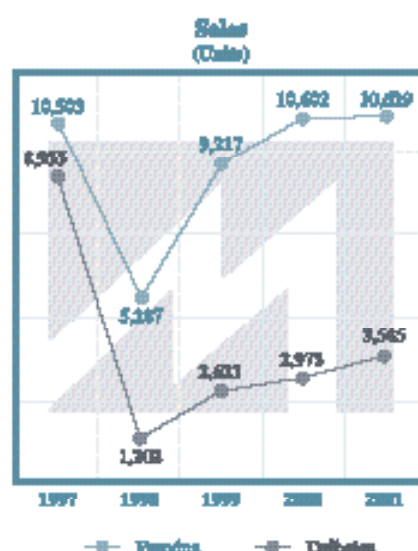
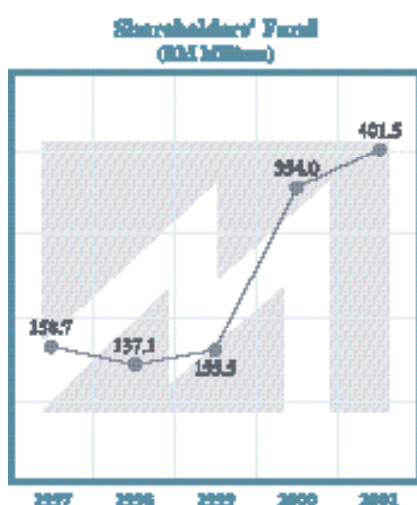
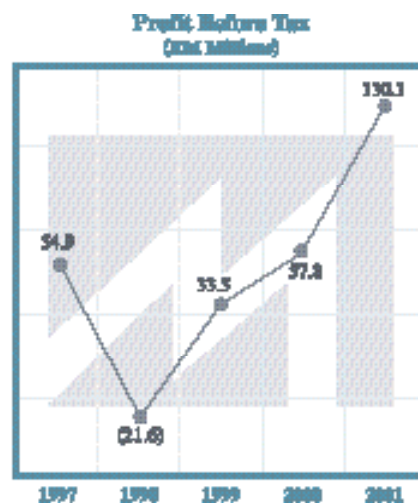
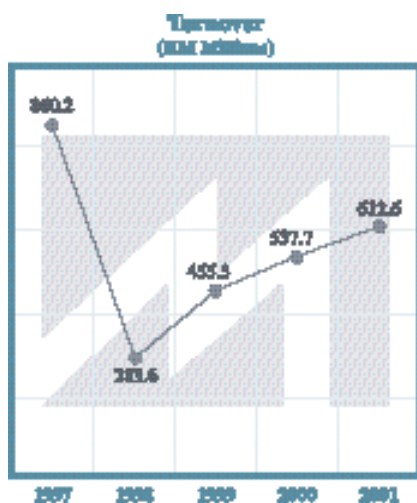
### **PROFIT ESTIMATE, FORECAST and PROJECTION**

There were no variances of 10% or more between the results for the financial year and the unaudited results previously announced.

### **PROFIT GUARANTEE**

During the financial year, there were no profit guarantees given by the Company.

# Financial Highlights



	1997	1998	1999	2000	2001
Turnover (RM Millions)	860.2	283.6	455.3	537.7	612.6
Profit/(Loss) Before Tax (RM Millions)	54.9	(21.6)	33.5	57.8	130.1
Shareholder's Funds (RM Millions)	158.7	137.1	155.5	354.0	401.5
Net Tangible Assets Per Share (RM)	2.11	1.83	2.07	2.62	2.95
Earnings Per Share (RM)	0.31	(0.25)	0.31	0.30	0.63
Gross Dividend (Sen)	8.0	5.0	8.5	18.0	40.0
<b>Sales</b>					
Daihatsu (Units)	8,955	1,202	2,621	2,973	3,585
Perodua (Units)	10,503	5,287	9,217	10,602	10,629

*It is an honour for me to present my inaugural Chairman's statement for MBM Resources Berhad (MBMR). On behalf of the Board of Directors of MBMR, it is my pleasure to present the Annual Report and financial statements of the Group and the Company for the financial year ended 31 December 2001.*

# Chairman's Statement

## FINANCIAL PERFORMANCE

The Group recorded improved performance for the financial year ended 31 December 2001 compared to the previous year. The Group's revenue increased by 13.9% to RM612.6 million from RM537.7 million in the previous year, while its pre-tax profit increased sharply by 125.0% to RM130.1 million from RM57.8 million in 2000.

## DIVIDEND

The Board is pleased to recommend a final dividend of 10%, less 28% taxation, for approval at the forthcoming Annual General Meeting (AGM). The special and interim dividends, and the yet-to-be-approved final dividend will represent a total gross dividend of 40%, less 28% taxation, for the financial year ended 31 December 2001 (2000: 18%, less 28% taxation), or a 122 percentage-point increase in total gross dividend, less 28% taxation.

## REVIEW OF OPERATIONS

### MOTOR VEHICLE DIVISION

During the year under review, new motor vehicle sales increased by 15.5% (2000: 19.0%) with a total of 396,381 units sold (2000: 343,173 units) due to the continued encouraging demand for motor vehicles amid a supportive monetary policy environment.

Against this conducive backdrop, Daihatsu (M) Sdn Bhd (DMSB), the sole distributor of Daihatsu motor vehicles in Malaysia and the largest Perodua dealership network in the country, sold 3,855 (2000: 2,973) and 10,629 (2000: 10,602) units of Daihatsu and Perodua motor vehicles respectively. Although the number of Perodua vehicles sold by DMSB during the year registered only a marginal improvement, the 29.7% rise in the number of Daihatsu commercial vehicles sold in 2001 helped Daihatsu affirm its dominance in the light truck segment with a market share of 41% (2000: 32%). As a result of these positive developments and the favourable Japanese yen, DMSB's turnover rose by 13.9% to RM612.6 million (2000: RM537.7 million), which in turn led to a 88.6% surge in pre-tax profit to RM59.4 million (2000: RM31.5 million).

Perusahaan Otomobil Kedua Sdn Bhd's (Perodua) financial performance mirrored that of DMSB as turnover rose by 18.8% to RM3.8 billion (2000: RM3.2 billion) and profit before tax swelled to RM348.3 million, an increase of 169.6% from RM129.2 million in 2000 that was aided by the weakened Japanese yen. The continued relative affordability of Perodua motor vehicles coupled with the well-received Perodua Kelisa, which was launched in August 2001, helped underpin Perodua's sales, which rose by 13.2% to 115,947 units compared to only 102,384 units in 2000. For the financial year ended 31 December 2001, associate-company Perodua contributed a full year pre-tax profit of RM86.4 million as compared to only a nine-month contribution of RM28.8 million in the previous year.

Perodua's restructuring exercise during the year saw further commitment from strategic partner Daihatsu Motor Corporation, Japan (DMC) with the formation of Perodua Auto Corporation Sdn Bhd (PAC), which now owns 51% of Perodua's manufacturing concern. In this connection, although there would be a marginal dilution in earnings contribution from this division henceforth, DMC's more prominent role in the management of Perodua's manufacturing arm in preparation for a post-AFTA environment would be value enhancing in the long term.

The Colonial Motor Company Limited (CMC) owns the largest Ford dealership in New Zealand. For the six months ended 31 December 2001, CMC's profit before tax stood at NZ\$6.1 million, representing a 20.3% increase on the NZ\$5.1 million achieved for the equivalent previous period. This improved financial performance came as a result of the higher revenue of NZ\$187.9 million, up by 12.6% over the previous corresponding period, and an improved performance, albeit still at a loss, from CMC's associate company, Auckland Auto Collection Limited.

### **MANUFACTURING DIVISION**

MBM Industries Sdn Bhd is involved in the manufacturing of precision stamping parts for the electrical and electronics industries. In line with the slowdown in the global semiconductor industry during the period under review, profit before tax shrank by 73.7% to RM500,000 (2000: RM1.9 million) amid a 16.9% decline in turnover to RM33.2 million (2000: RM40.2 million).

