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BOARD OF DIRECTORS

Y. Bhg. Dato' Mohd Ridzuan bin Abdul Halim (*Chairman*)
Y. Bhg. Dato' Abdul Rahim bin Abdul Halim (*Managing Director*)
Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman
Y. Bhg. Tan Sri Dato' Lee Lam Thye
Y. Bhg. Dr. Nawawi bin Mat Awin
Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin
Encik Low Hin Choong
Encik Looi Kok Loon
Encik Wong Wei Khin

COMPANY SECRETARIES

Puan Shahrizat bt Othman (*MAICSA 0764744*)
Puan Zaharah bt Ibrahim (*MAICSA 7012004*)

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

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

AUDITORS

Ernst & Young
Public Accountants

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

The Main Board
Malaysia Securities Exchange Berhad (MSEB)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held on Friday, 28 May 2004 at the Pacific Ballroom, 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 2003 together with the Reports of the Directors and Auditors therein.

Resolution 1

2. To re-elect the following Directors who retire by rotation in accordance with Article 78 of the Articles of Association of the Company:

(a) Encik Looi Kok Loon

Resolution 2

(b) Y. Bhg. Dato' Abdul Rahim bin Abdul Halim

Resolution 3

(c) Y. Bhg. Tan Sri Dato' Lee Lam Thye

Resolution 4

3. To approve the Directors' fees for the year ended 31 December 2003.

Resolution 5

4. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 6

5. As Special Business
To consider and, if thought fit, pass with or without any modification, the following Ordinary Resolution:

5.1 Ordinary Resolution Authority to allot shares pursuant to the Employees' Share Option Scheme

"THAT pursuant to MBM Resources Berhad Employees Share Option Scheme ("ESOS") which was approved by an Ordinary Resolution at the Extraordinary General Meeting of the Company held on 15 August 2002, approval be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue such number of new ordinary shares of RM1.00 each in the capital of the Company from time to time in accordance with the Bye-Laws of the ESOS."

Resolution 7

5.2 Ordinary Resolution Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT pursuant to Chapter 10.09, Part E of the Listing Requirements of the Malaysia Securities Exchange Berhad, approval be and is hereby given for the Company and/or its subsidiaries to enter into and give effect to the categories of recurrent related party transactions with those related parties as specified in Section 2.2 of the Circular to Shareholders dated 30 April 2003, provided that such transactions are of a revenue or trading nature which are necessary for the Group's day-to-day operations in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as "the Mandate");

AND THAT the Mandate, unless revoked or varied by the Company in a general meeting, shall continue in force until the next annual general meeting of the Company or at the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) whichever is earlier;

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

Resolution 8

5.3 Ordinary Resolution Proposed Renewal of Authority to Purchase the Company's Own Shares

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Malaysia Securities Exchange Berhad ("MSEB") and any other relevant authority, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up capital through the MSEB at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:

- (i) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per cent (10%) of the issued and paid-up ordinary share capital for the time being of the Company ("MBMR Shares");
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the MBMR Shares shall not exceed the aggregate of the retained profits and the share premium account of the Company. As of 31 December 2003, the audited retained profits and share premium of the Company were RM44.4 million and RM19.4 million respectively;
- (iii) the authority conferred by this resolution shall commence upon the passing of this ordinary resolution and will continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting the authority is renewed, either unconditionally or subject to conditions), or unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase (s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the MSEB or any other relevant authority;

(iv) upon completion of the purchase(s) of the MBMR Shares by the Company, the Directors of the Company be hereby authorised to deal with the MBMR Shares in the following manner:

- (a) cancel the MBMR Shares so purchased; or
- (b) retain the MBMR Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of MSEB and/or for cancellation subsequently; or
- (c) retain part of the MBMR Shares so purchased as treasury shares and cancel remainder;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the MSEB and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be hereby authorised to take all such steps as are necessary or expedient (including the appointment of a stockbroking firm and the opening and maintaining of a Central Depository Account designated as a Share Buy Back Account) and to enter into any agreements, arrangements and guarantees with any party or parties to implement or to effect the purchase(s) of the MBMR Shares with full powers to assent to any conditions, notification, revaluations, variations and/or amendments (if any) as may be required by the relevant authorities."

Resolution 9

6. To consider any other business of which due notice shall have been given.

By Order of the Board
MBM RESOURCES BERHAD

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

Kuala Lumpur
30 April 2004

Notes:**1. Proxy**

- (i) 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.
- (ii) 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.
- (iii) 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.

2. Explanatory Notes to Special Business Resolution 7

The Ordinary Resolution proposed under item 5.1 above, if passed, will empower the Directors to offer and grant options and issue shares in the Company pursuant to ESOS which was approved at the Extraordinary General Meeting of the Company held on 15 August 2002.

Resolution 8

The Ordinary Resolution proposed under item 5.2 above, if passed, will renew the Shareholders' Mandate granted by the shareholders of the Company at the Annual General Meeting held on 21 May 2003. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Resolution 9

The Ordinary Resolution proposed under item 5.3 above, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up capital of the Company ("Proposed Share Buy Back") by utilizing the funds allocated which shall not exceed the aggregate of the retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- | | |
|--|----------------|
| (i) Encik Looi Kok Loon | (Resolution 2) |
| (ii) Y. Bhg. Dato' Abdul Rahim bin Abdul Halim | (Resolution 3) |
| (iii) Y. Bhg. Tan Sri Dato' Lee Lam Thye | (Resolution 4) |

The profile of the Directors standing for re-election are on pages 6 & 7.