### **FUTURE PROSPECTS**

I am cautiously optimistic about the Group's performance in 2002 in view of the government's forecast 3.5% economic growth, Malaysian Automobile Association's 3.0% projected sales growth to a record 410,000 units, ample liquidity in the financial system and favourable Ringgit-Yen exchange rate. The confluence of these positive macroeconomic factors, coupled with the sustained demand for Perodua vehicles and Daihatsu commercial vehicles, ought to ensure that MBMR registers yet another year of solid returns barring any unforeseen circumstances.

### **APPRECIATION**

During the year under review, senior and founding directors Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin, Dato' Yap Lim Sen, Dato' Abdul Aziz bin Ahmad, Encik Wong Leong Thean, Encik Looi Kum Pak and Tuan Haji Mohd Razali bin Haji Bidin either did not seek re-election or resigned at the last AGM, as the Group was already under competent stewardship and on a solid footing. As a token of appreciation for their immeasurable contribution since the Group's inception in 1993, the Company made an ex-gratia payment of RM460,000 to these former directors during the financial year 2001.

Besides this development, Cik Wong Fay Lee who takes up appointment overseas, resigned from the Board in early 2002 while Encik Shamshir Ghazali, who is due to retire at the forthcoming AGM, will not seek re-election but he will nevertheless continue to be active within the MBM Group of Companies. I would like to take this opportunity to express my sincere gratitude for their contribution to the Company during their tenure as Board members. At the same time, I would like to extend a warm welcome to the new Board members, namely Dr. Nawawi Mat Awin, Encik Aqil bin Ahmad Azizuddin, Encik Low Hin Choong and Encik Looi Kok Loon.

On behalf of the Board, I would like to express my appreciation to all employees for their contribution and commitment, and to the shareholders for their continued confidence in the Company.

**DATO' MOHD RIDZUAN BIN ABDUL HALIM**  
**CHAIRMAN**

The Group's policy is to achieve best practice in its standards of business integrity in all its activities. This includes a commitment to follow the highest standards of corporate governance throughout the Group.

The Principles and Best Practices of the Malaysian Code on Corporate Governance (the "Code") published in October 2000, were incorporated into the revamped Listing Requirements of the Kuala Lumpur Stock Exchange. The principles of the Code are divided into four Sections:

Section 1: Directors

Section 2: Directors' Remuneration

Section 3: Shareholders

Section 4: Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied these Principles and Best Practices.

# Statement on Corporate Governance

## SECTION 1: DIRECTORS

### Composition of the Board

The Board has ten members. Seven out of the ten members are non-executive directors, three of whom are independent. No individual or group of individuals dominates the Board's decision making and the number of directors fairly reflects the investment of the shareholders.

Dato' Mohd Ridzuan bin Abdul Halim is Chairman of the Board while Dato' Abdul Rahim bin Abdul Halim is the Managing Director. There is a clear division of responsibility between these two roles to ensure a balance of power and authority.

The Company considers that its complement of non-executive directors provide an effective Board with a mix of industry-specific knowledge and business and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standards of conduct and integrity. The profile of the Board members are set out on pages 5 and 6.

One-third of the Board are independent directors since the Company recognises the contribution of independent directors as equal Board members in the development of the Company's strategy, the importance of representing the interest of public shareholders and providing a balanced and independent view to the Board. All independent directors are independent of management and free from any relationship that could interfere with their independent judgement.

### Board Responsibilities

The Board retains full and effective control of the Company. This includes responsibility for determining the Company's overall strategic direction as well as development and control of the Group. Key matters, such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board has four regularly scheduled meetings annually. In 2001, the Board held four regular meetings on the following dates: 23 February, 18 May, 17 August and 18 November. At each regularly scheduled meeting, there is a full financial and business review and discussion, including trading performance to date against the same period the year preceeding.

The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference. Standing committees of the Board include the Audit Committee (please refer to the Report on Audit Committee set out on pages 17 to 18), a Nomination Committee and a Remuneration Committee.

### **Supply of Information**

Each Board member receives quarterly operating results, including a comprehensive review and analysis. Prior to each Board meeting, directors are sent an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to be properly informed before the meeting.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties. Directors also have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

### **Appointments of the Board and Re-election**

The Board has a Nomination Committee comprising two independent directors. Members of the Nomination Committee are Dr. Nawawi, Tan Sri Dato' Abdul Aziz and Dato' Mohd Ridzuan. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director.

The Nomination Committee also ensures that the Board has an appropriate balance of expertise and ability. For this purpose, the Committee regularly reviews the profile of the required skills and attributes. This profile is used to assess the suitability as executive or non-executive directors of candidates put forward by the directors. In addition, the Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director.

The directors have direct access to the advice and the services of the Group's Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information are obtained from directors, both for the Group's own records and for the purposes of meeting the requirements of the Companies Act 1965, Listing Requirements of the KLSE and other regulatory requirements.

On appointment, directors take part in an induction programme where they receive the latest information about the Group. This is supplemented by visits to key locations and meetings with senior executives. Upon appointment, directors are also advised of their legal and other obligations as a director of a public-listed company.

In accordance with the Company's Articles of Association, all directors except for the Managing Director who is on contract with the Company, shall retire from office once at least in each three years but shall be eligible for re-election.

## **SECTION 2: DIRECTORS' REMUNERATION**

### **Remuneration Policy and Procedure**

The Remuneration Committee comprises two independent directors and one executive director. The members of the Remuneration Committee are Tan Sri Dato' Abdul Aziz, Dato' Lee Lam Thye and Dato' Abdul Rahim. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive directors.

The executive director will not be present when matters affecting his own remuneration arrangements are considered. The determination of remuneration of non-executive directors is a matter for the Board as a whole. The non-executive directors abstain from discussion of their own remunerations.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. This is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The remuneration package for the Chairman, Managing Director and other directors comprise some or all of the following elements:

- Basic Salaries and Fees**  
 In setting the basic salary for each executive director, the Remuneration Committee takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually depending on the category of employment. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures.  
  
 The Board proposes fees payable to all directors for the approval of shareholders at the Annual General Meeting.
- Annual Incentive Plan (Bonus Scheme)**  
 The Group operates a bonus scheme for all employees, including the executive directors, and the criteria for this scheme is dependent on the financial performance of the Group. Bonus payable to the executive directors are reviewed by the Remuneration Committee and approved by the Board.
- Retirement Plan**  
 Contributions are made to the Employees Provident Fund (“EPF”), the national mandatory defined contribution plan, in respect of all Malaysian-resident executive directors.
- Other Benefits**  
 Other benefits include car and driver as well as medical insurance policy. The Group also has a directors’ and officers’ liability insurance to provide cover for the directors and officers.
- Service Contracts**  
 The Managing Director has a service contract which expires on 8 February 2004, with the Company.

#### Directors’ Remuneration

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

Directors	Number of Directors 2001	Number of Directors 2000
<b>Executive directors:</b>		
RM150,001 – RM200,000	1	1
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	1
<b>Non-Executive directors:</b>		
Below RM50,000	6	8
RM50,001 – RM100,000	1	-
<b>Total</b>	<b>10</b>	<b>10</b>

The number of Remuneration Committee meetings held during the financial year 2001 and the number of meetings attended by each director are as follows:

Members of the Remuneration Committee	Number of meetings held in 2001	Number of meetings attended by each member
Tan Sri Dato’ Abdul Aziz bin Abdul Rahman ( <i>Chairman</i> )	2	2
Dato’ Lee Lam Thye	2	2
Dato’ Abdul Rahim bin Abdul Halim	2	2



## SECTION 3: SHAREHOLDERS

### **Dialogue Between the Company and Investors**

As part of the Board's responsibility in developing and implementing an investor relations programme, regular formal and informal dialogues were held between senior management and analysts/fund managers throughout the year. Permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is, however, not disclosed in these exchanges until after the prescribed announcement to the KLSE has been made. During the year 2001, the Company held one formal analysts/fund managers briefing on 18 September 2001.