2. Details of Attendance of Directors at Board Meetings

Four (4) Board of Directors Meetings were held during the financial year ended 31 December 2003. Attendance of the Directors holding office at the end of the financial year is shown below:

Names of Directors	No. of Meetings Attended
1. Y. Bhg. Dato' Mohd Ridzuan bin Abdul Halim	4
2. Y. Bhg. Dato' Abdul Rahim bin Abdul Halim	4
3. Y. Bhg. Tan Sri Dato' Abdul Aziz bin Abdul Rahman	4
4. Y. Bhg. Tan Sri Dato' Lee Lam Thye	4
5. Y. Bhg. Dr. Nawawi bin Mat Awin	4
6. Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	4
7. Encik Low Hin Choong	4
8. Encik Looi Kok Loon	4
9. Encik Wong Wei Khin	3

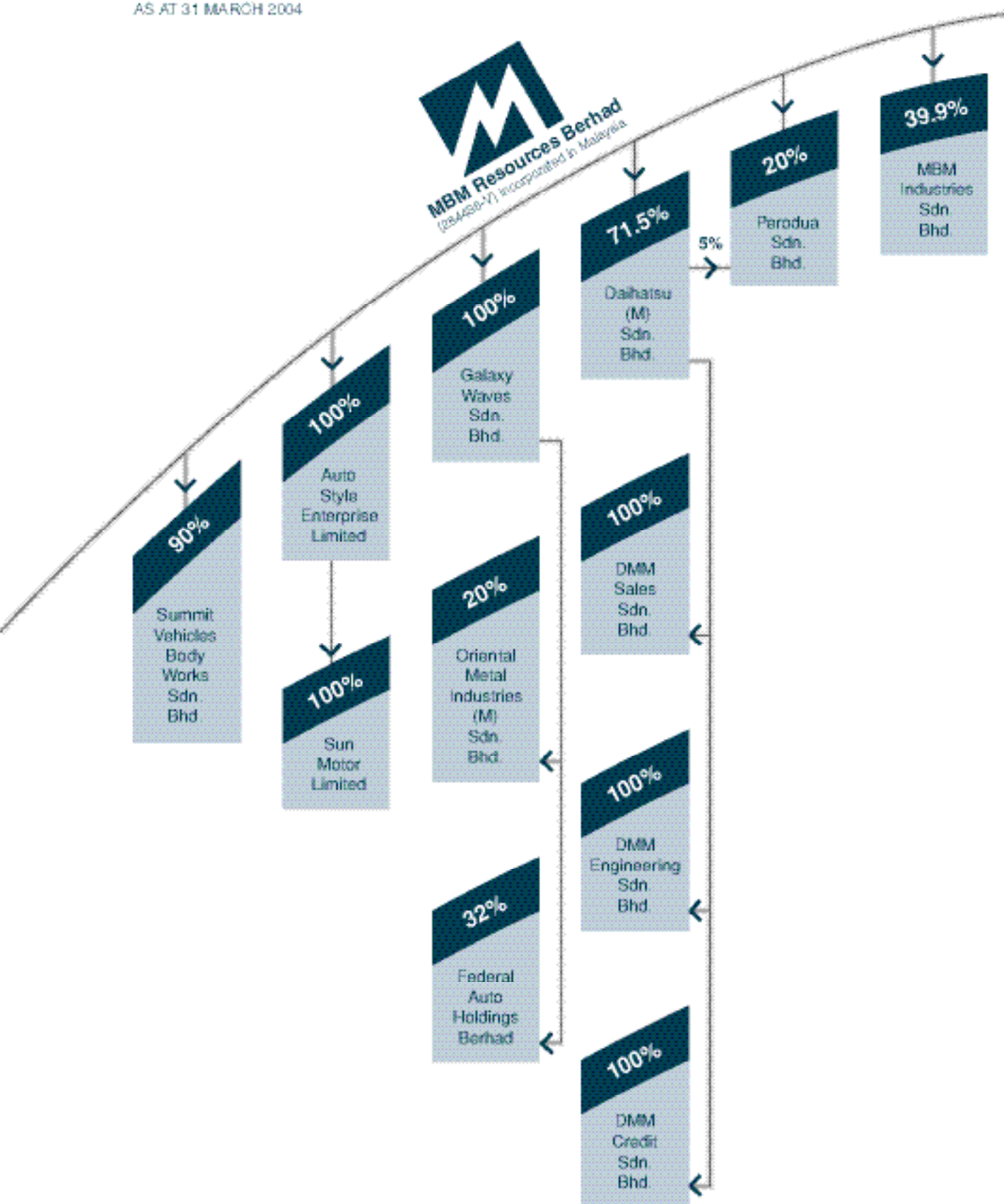
3. Place, date and time of General Meetings

Two (2) General Meetings were held during the year ended 31 December 2003.

Date	Time	Place
Annual General Meeting 21 May 2003	10.00 a.m.	Ballroom 1, Corus Hotel, Jalan Ampang, 50400 Kuala Lumpur.
Extraordinary General Meeting 23 August 2003	10.00 a.m.	Pangkor Room, Vistana Hotel Kuala Lumpur, No. 9 Jalan Lumut, Off Jalan Ipoh, 50400 Kuala Lumpur

CORPORATE STRUCTURE

AS AT 31 MARCH 2004



PROFILE OF DIRECTORS



Y. BHG. DATO' MOHD RIDZUAN BIN ABDUL HALIM

Aged 61 (Non-Executive Chairman; Malaysian)

Dato' Mohd Ridzuan was appointed to the Board on 1 January 2001 and subsequently 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 55 (Managing Director; Malaysian)

A qualified economist, Dato' Abdul Rahim is MBM Resources Berhad's Managing Director, Remuneration and Audit Committees member. He held several senior positions in the Ministry of International Trade and Industry (MITI) and Daihatsu (Malaysia) Sdn Bhd prior to his appointment to MBM Resources Berhad's Board on 17 December 1993. Dato' Abdul Rahim has extensive experience in the motor vehicle industry and is presently on the Board of Perusahaan Otomobil Kedua Sdn. Bhd., Intelligent Edge Berhad, Rubberex Corporation (M) Berhad and Central Cables Berhad as well as several other private companies. He holds a Bachelor of Economics (Honours) from the University of Malaya.



ENCIK AQIL BIN TAN SRI DATO' HJ. AHMAD AZIZUDDIN

Aged 45 (Executive Director; Malaysian)

Encik Aqil began his career with Daihatsu (Malaysia) Sdn Bhd 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 Daihatsu (Malaysia) Sdn Bhd 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 43 (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 of Belfast, United Kingdom with a Bachelor of Science (Honours) in Business Administration & Computer Science and is currently managing his own successful software applications business.



ENCIK LOOI KOK LOON

Aged 37 (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 consulting firm he co-founded.

ENCIK WONG WEI KHIN

Aged 36 (Non-Independent Non-Executive Director; Malaysian)

Encik Wong previously served MBM Resources Berhad as the corporate manager and was appointed to the Board on 23 May 2002. 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.

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

Aged 71 (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 on both the Company's Remuneration and Audit Committees. Tan Sri Dato' Abdul Aziz, who is the former managing director of Malaysian Airlines System (MAS), also serves as a director of United Chemical Industry Berhad. He is a Barrister-at-Law and a partner in Nik Saghir & Ismail.