### **Annual General Meeting**

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of meeting.

Besides the usual agenda for the Annual General Meeting, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All directors are available to provide responses to questions from the shareholders during these meetings.

For re-election of directors, the Board ensures that full information is disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

## SECTION 4: ACCOUNTABILITY AND AUDIT

### **Financial reporting**

For financial reporting through quarterly reports to KLSE and the annual report to shareholders, the directors have a responsibility to present a fair assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 24 of this annual report.

### **Relationship with Auditors**

The role of the Audit Committee in relation to the auditors may be found in the report on Audit Committee set out on pages 17 to 18. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

### **Statement of Compliance with the Best Practice of the Code**

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied with the Best Practices as set in the Code throughout the financial year.

Statement made in accordance  
with the resolution of  
the Board of Directors  
dated 11 April 2002

**DATO' MOHD RIDZUAN BIN ABDUL HALIM**  
**CHAIRMAN**

# Statement of Directors' Responsibility

## in Relation to the Financial Statements

This statement is prepared as required by the Listing Requirements of the KLSE.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements,

- the Group and the company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# Report on Audit Committee

## COMPOSITION

**Chairman**  
Y. Bhg. Dr. Nawawi bin Mat Awin *Independent Non-Executive Director (appointed on 5 July 2001)*  
Tuan Haji Mohd Razali bin Hj. Bidin *Independent Non-Executive Director (resigned on 5 July 2001)*

**Members**  
Y. Bhg. Dato’ Lee Lam Thye *Independent Non-Executive Director*  
Encik Shamshir bin Ghazali *Executive Director*

All members of the Committee have a working familiarity with basic finance and accounting practices, and two of its members i.e. Y. Bhg. Dr. Nawawi bin Mat Awin and Encik Shamshir bin Ghazali are members of the Malaysian Institute of Accountants.

## MEETINGS

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members of whom the majority shall be from the Independent Non-Executive Directors. A quorum should be two (2) independent members, one of whom shall be the Chairman of the Audit Committee.

Meetings shall be held not less than four (4) times a year. One meeting shall be held prior to the annual financial statements being presented to the Board for approval. Additional meetings may be held at the discretion of the Committee or at the request of the external auditor. The external auditor has the right to appear and be heard at any meetings of the Audit Committee and shall appear before the Committee when required to do so by the Audit Committee.

The Company secretary shall be Secretary of the Audit Committee.

The Committee met four (4) times during the year for the following purposes:

- To review the financial statements before the quarterly announcements to KLSE;
- To review year-end financial statements together with external auditors’ management letter and management’s response;
- To discuss with external auditors the audit plan and scope for the year as well as the audit procedures to be utilised;
- To discuss with internal auditors on its scope of work, adequacy of resources and co-ordination with external auditors; and
- Review the reports prepared by the internal auditors on the state of internal control of the Group.

The number of Audit Committee meetings held during the members’ tenure in office in the current financial year and the number of meetings attended by each member are as follows:

Committee Members	Number of Audit Committee meetings held during members’ tenure in office	Number of meetings attended by members
Tuan Haji Mohd Razali bin Hj. Bidin	2	2
Y. Bhg. Dr. Nawawi bin Mat Awin	2	2
Y. Bhg. Dato’ Lee Lam Thye	4	4
Encik Shamshir bin Ghazali	4	4

## RESPONSIBILITIES AND DUTIES

The duties of the Committee shall be:

- To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- To discuss with external auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Group and the Company, focusing particularly on any changes in or implementation of major accounting policies and procedures, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements;
- To discuss problems and reservation arising from the interim and final audit, and any matter the auditors may wish to discuss (in absence of management where necessary);
- To review external auditors' management letters and management's response;
- To do the following in respect of the internal audit function:
  - \* review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - \* review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendation of the internal audit function;
  - \* review any appraisal or assessment of the performance of members of the internal audit function; and
  - \* approve any appointment or termination of senior staff members of the internal audit function and to provide the opportunity for the resigning staff member to submit his reasons for resigning.
- To consider any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- To consider the major findings of internal investigation and the management's response;
- To have explicit authority to investigate certain matters, the resources which it needs to do so e.g. professional advice and full access to information;
- To promptly report to the Kuala Lumpur Stock Exchange on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Kuala Lumpur Stock Exchange; and
- To consider other topics as defined by the Board.

## INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its functions by the respective audit committee of the main subsidiary, two (2) main associates' audit committees and the external auditors.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

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# Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2001.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associated companies are described in Notes 4 and 5 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM	Company RM
Profit after taxation	99,800,322	72,030,041
Minority interests	(12,324,203)	-
Net profit attributable to shareholders	87,476,119	72,030,041

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2000 were as follows:

	RM
In respect of the financial year ended 31 December 2000:	
Ordinary final dividend of 8% less taxation, paid on 31 May 2001	8,006,400
In respect of the financial year ended 31 December 2001:	
Ordinary interim dividend of 10% less taxation, paid on 18 September 2001	10,008,000
Special interim dividend of 20% less taxation, paid on 29 March 2002	20,016,000
	38,030,400

The directors recommend an ordinary final dividend of 10% less taxation amounting to RM10,008,000 in respect of the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

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

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## DIRECTORS

The directors who served since the date of the last report are:

Dato' Mohd Ridzuan bin Abdul Halim

Dato' Abdul Rahim bin Abdul Halim

Tan Sri Dato' Abdul Aziz bin Abdul Rahman

Dato' Lee Lam Thye

Shamshir bin Ghazali

Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin (*appointed on 18 May 2001*)

Low Hin Choong (*appointed on 18 May 2001; resigned as alternate to Dato' Yap Lim Sen on 18 May 2001*)

Wong Fay Lee (*appointed on 18 May 2001; resigned on 22 February 2002*)

Looi Kok Loon (*appointed on 18 May 2001*)

Dr. Nawawi bin Mat Awin (*appointed on 12 June 2001*)

Dato' Abdul Aziz bin Ahmad (*retired on 18 May 2001*)

Dato' Yap Lim Sen (*resigned on 18 May 2001*)

Looi Kum Pak (*retired on 18 May 2001*)

Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin (*retired on 18 May 2001*)

Wong Leong Thean (*retired on 18 May 2001*)

Tuan Haji Mohd Razali bin Haji Bidin (*resigned on 5 July 2001*)

Wong Wei Khin (*alternate to Wong Leong Thean; resigned on 18 May 2001; appointed as alternate to Wong Fay Lee; resigned on 22 February 2002*)

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with 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.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.



# DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January 2001	Bought	Sold	31 December 2001
<b>The Company</b>				
<b>Direct</b>				
Dato' Abdul Rahim bin Abdul Halim	-	1,234,697	659,000	575,697
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	-	10,000	-	10,000
Looi Kok Loon	-	40,000	-	40,000
<b>Indirect</b>				
Dato' Abdul Rahim bin Abdul Halim	-	959,000	-	959,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	37,000	1,463,525	20,000	1,480,525
Low Hin Choong	-	534,952	-	534,952
Wong Fay Lee	-	1,511,719	-	1,511,719
Looi Kok Loon	-	1,676,952	340,000	1,336,952
<b>Holding Company - Med-Bumikar Mara Sdn. Bhd.</b>				
<b>Direct</b>				
Dato' Abdul Rahim bin Abdul Halim	892,500	-	202,781	689,719
<b>Indirect</b>				
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	1,917,071	-	1,227,352	689,719
Looi Kok Loon	-	689,719	-	689,719
Wong Fay Lee	639,023	50,696	-	689,719

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

# AUDITORS

Our auditors, Arthur Andersen & Co. retire and have indicated their willingness to accept reappointment under the name of Hanafiah Raslan & Mohamad. A resolution to this effect will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' ABDUL RAHIM BIN ABDUL HALIM

SHAMSHIR BIN GHAZALI

Kuala Lumpur  
11 April 2002

# Statement by Directors

We, DATO' ABDUL RAHIM BIN ABDUL HALIM and SHAMSHIR BIN GHAZALI, being two of the directors of MBM RESOURCES BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 26 to 49 give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors

**DATO' ABDUL RAHIM BIN ABDUL HALIM**

**SHAMSHIR BIN GHAZALI**

Kuala Lumpur  
11 April 2002

# Statutory Declaration

I, SHAMSHIR BIN GHAZALI, the director primarily responsible for the financial management of MBM RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 26 to 49 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed SHAMSHIR BIN	)	
GHAZALI at Kuala Lumpur in Wilayah	)	
Persekutuan on 11 April 2002	)	<b>SHAMSHIR BIN GHAZALI</b>

Before me:

MOHD RADZI BIN YASIN (W327)  
Commissioner for Oaths

# Auditors' Report

## to the Shareholders of MBM RESOURCES BERHAD

We have audited the financial statements set out on pages 26 to 49. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.

**ARTHUR ANDERSEN & CO.**  
**No. AF 0103**  
**Chartered Accountants**

**ADRIAN TSEN KENG YAM**  
**No. 1314/05/02(J)**  
**Partner of the Firm**

11 April 2002

# Consolidated Balance Sheet

31 December 2001

	Note	2001 RM	2000 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	67,237,865	67,986,053
Associated companies	5	257,085,115	256,398,327
Long term receivables	6	26,889,626	21,392,323
		351,212,606	345,776,703
<b>CURRENT ASSETS</b>			
Due from an associated company		11,388	9,588
Inventories	7	37,897,643	39,508,022
Trade receivables	8	52,100,621	47,799,773
Other receivables	9	5,404,305	8,235,859
Cash and bank balances	10	132,335,802	91,395,600
		227,749,759	186,948,842
<b>CURRENT LIABILITIES</b>			
Due to holding company	11	117,134	451,334
Short term borrowings	12	14,032,000	23,869,673
Trade payables	13	21,940,046	40,339,633
Other payables	14	33,778,699	32,089,025
Provision for taxation		13,438,445	4,513,367
Dividend payable		30,024,000	8,006,400
		113,330,324	109,269,432
<b>NET CURRENT ASSETS</b>			
		114,419,435	77,679,410
		465,632,041	423,456,113
<b>FINANCED BY:</b>			
Share capital	15	139,000,000	139,000,000
Reserves		262,542,471	214,968,641
Shareholders' equity		401,542,471	353,968,641
Minority interest		54,909,316	49,767,114
Reserve on consolidation	16	9,180,254	9,720,358
		465,632,041	413,456,113
Long term borrowings	17	-	10,000,000
		465,632,041	423,456,113

The accompanying notes are an integral part of this balance sheet.

# Consolidated Income Statement

for the year ended 31 December 2001

	Note	2001 RM	2000 RM
Revenue	18	612,572,049	537,666,775
Cost of sales		(550,546,960)	(496,475,279)
Gross profit		62,025,089	41,191,496
Other operating income		12,272,784	19,033,974
Administrative expenses		(13,516,400)	(11,856,401)
Selling and marketing expenses		(12,605,168)	(10,433,028)
Other operating expenses		(7,412,469)	(13,509,896)
Profit from operations	19	40,763,836	24,426,145
Finance cost, net	21	(488,956)	(1,884,032)
Share of results of associated companies		89,868,886	35,232,430
Profit before taxation		130,143,766	57,774,543
Taxation	22	(30,343,444)	(11,685,615)
Profit after taxation		99,800,322	46,088,928
Minority interest		(12,324,203)	(8,698,531)
Net profit attributable to shareholders		87,476,119	37,390,397
Earnings per share	23	0.63	0.30

The accompanying notes are an integral part of this statement.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2001

	Share Capital RM	Non-distributable Share Premium RM	Foreign Exchange Reserve RM	Distributable Retained Profits RM	Total RM
1 January 2000	75,000,000	12,720,320	(3,736)	57,558,526	145,275,110
Currency translation differences	-	-	(189,207)	-	(189,207)
Issued during the year (Note 15)	64,000,000	95,187,541	-	-	159,187,541
Share of profits of a company prior to becoming an associated company	-	-	-	30,319,200	30,319,200
Net profit for the year	-	-	-	37,390,397	37,390,397
Dividends (Note 24)	-	-	-	(18,014,400)	(18,014,400)
31 December 2000	139,000,000	107,907,861	(192,943)	107,253,723	353,968,641
Currency translation differences	-	-	129,711	-	129,711
Net profit for the year	-	-	-	87,476,119	87,476,119
Dividends (Note 24)	-	-	-	(40,032,000)	(40,032,000)
31 December 2001	139,000,000	107,907,861	(63,232)	154,697,842	401,542,471

The accompanying notes are an integral part of this statement.

# Consolidated Cash Flow Statement

for the year ended 31 December 2001

	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and minority interest	130,143,766	57,774,543
Adjustments for:		
Share of results of associated companies	(89,868,886)	(35,232,430)
Amortisation of net reserve arising on consolidation	(540,104)	(540,104)
Amortisation of goodwill arising on acquisition of an associated company	580,263	981,611
Depreciation	1,986,510	2,071,673
Gain on disposal of property, plant and equipment	-	(112,395)
Gain on disposal of associated companies	-	(69,704)
Gross dividends	-	(1,750,000)
Provision for inventory obsolescence	-	177,637
Inventories written off	864,043	656,602
Writeback of inventories written off in prior year	(4,712,713)	(8,784,885)
Provision for doubtful debts	793,998	2,117,352
Writeback of provision for doubtful debts	(39,362)	(50,929)
Interest expense	1,841,831	3,656,746
Interest income	(1,440,178)	(1,838,158)
Unrealised foreign exchange loss	1,792,686	4,739,989
Operating profit before working capital changes	41,401,854	23,797,548
(Increase)/decrease in receivables	(14,085,517)	6,293,827
Decrease/(increase) in inventories	5,459,049	(12,583,900)
Net changes in related companies balances	(336,000)	45,917
(Decrease)/increase in payables	(23,780,650)	9,864,314
Cash generated from operations	8,658,736	27,417,706
Interest paid	(1,901,408)	(4,132,411)
Taxes recovered/(paid)	964,467	(2,369,459)
Net cash generated from operating activities	7,721,795	20,915,836

	2001 RM	2000 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from share buyback by an associated company	-	3,764,030
Dividends received	70,898,655	15,746,619
Interest received	1,410,147	1,838,158
Expenses incurred for acquisition of an associated company	-	(812,459)
Purchase of property, plant and equipment	(1,238,322)	(8,239,395)
Proceeds from disposal of property, plant and equipment	-	174,980
Net cash generated from investing activities	71,070,480	12,471,933
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(18,014,400)	(14,598,000)
Repayment of term loans	(22,672,000)	(11,512,310)
Net cash used in financing activities	(40,686,400)	(26,110,310)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	38,105,875	7,277,459
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	90,197,927	82,920,468
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	128,303,802	90,197,927
Cash and cash equivalents comprise:		
Cash and bank balances	132,335,802	91,395,600
Bank overdrafts (Note 12)	-	(1,197,673)
Bankers' acceptance (Note 12)	(4,032,000)	-
	128,303,802	90,197,927

The accompanying notes are an integral part of this statement.