Y. BHG. TAN SRI DATO' LEE LAM THYE

Aged 58 (Independent Director; Malaysian)

He was appointed to the Board on 28 February 1994 and is a member of both the Nomination 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 Bandar Kuala Lumpur from 1974 to 1990. In the private sector, Tan Sri Dato' Lee serves as a director of several 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 66 (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.

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. Tan Sri Dato' Lee Lam Thye	4	4
Y. Bhg. Dr. Nawawi bin Mat Awin	4	4
Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	4	4
Encik Low Hin Choong	4	4
Encik Looi Kok Loon	4	4
Encik Wong Wei Khin	4	3

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.

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 MSEB

SHARE BUYBACK

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

OPTIONS or WARRANTS

During the financial year, 2,826,000 option shares of par value RM1.00 each were exercised at an option price of RM2.54 per share. Total number of unexercised share options as at 31 December 2003 was 4,355,000.

The company does not have any outstanding warrants during the 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, except for fees paid for Review of Internal Control Statement for the year ended 31 December 2002 amounted to RM7,000.

PROFIT ESTIMATE, FORECAST and PROJECTION

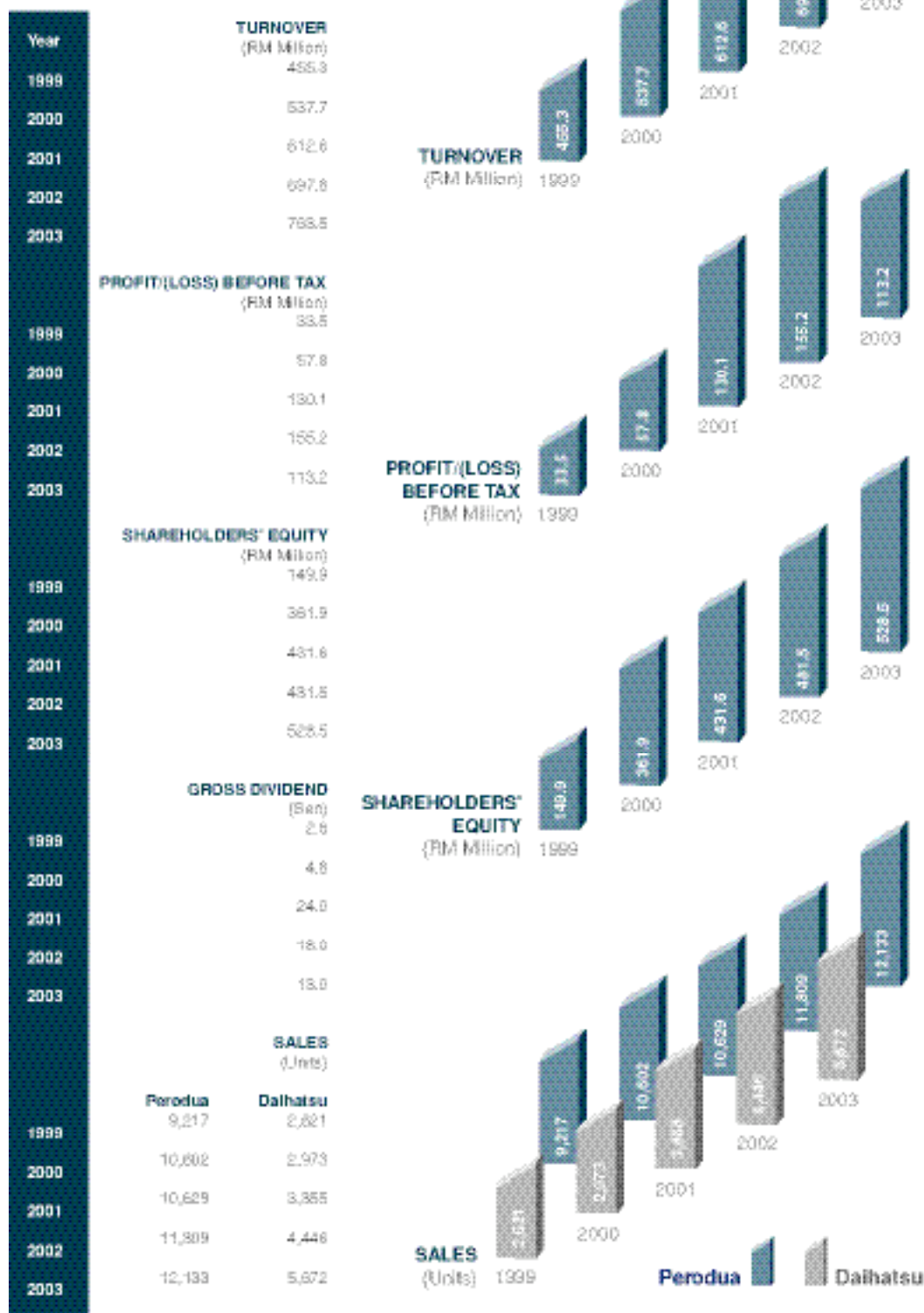
There were no variances of 10% or more between the results for the financial year and the unaudited results previously announced.

PROFIT GUARANTEE

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

FINANCIAL HIGHLIGHTS

as at 31 December 2003



CHAIRMAN'S STATEMENT

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 2003.

FINANCIAL PERFORMANCE

The Group's financial performance for the financial year ended 31 December 2003 declined with pre-tax profit reducing by 27.1% to RM113.2 million (2002: RM155.2 million) despite a higher turnover, which climbed by 10.1% to RM768.5 million (2002: RM697.8 million).

DIVIDEND

The Company announced a first ordinary interim dividend of 9 sen per share on 23 August 2003 and a second ordinary interim dividend of 9 sen per share on 26 February 2004, bringing the total ordinary dividends declared for the financial year ended 31 December 2003 to 18 sen per share, similar to the total ordinary dividends paid out for the financial year ended 31 December 2002. In this regard, the Board does not propose any final dividend for the financial year under review. As mentioned in the previous year's annual report, the Company will continue this policy of declaring a first and second interim dividend, but not a final dividend, to enable investors to receive a steady stream of dividends at around the same time each year.

CORPORATE DEVELOPMENTS

During the year under review, the Company carried out several acquisitions in order to enhance shareholders' value. The acquisitions were carried out to enable the Company to better utilise its available cash resources as well as to expand its businesses within the automotive sector, a business segment in which the Company has extensive experience.

On 28 April 2003, the Company acquired a 50.8% shareholding in Summit Vehicles Body Works Sdn. Bhd. ("SVBW"), a manufacturer and maintenance provider for truck bodies, box vans, trailers and tankers, for RM1.3 million. Several months later, the Company took the opportunity to increase its shareholding in SVBW to 90.0% following the sale by one of the major shareholders, Summit Engineering Sdn. Bhd. The managing director of SVBW owns the balance 10.0%.

On 25 August 2003, the Company announced the acquisition of the entire shareholding of Galaxy Waves Sdn. Bhd. ("GWSB"), an investment holding company that has a 20.0% interest in Oriental Metal Industries (M) Sdn. Bhd. ("OMI"), a steel wheel manufacturer, and a 32.0% shareholding in Federal Auto Holdings Berhad ("FAHB"), a dealer for Volvo motor vehicles, for RM33.7 million. This exercise was completed on 15 March 2004.

This acquisition was followed by the proposed purchase of Oriental Extrusions Sdn. Bhd. ("OESB") on 18 March 2004, an investment holding company that owns 55.0% of OMI. Upon completion, the Company's effective interest in OMI will stand at 75.0%.

MBMR disposed its entire shareholding in associate-company The Colonial Motor Company Limited ("CMC") on 15 May 2003. 6,930,000 CMC shares were sold for NZ\$20.4 million or NZ\$2.95 per share as the Board was of the view that it was a good time to realise the gains from this investment, which was acquired in mid-1997.

REVIEW OF OPERATIONS

MOTOR VEHICLE DIVISION

Last year, motor vehicle sales declined for the first time in five years amid uncertainties ahead of the introduction of the new tariff structure consistent with ASEAN Free Trade Area (AFTA) commitments. Only 405,100 new motor vehicles were registered in 2003 (2002: 434,954 units), a 6.9% decrease from the year before. Despite the difficult operating environment, DMSB's turnover expanded by 9.6% to RM765.0 million (2002: 697.9 million), a tribute to the aggressive marketing and promotional activities. However, these counter measures still could not sustain the bottom line, which was already adversely affected by the strong Japanese yen. Consequently, DMSB's pre-tax profit for the financial year ended 31 December 2003 declined by 37.8% to RM53.5 million (2002: RM86.0 million).

Daihatsu (M) Sdn. Bhd. (DMSB), the sole distributor of Daihatsu motor vehicles in Malaysia and owner of the largest Perodua dealership network in the country, sold 5,672 (2002: 4,446) and 12,133 (2002: 11,809) units of Daihatsu and Perodua vehicles respectively last year. This represents a 27.6% and 2.7% improvement in terms of units sold, thus reinforcing DMSB's continued dominance in the light truck segment and effective retailing of Perodua motor vehicles.

Associate company Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua) registered a lower turnover of 4.0 billion in 2003 (2002: RM4.2 billion), down by 3.6% on the back of lower unit sales, which stood at only 126,097 units (2002: 131,557 units). Consequently, profit before tax eased by 37.3% to RM181.0 million (2002: RM288.8 million) amid a more difficult operating environment, in part due to uncertainties ahead of the confirmation of the new AFTA compliant tariff structure. Perodua contributed 40.0% (2002: 46.5%), or RM45.3 million (2002: RM72.2 million) towards MBMR's 2003 pre-tax profit.

MBMR's recently acquired Summit Vehicles Body Works experienced a loss of RM0.6 million on the back of RM4.9 million turnover during the year under review amid a difficult operating environment.

MANUFACTURING DIVISION

MBM Industries Sdn Bhd, which manufactures precision stamping parts for the electrical and electronics industries, performed well last year amid signs of improvement in the electrical and electronics industry. During the period under review, turnover climbed by 22.6% to RM50.4 million (2002: RM41.1 million) while profit before tax rose to RM2.3 million (2002: RM0.8 million), up by 189.2%.

FUTURE PROSPECTS

The general improvement in the domestic economy as well as the clarification of the new motor vehicle tariff structure come AFTA in 2005 is expected to help boost sales. Encouraging signs include the improvement in motor vehicle sales by 13.0% year-on-year to 28,511 units in the month of February 2004 after four straight months of declines. I am confident that the Company will perform reasonably well in 2004 given the Malaysian Automobile Association's 5.0% projected sales growth to 425,000 units, ample liquidity in the financial system, government's pro-active efforts to boost the domestic economy and the continued affordability of Perodua and Daihatsu vehicles.

APPRECIATION

Tan Sri Dato' Abdul Aziz bin Abdul Rahman, who is due to retire at the forthcoming AGM, will not be seeking re-election. On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude for his contribution to the Company during his tenure as a Board member for the past 10 years.

I would also 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

STATEMENT ON CORPORATE GOVERNANCE

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 Malaysia Securities Exchange Berhad. 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.

SECTION 1: DIRECTORS Composition of the Board

The Board has nine members. Seven out of the nine 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 6 to 7.

One-third of the Board comprise independent directors since the Company recognises the contribution of independent directors as equal Board members to 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 2003, the Board held four meetings on the following dates: 26 Feb, 21 May, 23 Aug and 21 Nov. 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 before.

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 16 to 17), 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 briefed properly 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 Mat Awin, Tan Sri Dato' Lee Lam Thye and Dato' Mohd Ridzuan Abdul Halim. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, Dr. Nawawi, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

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 is 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 MSEC 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. Directors are also advised on appointment 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 Abdul Rahman, Tan Sri Dato' Lee Lam Thye and Dato' Abdul Rahim Abdul Halim. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive directors.

The executive directors 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 remuneration.

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 determines fees payable to all directors with the approval from 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 with the Company, which expires on 8 February 2005.

Directors' Remuneration

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

	Number of Directors 2003	Number of Directors 2002
Executive directors:		
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM350,001 - RM400,000	-	1
RM1,650,001 - RM1,700,000	1	-
Non-Executive directors:		
Below RM50,000	6	6
RM 50,001 - RM100,000	1	1

The number of Remuneration Committee meetings held during the financial year 2003 and the number of meetings attended by each director are as follows:

Members of the Remuneration Committee	Number of meetings held in 2003	Number of meetings attended by each member
Tan Sri Dato' Abdul Aziz bin Abdul Rahman (Chairman)	2	2
Tan Sri 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 MSEB has been made. During the year 2003, the Company held 2 formal analysts/fund managers briefing on 5 March and 26 August.