# Balance Sheet

31 December 2001

	Note	2001 RM	2000 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	114,150	185,165
Subsidiaries	4	54,486,656	54,486,656
Associated companies	5	167,843,111	167,843,111
		222,443,917	222,514,932
<b>CURRENT ASSETS</b>			
Due from an associated company		11,388	9,588
Due from subsidiaries		30,165,906	34,028,812
Other receivables	9	60,215	4,474
Cash and bank balances	10	63,163,334	5,586,683
		93,400,843	39,629,557
<b>CURRENT LIABILITIES</b>			
Due to holding company	11	117,134	451,334
Other payables	14	228,757	173,310
Provision for taxation		-	36,617
Dividend payable		30,024,000	8,006,400
		30,369,891	8,667,661
<b>NET CURRENT ASSETS</b>			
		63,030,952	30,961,896
		285,474,869	253,476,828
<b>FINANCED BY:</b>			
Share capital	15	139,000,000	139,000,000
Reserves		146,474,869	114,476,828
Shareholders' equity		285,474,869	253,476,828

The accompanying notes are an integral part of this balance sheet.

# Income Statement

for the year ended 31 December 2001

	Note	2001 RM	2000 RM
Revenue	18	97,184,500	12,267,583
Administration expenses		(806,473)	(875,884)
Other operating expenses		(992,162)	(3,023,105)
Profit from operations	19	95,385,865	8,368,594
Finance income, net	21	260,176	132,572
Profit before taxation		95,646,041	8,501,166
Taxation	22	(23,616,000)	(1,755,000)
Net profit for the year		72,030,041	6,746,166

The accompanying notes are an integral part of this statement.

# Statement of Changes in Equity

for the year ended 31 December 2001

	Share Capital RM	Non- distributable Share Premium RM	Distributable Retained Profits RM	Total RM
1 January 2000	75,000,000	12,720,320	17,837,201	105,557,521
Issued during the year (Note 15)	64,000,000	95,187,541	-	159,187,541
Net profit for the year	-	-	6,746,166	6,746,166
Dividends (Note 24)	-	-	(18,014,400)	(18,014,400)
31 December 2000	139,000,000	107,907,861	6,568,967	253,476,828
Net profit for the year	-	-	72,030,041	72,030,041
Dividends (Note 24)	-	-	(40,032,000)	(40,032,000)
31 December 2001	139,000,000	107,907,861	38,567,008	285,474,869

The accompanying notes are an integral part of this statement.

# Cash Flow Statement

for the year ended 31 December 2001

	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	95,646,041	8,501,166
Adjustment for:		
Depreciation	73,785	91,352
Gross dividend	(97,184,500)	(12,267,583)
Interest income	(260,176)	(132,572)
Provision for doubtful debts	-	2,500,057
Operating loss before working capital changes	(1,724,850)	(1,307,580)
Decrease in receivables	(52,216)	(1,665,909)
Increase in payables	77,105	2,000
Net changes in related companies balances	(2,822,294)	4,357,391
Cash (used in)/generated from operations	(4,522,255)	1,385,902
Interest received	260,176	132,572
Taxes paid	(50,000)	-
Net cash (used in)/generated from operating activities	(4,312,079)	1,518,474
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	79,905,900	14,948,000
Purchase of property, plant and equipment	(2,770)	(13,576)
Expenses incurred for acquisition of an associated company	-	(812,459)
Net cash generated from investing activities	79,903,130	14,121,965
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Dividends paid representing net cash used in financing activity	(18,014,400)	(14,598,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>57,576,651</b>	<b>1,042,439</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,586,683</b>	<b>4,544,244</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>63,163,334</b>	<b>5,586,683</b>

The accompanying notes are an integral part of this statement.

# Notes to the Financial Statements

31 December 2001

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associated companies are described in Notes 4 and 5 respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at 50-04-05 Wisma UOA Damansara, 50 Jalan Dungun, Damansara Heights, Kuala Lumpur.

The holding and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd. which is incorporated in Malaysia.

The number of employees in the Group and the Company at the end of the financial year were 524 (2000 : 480) and 12 (2000 : 12) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 April 2002.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Revenue Recognition

#### (i) Dividend income

Dividend income is recognised on receivable basis.

#### (ii) Sale of goods

Revenue relating to sale of goods is recognised net of sales tax and discounts when transfer of risks and rewards have been completed.

#### (iii) Interest income

Interest income on hire purchase transactions are recognised on the sum of digits method.

Interest income is recognised on an accrual basis. When an account becomes non-performing, interest is suspended until it is realised on a cash basis. Hire purchase accounts are deemed to be non-performing where repayments are in arrears for more than six months.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The difference between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation and is amortised or credited to income statement over 25 years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

### (d) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies.

The Group's share of post-acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits or accumulated losses and reserves.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition and are amortised or credited to income statement over 25 years. Goodwill on acquisition is reviewed at each balance sheet date and will be written down for impairment when it is considered necessary.

### (e) Investments

Investments in subsidiaries, associated companies and other non-current investments are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2001	2000
New Zealand Dollar	1.57	1.67
Japanese Yen (per 100 units)	2.90	3.31
United States Dollar	3.80	3.80

### (g) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Freehold land and construction-in-progress are not depreciated. Long term and short term leasehold land is depreciated over the period of the lease which ranges from 44 years to 99 years.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2%
Renovations and leasehold improvements	10% - 20%
Plant and machinery	10% - 33 1/3%
Furniture, fixtures, fittings and office equipment	8% - 20%
Motor vehicles	10% - 20%

### (h) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost includes cost of purchase, direct labour, direct charges and variable overheads.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (i) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

### (j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (k) Trade and Other Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	*Land and buildings RM	Plant and machinery RM	Renovation, leasehold improvements, furniture, fixtures, fittings, office equipment and motor vehicles RM	Construction- in-progress RM	Total RM
<b>Cost</b>					
At 1 January 2001	60,066,152	4,740,211	10,690,716	11,645,946	87,143,025
Additions	187,842	334,853	557,327	158,300	1,238,322
At 31 December 2001	60,253,994	5,075,064	11,248,043	11,804,246	88,381,347
<b>Accumulated Depreciation</b>					
At 1 January 2001	5,970,498	4,671,645	8,514,829	-	19,156,972
Charge for the year	867,468	225,118	893,924	-	1,986,510
At 31 December 2001	6,837,966	4,896,763	9,408,753	-	21,143,482
<b>Net Book Value</b>					
At 31 December 2001	53,416,028	178,301	1,839,290	11,804,246	67,237,865
At 31 December 2000	54,095,654	68,566	2,175,887	11,645,946	67,986,053
<b>Depreciation charge for 2000</b>	854,900	180,249	1,036,524	-	2,071,673



### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

#### \* LAND AND BUILDINGS

Group	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Total RM
<b>Cost</b>					
At 1 January 2001	7,040,421	12,909,073	2,580,000	37,536,658	60,066,152
Addition	-	-	-	187,842	187,842
At 31 December 2001	7,040,421	12,909,073	2,580,000	37,724,500	60,253,994
<b>Accumulated Depreciation</b>					
At 1 January 2001	-	1,154,130	695,000	4,121,368	5,970,498
Charge for the year	-	133,395	60,636	673,437	867,468
At 31 December 2001	-	1,287,525	755,636	4,794,805	6,837,966
<b>Net Book Value</b>					
At 31 December 2001	7,040,421	11,621,548	1,824,364	32,929,695	53,416,028
At 31 December 2000	7,040,421	11,754,943	1,885,000	33,415,290	54,095,654
<b>Depreciation charge for 2000</b>	-	130,395	63,182	661,323	854,900

Company	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
<b>Cost</b>					
At 1 January 2001	33,136	85,467	345,130	63,688	527,421
Additions	1,770	-	1,000	-	2,770
At 31 December 2001	34,906	85,467	346,130	63,688	530,191
<b>Accumulated Depreciation</b>					
At 1 January 2001	20,190	36,421	261,957	23,688	342,256
Charge for the year	7,479	10,257	49,733	6,316	73,785
At 31 December 2001	27,669	46,678	311,690	30,004	416,041
<b>Net Book Value</b>					
At 31 December 2001	7,237	38,789	34,440	33,684	114,150
At 31 December 2000	12,946	49,046	83,173	40,000	185,165
Depreciation charge for 2000	5,753	10,256	69,026	6,317	91,352