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 MSEB 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 25 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 16 to 17. 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 throughout the financial year with the Best Practices as set in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 15 April 2003.

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 MSEB.

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

Members

Y. Bhg. Tan Sri Dato' Abdul Aziz Abdul Rahman
Independent Non-Executive Director

Y. Bhg. Dato' Abdul Rahim Abdul Halim
Executive Director

All members of the Committee have a working familiarity with basic finance and accounting practices, and one of its members i.e Y. Bhg. Dr. Nawawi bin Mat Awin is a member 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 2 independent members, one of whom shall be the Chairman of the Audit Committee.

Meetings shall be held not less than 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 times during the year for the following purposes:

- To review the financial statements before the quarterly announcements to MSED.
- 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.
- 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
Y. Bhg. Dr. Nawawi Mat Awin	4	4
Y. Bhg. Tan Sri Dato' Abdul Aziz Abdul Rahman	4	4
Y. Bhg. Dato' Abdul Rahim Abdul Halim	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; and
- To promptly report to the Malaysia Securities Exchange Berhad on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Malaysia Securities Exchange Berhad.
- To consider other topics as defined by the Board.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its functions by the respective internal audit function of the main subsidiary, main associate's audit committee 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.

STATEMENT OF INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. Due to limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate, the risk of failure in achieving the Group's business objectives. Internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication - Statement of Internal Control: Guidance for Directors of Public Listed Companies.

The key processes that the directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:

1. The Group's risk management principles and procedures are clearly documented. The Group's management operates a risk management process that identifies the key risks by line of business and key functional activities.
2. The Board receives and reviews regular reports from the management on key operating statistics, legal, environmental and regulatory matters. The Board approves appropriate responses or amendments to the Group's policy.
3. There is a comprehensive budgeting and forecasting system that is governed by policies and guidelines of the Group. The financial results of the lines of business are reported monthly in the management financial reports where variances are analysed against budget and acted on in a timely manner. Forecasts are revised on a quarterly basis, taking into account significant business risks.
4. The Group's internal audit department, reporting to the Audit Committee, performs regular reviews of business processes to assess the effectiveness of internal controls and highlight significant risks facing the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit department's scope of work and resources.
5. The Audit Committee, on behalf of the Board, regularly reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal audit department, the external auditors and the management.
6. There is a clearly defined framework for investment appraisal covering the acquisition or disposal of any business, acceptance of projects, application of capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.
7. Policies and standard operating procedures manuals are sent to all employees setting out the Group's reporting hierarchy and procedures.

Statement made in accordance with the resolution of the Board of Directors dated 15 April 2004.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are described in Notes 12 and 13 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year other than acquisition of a new subsidiary involved in trucks and vehicles body building and general engineering works.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	87,565	15,799
Minority interests	(12,659)	-
Net profit for the year	74,906	15,799

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2002 were as follows:

	RM'000
Ordinary second interim dividend of 12% less taxation in respect of the financial year ended 31 December 2002	20,016
Ordinary first interim dividend of 9% less taxation in respect of the current financial year	15,104
	35,120

On 26 February 2004, the directors declared a second interim dividend in respect of the current financial year ended 31 December 2003 of 9% less 28% taxation on 234,492,667 ordinary shares amounting to RM15,195,000 (6.48 sen net per share). The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.

DIRECTORS

The directors of the Company in office 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
Tan Sri Dato' Lee Lam Thye
Dr. Nawawi bin Mat Awin
Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin
Low Hin Choong
Looi Kok Loon
Wong Wei Khin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the Employee Share Option Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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			
	1.1.2003	Bought	Sold	31.12.2003
The Company				
Direct Interest				
Dato' Abdul Rahim bin Abdul Halim	959,495	250,000	300,000	909,495
Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	216,666	200,000	70,000	346,666
Looi Kok Loon	137,243	-	-	137,243
Wong Wei Khin	826,433	-	440,900	385,533
Dr. Nawawi bin Mat Awin	-	346,000	-	346,000
Indirect Interest				
Dato' Abdul Rahim bin Abdul Halim	1,598,333	100,000	-	1,698,333
Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	2,847,147	1,000	-	2,848,147
Low Hin Choong	848,931	46,667	-	895,598
Looi Kok Loon	2,490,040	75,400	887,000	1,678,440
Wong Wei Khin	1,611,431	100,000	639,000	1,072,431
	Number of ESOS for Ordinary Shares of RM1 Each			
	1.1.2003	Granted	Exercised	31.12.2003
Dato' Abdul Rahim bin Abdul Halim	500,000	-	250,000	250,000
Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	400,000	-	200,000	200,000
	Number of Ordinary Shares of RM1 Each			
	1.1.2003	Bought	Sold	31.12.2003
Holding Company - Med-Bumikar Mara Sdn. Bhd.				
Direct Interest				
Dato' Abdul Rahim bin Abdul Halim	2,057,289	700,250	-	2,757,539
Wong Wei Khin	352,657	141,345	-	494,002
Indirect Interest				
Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin	2,494,921	787,129	-	3,282,050
Looi Kok Loon	2,494,921	787,129	-	3,282,050
Wong Wei Khin	2,015,644	620,460	-	2,636,104

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.

ISSUE OF SHARES

During the financial year, the Company's issued and paid up share capital was increased from RM231,667,000 to RM234,493,000 by way of issuance of 2,826,000 new ordinary shares of RM1 each at a price of RM2.54 per share for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme.

EMPLOYEE SHARE OPTION SCHEME

The MBM Resources Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August, 2002.

The main features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- (b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point in time during the tenure of the ESOS.
- (d) The option price for each share shall be based on the weighted average market price of the shares as shown in the daily official list issued by the Malaysia Securities Exchange Berhad for the 5 market days immediately preceding the date of offer subject to a discount of not more than 10%, or the par value of the shares of the Company of RM1, whichever is the higher.
- (e) No option shall be granted for less than 1,000 shares nor more than 23,166,667 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of ten years from the date of the receipt of the last of the requisite approvals.
- (g) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

OTHER STATUTORY INFORMATION

- (a) Before balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper 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; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off as bad debts or provided for as doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONTD.)