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Included in the cost of property, plant and equipment are fully depreciated assets which are still in use as follows:

	<b>Group</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Plant and machinery	4,491,396	4,396,544
Renovation, leasehold improvements, furniture, fixtures, fittings, office equipment and motor vehicles	7,704,379	7,222,141

### 4. SUBSIDIARIES

	<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Unquoted shares, at cost	54,486,656	54,486,656

Details of the subsidiaries are as follows:

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Effective Interests</b>		<b>Principal Activities</b>
		<b>2001 %</b>	<b>2000 %</b>	
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	71.5	71.5	Trading of motor vehicles, spare parts and provision of related motor repair services
DMM Engineering Sdn. Bhd.	Malaysia	71.5	71.5	Repair and touching-up, construction of vehicle body parts for sale and providing handling services and distribution of spare parts and trucks
DMM Sales Sdn. Bhd.	Malaysia	71.5	71.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Credit Sdn. Bhd.	Malaysia	71.5	71.5	Provision of hire purchase and lease financing facilities
DMM Assembly Services Sdn. Bhd.	Malaysia	71.5	71.5	Dormant
Auto Style Enterprise Limited	British Virgin Islands	100	100	Investment holding
Sun Motors Limited	British Virgin Islands	100	100	Investment holding

# 5. ASSOCIATED COMPANIES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At cost:				
Unquoted shares in Malaysia	174,843,111	174,843,111	167,843,111	167,843,111
Quoted shares outside Malaysia	30,967,628	30,967,628	-	-
Group's share of post acquisition profits	23,011,768	21,744,717	-	-
Group's share of profits of a company prior to becoming an associated company	30,319,200	30,319,200	-	-
Group's share of foreign exchange fluctuation reserve	(494,718)	(494,718)	-	-
	258,646,989	257,379,938	167,843,111	167,843,111
Goodwill amortised	(1,561,874)	(981,611)	-	-
	257,085,115	256,398,327	167,843,111	167,843,111
At market value:				
Quoted shares outside Malaysia	28,941,066	30,784,446	-	-
Represented by:				
Share of net tangible assets	244,035,400	242,768,349		
Goodwill on acquisition	14,611,589	14,611,589		
	258,646,989	257,379,938		
Goodwill amortised	(1,561,874)	(981,611)		
	257,085,115	256,398,327		

The associated companies are:

Name of Company	Country of Incorporation	Financial Year end	Effective Interests		Principal Activities
			2001 %	2000 %	
MBM Industries Sdn. Bhd.	Malaysia	31 December	39.9	39.9	Investment holding
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	Malaysia	31 December	23.6	23.6	Manufacture and assembly of assembly of motor vehicles
The Colonial Motor Company Limited	New Zealand	30 June	24.9	24.9	Property investment and motor trade related activities

## 6. LONG TERM RECEIVABLES

	Group	
	2001 RM	2000 RM
Future minimum receipts are as follows:		
Receivable within one year	16,943,030	21,360,712
Receivable between one and five years	31,386,945	22,802,978
After five years	1,449,106	2,442,915
	49,779,081	46,606,605
Less: Unearned interest and interest-in-suspense	(10,372,987)	(8,154,169)
Provision for doubtful debts	(2,868,496)	(2,466,643)
	36,537,598	35,985,793
Representing hire purchase receivables:		
Due within 12 months included in trade receivables (Note 8)	9,647,972	14,593,470
Due after 12 months	26,889,626	21,392,323
	36,537,598	35,985,793

## 7. INVENTORIES

	Group	
	2001 RM	2000 RM
At cost:		
Completed and unassembled vehicles	36,719,012	36,895,978
Parts and consumables	1,065,601	2,087,200
	37,784,613	38,983,178
At net realisable value:		
Completed vehicles	113,030	524,844
	37,897,643	39,508,022

During the financial year, the Group reversed RM4,712,713 (2000 : RM8,784,885), being part of inventories written down in previous years that was not required.

## 8. TRADE RECEIVABLES

	Group	
	2001 RM	2000 RM
Trade receivables	42,889,044	33,696,417
Hire purchase receivables due within 12 months (Note 6)	9,647,972	14,593,470
	52,537,016	48,289,900
Less: Provision for doubtful debts	(436,395)	(490,114)
	52,100,621	47,799,773

During the financial year, the Group has written off trade debts amounting to RM57,188 against provision for doubtful debts.

## 9. OTHER RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Deposits	1,238,074	1,379,503	-	-
Prepayments	935,714	1,259,022	-	-
Sundry receivables	5,035,283	7,802,100	60,215	404,474
Less: Provision for doubtful debts	(1,804,766)	(2,204,766)	-	(400,000)
	5,404,305	8,235,859	60,215	4,474

During the financial year, the Group and the Company have written off sundry debts amounting to RM400,000 against provision for doubtful debts.

## 10. CASH AND BANK BALANCES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash on hand and at banks	57,860,183	37,010,703	363,334	4,568,899
Bankers' acceptances	57,800,000	999,784	57,800,000	999,784
Fixed deposits with licensed banks	16,675,619	53,385,113	5,000,000	-
	132,335,802	91,395,600	63,163,334	5,586,683

Included in the fixed deposits of the Group is an amount of RM2,175,619 (2000 : RM210,000) which has been pledged as security for credit facilities granted to certain subsidiaries.

## 11. DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest free and has no fixed terms of repayment.

## 12. SHORT TERM BORROWINGS

	Group	
	2001 RM	2000 RM
Bank overdrafts	-	1,197,673
Bankers' acceptance	4,032,000	-
Term loans due within 12 months (Note 17)	10,000,000	22,672,000
	14,032,000	23,869,673

The bank overdrafts of the Group in the previous year were unsecured and bore interest of between 6.7% to 6.9% per annum.

The bankers' acceptance of the Group is secured and bears interest of 3.25% (2000 : Nil) per annum.

### 13. TRADE PAYABLES

Included in trade payables of the Group is an amount of RM2,816,607 (2000 : RM20,674,933) due to Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua"), an associated company.

### 14. OTHER PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales tax and import duties payable	11,885,426	10,532,117	-	-
Provision for warranty	2,914,113	2,541,573	-	-
Deposits received from customers	1,304,219	1,918,764	-	-
Accruals for dealers and salesmen incentives	3,005,309	2,104,192	-	-
Amount due for insurance premium on vehicles sold	2,351,113	1,181,189	-	-
Sundry payables	1,094,066	4,077,179	19,757	49,310
Accruals	11,224,453	9,734,011	209,000	124,000
	33,778,699	32,089,025	228,757	173,310

### 15. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2001	2000	2001 RM	2000 RM
Authorised:				
At 1 January/31 December	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid:				
At 1 January	139,000,000	75,000,000	139,000,000	75,000,000
Issued and paid-up during the year	-	64,000,000	-	64,000,000
At 31 December	139,000,000	139,000,000	139,000,000	139,000,000

The ordinary shares of RM1.00 each issued in the previous financial year were made at an issue price premium of RM1.50 each for shares in an associated company as consideration.

## 16. RESERVE ON CONSOLIDATION

	Group	
	2001 RM	2000 RM
Reserve arising on consolidation	13,515,104	13,515,104
Goodwill arising on consolidation	(12,518)	(12,518)
	13,502,586	13,502,586
Less : Accumulated amortisation	(4,322,332)	(3,782,228)
At 31 December	9,180,254	9,720,358

## 17. LONG TERM BORROWINGS

	Group	
	2001 RM	2000 RM
Term loans, secured:		
Repayable in full on 8 April 2001 bearing interest at 9.75% per annum ("Term Loan I")	-	20,000,000
Repayable in full on 10 November 2001 bearing interest at 0.75% + Bank's cost of fund ("Term Loan II")	-	2,672,000
Repayable in full on 28 August 2002 bearing interest at 9% per annum ("Term Loan III")	10,000,000	10,000,000
	10,000,000	32,672,000
Repayment due within 12 months (Note 12)	(10,000,000)	(22,672,000)
	-	10,000,000

All the term loans are secured by a letter of credit issued by a licensed financial institution. Term Loan II which was repayable in full on 10 November 2001 was secured by a fixed and floating charge over the assets of a subsidiary of the Company.

## 18. REVENUE

Revenue of the Group and the Company consist of the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Gross dividends from:				
- subsidiaries	-	-	25,025,000	8,067,583
- associated company	-	-	72,159,500	4,200,000
Sale of goods and services net of sales tax and discounts	608,432,202	532,349,586	-	-
Interest income from hire purchase arrangements	4,139,847	5,317,189	-	-
	612,572,049	537,666,775	97,184,500	12,267,583

## 19. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Depreciation	1,986,510	2,071,673	73,785	91,352
Auditors' remuneration	92,500	88,000	14,000	14,000
Staff cost	10,273,853	8,857,768	329,332	296,808
Directors' remuneration (Note 20)	1,678,000	976,000	1,105,000	583,000
Provision for inventory obsolescence	-	177,637	-	-
Inventories written off	864,043	656,602	-	-
Unrealised foreign exchange loss	1,792,686	4,739,989	-	-
Amortisation of goodwill arising on acquisition of an associated company	580,263	981,611	-	-
Provision for doubtful debts	793,998	2,117,352	-	2,500,057
Gain on disposal of property, plant and equipment	-	(112,395)	-	-
Gain on disposal of associated companies	-	(69,704)	-	-
Dividend income	-	(1,750,000)	-	-
Bad debts recovered	(450,762)	(1,001,249)	-	-
Writeback of provision for doubtful debts	(39,362)	(50,929)	-	-
Writeback of inventories written off in prior year	(4,712,713)	(8,784,885)	-	-
Amortisation of net reserve arising on consolidation	(540,104)	(540,104)	-	-
Rental income	(723,012)	(401,395)	-	-

## 20. DIRECTORS' REMUNERATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	500,000	523,000	362,000	403,000
Fees	272,000	137,000	42,000	20,000
Bonus	96,000	90,000	64,000	70,000
	868,000	750,000	468,000	493,000
Non-Executive:				
Fees	177,000	90,000	177,000	90,000
Ex-gratia payment to former directors	460,000	-	460,000	-
	637,000	90,000	637,000	90,000
<b>Director of a subsidiary</b>				
Executive:				
Salaries and other emoluments	108,000	108,000	-	-
Fees	20,000	10,000	-	-
Bonus	45,000	18,000	-	-
	173,000	136,000	-	-
<b>Total</b>	<b>1,678,000</b>	<b>976,000</b>	<b>1,105,000</b>	<b>583,000</b>



## 20. DIRECTORS' REMUNERATION (Cont'd)

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2001	2000
Executive directors:		
RM150,001 – RM200,000	1	1
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	1
Non-Executive directors:		
Below RM50,000	6	8
RM50,001 – RM100,000	1	-

## 21. FINANCE (COST)/INCOME, NET

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest expenses	(1,841,831)	(3,656,746)	-	-
Interest income	1,440,178	1,838,158	260,176	132,572
Others	(87,303)	(65,444)	-	-
	(488,956)	(1,884,032)	260,176	132,572

## 22. TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current year's provision	12,060,000	5,988,411	23,616,000	1,755,000
Share of taxation of associated companies	18,283,444	5,697,204	-	-
	30,343,444	11,685,615	23,616,000	1,755,000

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to the utilisation of unabsorbed capital allowances by an associated company.

The effective rate of taxation of the Company is lower than the statutory rate of taxation principally due to tax exempt dividend income.

As at 31 December 2001, the Company has tax exempt income available for distribution of approximately RM26,142,000 (2000 : RM11,412,000), subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2001.

## 23. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group earnings of RM87,476,119 (2000 : RM37,390,397) by the weighted average number of ordinary shares of 139,000,000 (2000 : 123,000,000).

## 24. DIVIDENDS

	2001 RM	2000 RM	Dividend per share	
			2001 Sen	2000 Sen
Ordinary interim dividend of 10% less taxation	10,008,000	10,008,000	7.2	7.2
Special interim dividend of 20% less taxation	20,016,000	-	14.4	-
Ordinary final dividend of 10% (2000 : 8%) less taxation	10,008,000	8,006,400	7.2	5.8
	40,032,000	18,014,400		

## 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2001 RM	2000 RM
<b>Group</b>		
Sales to Med-Bumikar Mara Sdn. Bhd., the holding company	-	(880,100)
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associated companies*	101,770,711	102,205,101
Purchases from Perodua, an associated company and/or its subsidiaries	363,796,924	332,930,246
Charges from Perodua, an associated company	-	6,934,609
<b>Company</b>		
Gross dividends from:		
- subsidiaries	25,025,000	8,067,583
- associated companies	72,159,500	4,200,000

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

\* Includes all subsidiaries and associated companies of Daihatsu Motor Co. Ltd. other than the subsidiaries of MBM Resources Berhad.

## 26. SEGMENTAL REPORTING

### Analysis by geographical location:

	Revenue		Profit before taxation		Total assets employed	
	2001 RM	2000 RM	2001 RM	2000 RM	2001 RM	2000 RM
Malaysia	709,756,549	549,934,358	155,060,608	35,309,235	674,159,317	557,125,407
New Zealand	1,525,154	2,446,619	(322,352)	2,038,531	66,966,513	63,716,430
	711,281,703	552,380,977	154,738,256	37,347,766	741,125,830	620,841,837
Group's share of results of associated companies	-	-	90,449,149	35,232,430	-	-
	711,281,703	552,380,977	245,187,405	72,580,196	741,125,830	620,841,837
Consolidation adjustments	(98,709,654)	(14,714,202)	(115,043,639)	(14,805,653)	(162,163,465)	(88,116,292)
	612,572,049	537,666,775	130,143,766	57,774,543	578,962,365	532,725,545

## 26. SEGMENTAL REPORTING (Cont'd)

### Analysis by activities:

	Revenue		Profit before taxation		Total assets employed	
	2001 RM	2000 RM	2001 RM	2000 RM	2001 RM	2000 RM
Investment holding	98,709,654	14,714,202	95,323,690	5,882,261	477,600,915	351,006,612
Distribution of motor vehicles and related activities	612,572,049	537,666,775	59,414,566	31,465,505	263,524,915	269,835,225
Group's share of results of associated companies	711,281,703	552,380,977	154,738,256	37,347,766	741,125,830	620,841,837
	-	-	90,449,149	35,232,430	-	-
Consolidation adjustments	711,281,703 (98,709,654)	552,380,977 (14,714,202)	245,187,405 (115,043,639)	72,580,196 (14,805,653)	741,125,830 (162,163,465)	620,841,837 (88,116,292)
	612,572,049	537,666,775	130,143,766	57,774,543	578,962,365	532,725,545

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## 27. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation:

	As restated RM	As previously restated RM
<b>Group</b>		
Revenue	537,666,775	549,262,226
Cost of sales	496,475,279	508,091,910
Finance cost	1,884,032	1,862,852
Other receivables	8,235,859	9,954,242
Provision for taxation	4,513,367	6,231,750
<b>Company</b>		
Other receivables	4,474	1,722,857
Provision for taxation	36,617	1,755,000