- (c) 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 of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

- (a) During the financial year, a subsidiary acquired a semi-detached factory erected on the land held at Title No. H.S. (M) 11888 & 11889 P.T. No. 7747 & 7748, Mukim Petaling, District of Petaling from Danaharta Managers Sdn. Bhd., for a cash consideration of RM2,300,000.
- (b) On 15 May 2003, the Group disposed off its investment in an associate, Colonial Motors Company Limited through placement by Forsyth Barr Frater Williams Limited for a total cash consideration of RM43,932,000.
- (c) On 24 April 2003, the Company entered into a Conditional Share Subscription Agreement with Summit Engineering Sdn. Bhd. ("SESB") and Summit Vehicles Body Works Sdn. Bhd. ("SVBW") to subscribe 685,761 new ordinary shares, representing 50.8% of shareholding in SVBW, a company incorporated in Malaysia and engaged in trucks and vehicles body building and general engineering works, for a cash consideration of RM1,335,000. Subsequently, on 1 December 2003, the Company acquired an additional 529,603 ordinary shares from SESB, for a cash consideration of RM582,000. Upon completion of this acquisition on 1 December 2003, the Company's shareholding in SVBW increased to 90%.
- (d) On 25 August 2003, the Company announced that it proposed to acquire from Rumpun Hijau Capital Berhad, 91,340,002 ordinary shares in Galaxy Waves Sdn. Bhd., representing 100% equity interest in Galaxy Waves Sdn. Bhd., for a total cash consideration of RM33,744,000. The proposed acquisition was completed on 15 March 2004. Galaxy Waves Sdn. Bhd. is an investment holding company having equity interests of 32% in Federal Auto Holdings Berhad and 20% in Oriental Metal Industries (M) Sdn. Bhd.

SUBSEQUENT EVENTS

- (a) On 11 March 2004, a subsidiary entered into an agreement with Gheemasters Sdn. Bhd. to acquire a piece of land held at Provisional Lease No. 016280809, District of Kota Kinabalu, for a cash consideration of RM4,684,000.
- (b) On 18 March 2004, the Company entered into a conditional sales and purchase agreement with Oriental Metal (Malaysia) Sdn. Bhd. to acquire the entire paid-up capital of Oriental Extrusions Sdn. Bhd. ("OESB") for a cash consideration of approximately RM10,516,000. Upon completion of the agreement, the Company assumed a debt of approximately RM38,847,000, which may be reduced in the event that dividend is declared and paid by Oriental Metal Industries (M) Sdn. Bhd. ("OMISB"). OESB has a 55% shareholding in OMISB. As a result of this acquisition, the Company's effective shareholding in OMISB will be increased by an additional 55% to 75%.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Dato' Mohd Ridzuan bin Abdul Halim

Dato' Abdul Rahim bin Abdul Halim

Kuala Lumpur
Date: 15 April 2004

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Abdul Rahim bin Abdul Halim and Dato' Mohd Ridzuan bin Abdul Halim, being two of the directors of MBM Resources Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 27 to 57 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of their results and their cash flows for the year then ended.

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

Dato' Mohd Ridzuan bin Abdul Halim

Dato' Abdul Rahim bin Abdul Halim

Kuala Lumpur
Date: 15 April 2004

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Shamshir bin Ghazali, being the officer primarily responsible for the financial management of MBM Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 57, are in my opinion, 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 Federal Territory on 15 April 2004) **Shamshir bin Ghazali**

Before me,

BARATHAN A/L SINNIAH @ CHINNIAH AMN, PJK (W202)
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF MBM RESOURCES BERHAD

We have audited the accompanying financial statements set out on pages 27 to 57. 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 adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 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 by 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 financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Wong Kang Hwee
No.1116/01/06(J)
Partner

Kuala Lumpur, Malaysia
Date: 15 April 2004

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	3	768,527	697,848	26,155	57,290
Cost of sales	4	(691,730)	(595,748)	-	-
Gross profit		76,797	102,100	26,155	57,290
Other operating income		28,830	14,253	598	79
Administrative and operating expenses		(25,284)	(26,190)	(4,528)	(6,038)
Selling and marketing expenses		(16,296)	(13,286)	-	-
Profit from operations	5	64,047	76,877	22,225	51,332
Finance income/(cost), net	7	1,639	26	741	155
Share of results of associates		47,516	78,343	-	-
Profit before taxation		113,202	155,246	22,966	51,486
Taxation					
Company and subsidiaries	8	(14,052)	(23,420)	(7,167)	(16,362)
Associates		(11,585)	(21,147)	-	-
		(25,637)	(44,567)	(7,167)	(16,362)
Profit after taxation		87,565	110,679	15,799	35,124
Minority interests		(12,659)	(20,571)	-	-
Net profit for the year		74,906	90,108	15,799	35,124
Earnings per share (sen)	9	32.2	38.9		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	75,299	67,089	294	388
Subsidiaries	12	-	-	55,796	54,487
Associates	13	280,032	292,562	163,586	163,586
Other investment	14	4,000	4,000	4,000	4,000
Hire purchase receivables	15	37,761	32,356	-	-
		397,092	396,007	223,676	222,461
CURRENT ASSETS					
Inventories	16	102,416	73,737	-	-
Trade receivables	17	44,771	49,731	-	-
Other receivables	18	17,573	7,850	3,847	8
Due from an associate	19	15	13	15	13
Due from subsidiaries	19	-	-	31,758	30,155
Marketable securities	20	34,740	20,000	34,740	20,000
Cash and bank balances	21	137,910	109,148	46,043	78,611
		337,425	260,479	116,403	128,787
CURRENT LIABILITIES					
Provision for warranties	22	889	889	-	-
Short term borrowings	23	30,779	22,090	-	-
Trade payables	25	36,996	18,079	-	-
Other payables	26	15,708	19,833	1,578	453
Due to holding company	19	217	368	217	368
Tax payable		5	1,531	-	-
		84,594	62,790	1,795	821
NET CURRENT ASSETS		252,831	197,689	114,608	127,966
		649,923	593,696	338,284	350,427
FINANCED BY:					
Share capital	27	234,493	231,667	234,493	231,667
Reserves		294,012	249,811	63,791	78,760
Shareholders' equity		528,505	481,478	298,284	310,427
Minority interests		73,091	63,578	-	-
		601,596	545,056	298,284	310,427
Reserve on consolidation	28	8,100	8,640	-	-
Long term borrowings	23	40,000	40,000	40,000	40,000
Deferred taxation	29	227	-	-	-
		649,923	593,696	338,284	350,427