# List of Properties

31 December 2001

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Bookvalue as at 31.12.01 (RM'000)
<b>Proprietor: Daihatsu (Malaysia) Sdn Bhd</b>					
Lot 2B, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land used as vehicle storage yard	-	Leasehold (expiring on 26.1.2087)	1,110
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	10	Leasehold (expiring on 13.3.2074)	1,437
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	9	Freehold	148
Lot 1, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	11,294 (4,860)	Industrial land with building used as showroom, workshop and office	13	Leasehold (expiring on 12.1.2086)	6,865
Lot 2A, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as body building, workshop and store	9	Leasehold (expiring on 26.1.2087)	5,122
Lot 68-G, 68-1, Lot 69-G, 69-1 Selayang Baru Selangor Darul Ehsan	(944)	2 units of Ground & 1st Floor of shop office building	-	Leasehold	1,211
Apartment 401, Block 2 Jalan SS18/47, 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accomodation for employees when attending training	9	Leasehold (expiring on 29.7.2096)	36
20,Jalan 54, Desa Jaya Kepong, 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	8	Leasehold (expiring on 8.3.2081)	660
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	20	Freehold	1,847
32, Jalan Tun Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	7	Leasehold (expiring on 21.12.2030)	1,850

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Bookvalue as at 31.12.01 (RM'000)
Lot No. 20 Sedco Industrial Estate Jalan Kelembong, Inanam 88450, Kota Kinabalu, Sabah	4,309	Industrial land with building used as workshop	8	Leasehold (expiring on 31.12.2034)	1,169
Lot 1A, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	6	Leasehold (expiring on 12.1.2086)	467
Lot 27, 28 and 29, Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2 storey terrace factory	-	Leasehold	1,021
1, Jalan Memanda 7/1, Ampang Triangle Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2 storey shop lot used as showroom	6	Freehold	1,882
11A, Level 11, Genting View Resort Genting Highlands, Bentong Pahang Darul Makmur	(92)	3-bedroom apartment used for leisure and recreation	9	Freehold	172
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4 storey corner shophouse	5	Freehold	2,826
Lot 6165A, Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	-	Freehold	2,293
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	5	Leasehold	585
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	5	Leasehold	803
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	3	Leasehold (expiring in year 2094)	4,265
Lot 48 & 57 Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land with building	-	Freehold	3,531
Units 3, 4, 7 and 8, Level 4 and 5 Block K, Bandar Bukit Beruntung Apartments, Selangor Darul Ehsan	(653)	8 units apartments	-	Freehold	166
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	-	Leasehold (expiring on 12.1.2067)	8,601

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.01
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	9	Freehold	1,890
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	-	Freehold	179
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11 storey office, commercial building (under construction)	-	Leasehold	11,804
<b>Proprietor: DMM Sales Sdn Bhd</b> 1262 Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial land with building	3	Freehold	1,717
No 1 Jalan Damai Utama Taman Industri Damaipulus 83000 Batu Pahat Johor	6,787	Industrial land with building	2	Freehold	1,563
<b>Total</b>					<b>65,220</b>

# Analysis of Shareholdings

as at 20 March 2002

Authorised Share Capital	:	200,000,000
Paid-up & Issued Share Capital	:	139,000,000
Type of Share	:	Ordinary Share of RM1.00 each
No of Shareholders	:	4,022
Voting Rights	:	One vote for every share

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 1,000	20	0.50	3,799	0.00
1,001 - 10,000	3,596	89.41	8,211,934	5.91
10,001 - 100,000	328	8.16	10,451,787	7.52
100,001 - less than 5% of issued shares	74	1.84	33,420,105	24.04
5% and above of issued shares	4	0.10	86,912,375	62.53
<b>Total</b>	<b>4,022</b>	<b>100.00</b>	<b>139,000,000</b>	<b>100.00</b>

## Substantial Shareholders as at 20 March 2002

Name of Shareholders	Number of Shares Held	%
1 Med-Bumikar Mara Sdn Bhd	82,560,099 a	59.40
2 Majlis Amanah Rakyat	83,247,092 b	59.89
3 Employees Provident Fund Board	12,121,000	8.72

### Notes:

- a Include deemed interest by virtue of its shareholding in Central Shore Sdn Bhd  
b Deemed interest by virtue of its shareholding in Med-Bumikar Mara Sdn Bhd

## List of Top 30 Shareholders as at 20 March 2002

Name of Shareholders	Shareholdings	Total Shareholdings	% Shareholding
1 Med-Bumikar Mara Sdn Bhd	51,732,375		
Public Nominees (Tempatan) Sdn Bhd			
Pledged Securities Account for Med-Bumikar Mara Sdn Bhd	20,000,000		
Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd			
Pledged Securities Account for Med-Bumikar Mara Sdn Bhd	10,000,000	81,732,375	58.80
2 Employees Provident Fund Board	10,180,000		
AM Nominees (Tempatan) Sdn Bhd			
for Employees Provident Fund Board	1,941,000	12,121,000	8.72

## List of Top 30 Shareholders as at 20 March 2002 (Cont'd)

	Name of Shareholders	Shareholdings	Total Shareholdings	% Shareholding
3	Tan Sri Dato' Hj Ahmad Azizuddin bin Zainal Abidin		1,819,289	1.31
4	Permodalan Nasional Berhad		1,366,000	0.98
5	Looi Kum Pak @ Looi Kam Phak		1,261,642	0.91
6	Universal Trustee (Malaysia) Berhad <i>for Mayban Balanced Trust Fund</i>		1,000,000	0.72
7	Zaharah bt Nordin		959,000	0.69
8	Amanah Raya Berhad <i>for Tabung Ittikal Arab-Malaysian</i>		877,000	0.63
9	Central Shore Sdn Bhd		827,724	0.60
10	HSBC Nominees (Tempatan) Sdn Bhd <i>for HSBC (M) Trustee Bhd - OSK-UOB Small Cap Opportunity Unit</i>		717,000	0.52
11	Majlis Amanah Rakyat		686,993	0.49
12	Amanah Raya Berhad <i>for Arab-Malaysian First Fund</i>		681,000	0.49
13	Yap Siew Chin		617,359	0.44
14	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>for Malaysia Progress Fund</i>		602,000	0.43
15	Dato' Abdul Rahim bin Abdul Halim		575,697	0.41
16	Summit Holdings Sdn Bhd		573,000	0.41
17	Yap Ken Nan		537,198	0.39
18	Yap Jek Nan		536,000	0.39
19	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Leong Thean</i>		500,000	0.36
20	Wong Wei Khin		441,860	0.32
21	Quarry Lane Sdn Bhd		410,000	0.29
22	Arab-Malaysian Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund</i>		402,000	0.29
23	Malaysia Assurance Alliance Berhad <i>as Beneficial Owner (Growth Fund)</i>		400,000	0.29
24	Wong Fay Ling		394,859	0.28
25	Lembaga Tabung Haji		394,000	0.28
26	OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koon Yew Yin</i>		377,000	0.27
27	Botly Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koon Yew Yin</i>		366,000	0.26
28	HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Norwich Union Life and Pensions Ltd.</i>		357,000	0.26
29	Pacific & Orient Insurance Co. Berhad		353,000	0.25
30	Mayban Nominees (Tempatan) Sdn Bhd <i>Phileo Asset Management for Perusahaan Otomobil Nasional Berhad</i>		351,000	0.25
<b>Total</b>			<b>112,236,996</b>	<b>80.75</b>



I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of **MBM RESOURCES BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her, \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the **Eighth Annual General Meeting** of the Company to be held at 2nd Floor, Ballroom C, Pan Pacific Hotel, Jalan Putra, 50764 Kuala Lumpur, on Thursday, 23 May 2002 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions	For	Against
Ordinary Resolution No. 1		
Ordinary Resolution No. 2		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Ordinary Resolution No. 5		
Ordinary Resolution No. 6		
Ordinary Resolution No. 7		

(Please indicate with "X" how you wish to cast your vote)

Number of Shares	
------------------	--

..... Signed this ..... day of ..... 2002  
Signature

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Suite 15-03, 15th Floor, Wisma UOA II, 21 Jalan Pinang, 50450 Kuala Lumpur, at least forty-eight hours (48) before the time appointed for holding the Meeting.

FOLD THIS FLAP FOR SEALING



**MBM RESOURCES BERHAD**  
**The Company Secretaries**

Suite 15-03, 15th Floor  
Wisma UOA II  
21 Jalan Pinang  
50450 Kuala Lumpur

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1st FOLD HERE