The accompanying notes form an integral part of the financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

	Share Capital RM'000	Share Premium RM'000	--- Non-Distributable --- Foreign Exchange Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2002	139,000	107,908	(63)	184,721	431,566
Issuance of share capital (Note 27)	92,667	(92,667)	-	-	-
Expenses incurred for issuance of bonus shares	-	(164)	-	-	(164)
Net profit for the year	-	-	-	90,108	90,108
Dividends (Note 10)	-	-	-	(40,032)	(40,032)
At 31 December 2002	231,667	15,077	(63)	234,797	481,478
Exercise of ESOS (Note 27)	2,826	4,352	-	-	7,178
Realisation of foreign exchange reserve, representing net gain not recognised in income statement	-	-	63	-	63
Net profit for the year	-	-	-	74,906	74,906
Dividends (Note 10)	-	-	-	(35,120)	(35,120)
At 31 December 2003	234,493	19,429	-	274,583	528,505

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2002	139,000	107,908	68,591	315,499
Issuance of share capital (Note 27)	92,667	(92,667)	-	-
Expenses incurred for issuance of bonus shares	-	(164)	-	(164)
Net profit for the year	-	-	35,124	35,124
Dividends (Note 10)	-	-	(40,032)	(40,032)
At 31 December 2002	231,667	15,077	63,683	310,427
Exercise of ESOS (Note 27)	2,826	4,352	-	7,178
Net profit for the year	-	-	15,799	15,799
Dividends (Note 10)	-	-	(35,120)	(35,120)
At 31 December 2003	234,493	19,429	44,362	298,284

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	113,202	155,246
Adjustments for:		
Share of results of associates	(47,516)	(78,343)
Amortisation of net reserve arising on consolidation	(540)	(540)
Amortisation of goodwill arising on acquisition of an associated company	337	591
Bad and doubtful debts	(86)	350
Goodwill written off	273	4,257
Depreciation	2,226	2,381
Gain on disposal of property, plant and equipment	-	(122)
Property, plant and equipment written off	55	-
Provision for stocks obsolescence	121	(1,842)
Impairment of investment	658	-
Gain on disposal of an associate	(9,772)	-
Interest expense	2,750	1,252
Interest income	(4,599)	(2,375)
Unrealised foreign exchange (gain)/loss	(7,503)	(858)
Operating profit before working capital changes	49,606	79,997
Decrease/(increase) in receivables	1,532	(2,334)
Increase in inventories	(28,084)	(33,998)
Net changes in related companies balances	(153)	249
Increase/(decrease) in payables	8,759	(29,024)
Cash generated from operations	31,660	14,890
Interest paid	(2,745)	(1,047)
Taxes paid	(17,936)	(38,028)
Net cash generated from/(used in) operating activities	10,979	(24,185)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from an associate	13,963	16,871
Interest received	4,599	2,375
Purchase of property, plant and equipment	(7,214)	(2,434)
Proceeds from disposal of property, plant and equipment	-	323
Acquisition of other investments and marketable securities	(15,398)	(24,000)
Proceeds from disposal of an associate	43,932	-
Net cash used in acquisition of a subsidiary (Note 12(b))	(2,021)	-
Net cash generated from/(used in) investing activities	37,861	(6,865)

	2003 RM'000	2002 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(35,120)	(40,032)
Expenses incurred for issuance of bonus shares	-	(164)
Proceeds from exercise of ESOS	7,178	-
Net (repayment)/drawdown of term loans	(804)	30,000
Net drawdown of bankers' acceptance	10,868	10,963
Net repayment of hire purchase payables	(8)	-
Net cash (used in)/generated from financing activities	(17,886)	767
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,954	(30,283)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	102,053	132,336
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	133,007	102,053
Cash and cash equivalents comprise of:		
Cash and bank balances	137,910	109,148
Bank overdraft	(4,747)	(7,095)
Trust receipts	(156)	-
	133,007	102,053

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,966	51,486
Adjustments for:		
Depreciation	94	52
Gross dividends income	(26,155)	(57,290)
Gain on disposal of property, plant and equipment	-	(80)
Impairment of investment	1,267	4,257
Interest expense	1,967	175
Interest income	(2,708)	(1,330)
Operating loss before working capital changes	(2,569)	(2,730)
(Increase)/decrease in receivables	(3,374)	54
Increase in payables	1,118	333
Net changes in related companies balances	(1,755)	(24)
Cash used in operations	(6,580)	(2,367)
Interest paid	(1,962)	-
Taxes paid	(309)	(321)
Net cash used in operating activities	(8,851)	(2,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	18,832	41,249
Interest received	2,708	1,330
Purchase of property, plant and equipment	-	(361)
Proceeds from disposal of property, plant and equipment	-	114
Acquisition of a subsidiary	(1,917)	-
Acquisition of other investments and marketable securities	(15,398)	(24,000)
Net cash generated from investing activities	4,225	18,332
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(35,120)	(40,032)
Expense incurred for issuance of bonus shares	-	(164)
Proceeds from exercise of ESOS	7,178	-
Drawdown of term loan	-	40,000
Net cash used in financing activities	(27,942)	(196)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(32,568)	15,448
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	78,611	63,163
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	46,043	78,611

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Notes 12 and 13 respectively.

There have been no significant changes in the nature of these activities during the financial year other than acquisition of a new subsidiary involved in trucks and vehicles body building and general engineering works.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Malaysia Securities Exchange Berhad. The principal place of business of the Company is located at 50-04-05, Wisma UOA Damansara, 50 Jalan Dungun, Damansara Heights, 50490 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 630 (2002: 566) and 12 (2002: 12) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

The adoption of the above MASB Standards have not given rise to any adjustments to the opening balances of retained profits of the prior year and current period or to changes in comparatives.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and 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 (negative goodwill) arising on consolidation.

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 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.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (contd.)

(ii) Associates

Associates are 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 associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

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

(c) Goodwill and Reserve on Consolidation

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary and an associate at the date of acquisition. Reserve on consolidation represents the fair value of acquired assets exceeding the consideration payable.

Goodwill and reserve on consolidation are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l). Goodwill or reserve arising on the acquisition of subsidiaries and business are presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates.

(d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Freehold land is not depreciated. Long term and short term leasehold land are depreciated over the period of the lease which ranges from 44 years to 99 years. Depreciation of other property, plant and equipment is provided for 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%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(f) 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, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statement. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Dividend Income

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

(ii) Sales of Goods

Revenue relating to sales of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(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 when repayments are in arrears for more than six months.

(k) Foreign Currencies

(i) Foreign Currency Transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates, except for transactions hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, except for transactions hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken to the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward foreign exchange contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Foreign Currencies (contd.)

(ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The closing exchange rates ruling at balance sheet date used for translation of non-contracted foreign currency monetary assets and liabilities (denominated in units of Ringgit Malaysia per foreign currency) are as follows:

	2003	2002
New Zealand Dollar	2.40	2.00
Japanese Yen (per 100 units)	3.20	2.90
United States Dollar	3.80	3.80

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal 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.

(m) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Under its treasury policy, the Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities. The Group does not hold or issue derivative financial instruments for trading purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Financial Instruments (contd.)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associated companies are stated at cost less provision for any diminution in value. Such provision is made when there is a decline 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.

(ii) Receivables

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

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loan and overdrafts are recorded at the amount of proceeds received, net of transaction costs. All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. REVENUE

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Gross dividends from:				
- subsidiaries	-	-	12,155	41,470
- associates	-	-	14,000	15,820
Sale of goods and services net of sales tax and discounts	763,824	693,728	-	-
Interest income from hire purchase arrangements	4,703	4,120	-	-
	768,527	697,848	26,155	57,290

4. COST OF SALES

Cost of sales of the Group consist of the following:

	Group	
	2003	2002
	RM'000	RM'000
Cost of sales for goods and services	690,583	595,472
Cost of sales for hire purchase arrangements	1,147	276
	691,730	595,748

5. PROFIT FROM OPERATIONS

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	99	93	15	14
Depreciation	2,226	2,381	94	52
Staff costs*	12,215	11,197	1,096	915
Directors' remuneration (Note 6)	2,531	1,140	1,955	566
Amortisation of goodwill arising on acquisition of an associate	337	591	-	-
Bad and doubtful debts	(86)	350	-	-
Inventories written off	-	270	-	-
Goodwill written off	273	4,257	-	-
Impairment of investment	658	-	1,267	4,257
Provision for stocks obsolescence	121	(1,842)	-	-
Property, plant and equipment written off	55	-	-	-
Rental expense	256	172	-	-
Gain on disposal of property, plant and equipment	-	(122)	-	(80)
Gain on disposal of an associate	(9,772)	-	-	-
Unrealised foreign exchange gain	(7,503)	(858)	-	-
Amortisation of net reserve arising on consolidation	(540)	(540)	-	-
Rental income	(1,316)	(1,000)	-	-

* Included in the staff costs of the Group and of the Company are contributions to the Employees Provident Fund of RM1,333,000 (2002: RM1,223,000) and RM208,000 (2002: RM170,000) respectively.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	396	380	264	248
Fees	112	107	32	27
Bonus	261	175	212	114
Ex-gratia payment to a director	1,175	-	1,175	-
	1,944	662	1,683	389
Non-Executive:				
Fees	272	197	272	177

6. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of a subsidiary				
Executive:				
Salaries and other emoluments	120	90	-	-
Fees	50	50	-	-
Bonus	45	41	-	-
	215	181	-	-
Non-Executive:				
Fees	100	100	-	-
Total	2,531	1,140	1,955	566

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

	Number of Directors	
	2003	2002
Executive directors:		
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	-	1
RM1,650,001 - RM1,700,000	1	-
Non-executive directors:		
Below RM50,000	6	6
RM50,001 - RM100,000	1	1

7. FINANCE INCOME/(COST), NET

Included in finance income/(cost), net are:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest expenses	(2,750)	(1,252)	(1,967)	(175)
Interest income	4,599	2,375	2,708	1,330

8. TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax expense:				
Current year	13,883	23,420	7,167	16,362
Overprovision in prior year	(21)	-	-	-
	13,862	23,420	7,167	16,362

8. TAXATION (CONTD.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(37)	-	-	-
Underprovision in prior year	227	-	-	-
	190	-	-	-
	14,052	23,420	7,167	16,362

Income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. Taxation for a small and medium scale subsidiaries with paid-up capital of RM2,500,000 and below are calculated at the rate of 20% on chargeable income of up to RM100,000. For chargeable income in excess of RM100,000, the statutory tax rate of 28% is applicable.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2003 RM'000	2002 RM'000
Group		
Profit before taxation and share of results of associates	65,686	76,903
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	18,392	21,533
Effect of different tax rate for a small and medium scale subsidiary of 20% for the first chargeable income of RM100,000	(8)	-
Effect of different tax rate in other country	821	130
Income not subject to tax	(7,295)	(1,299)
Expenses not deductible for tax purposes	1,828	3,056
Deferred taxation assets not recognised during the year	108	-
Underprovision of deferred tax in prior year	227	-
Overprovision of income tax expense in prior years	(21)	-
Tax expense for the year	14,052	23,420
Company		
Profit before taxation	22,966	51,486
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	6,431	14,416
Income not subject to tax	(349)	-
Expenses not deductible for tax purposes	1,085	1,946
Tax expense for the year	7,167	16,362
The Group has the following unutilised tax benefits:		
Unutilised tax losses carried forward	718	-
Unabsorbed capital allowances carried forward	52	-

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2003	2002
Net profit for the year (RM'000)	74,906	90,108
Weighted average number of ordinary shares in issue ('000)	232,451	231,667
Basic earnings per share (sen)	32.2	38.9

(b) Diluted

Fully diluted earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive options, i.e. assuming of exercise of ESOS issued on the earliest date they became exercisable.

	Group	
	2003	2002
Net profit for the year (RM'000)	74,906	90,108
Weighted average number of ordinary shares in issue ('000)	232,451	231,667
Adjustment for assumed exercise of ESOS ('000)	4,355	598
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	236,806	232,265
Diluted earnings per share (sen)	31.6	38.8

10. DIVIDENDS

	Amount		Net Dividends per Share	
	2003 RM'000	2002 RM'000	2003 Sen	2002 Sen
Ordinary final dividend of 10% less taxation	-	10,008	-	7.2
Special interim dividend of 20% less taxation	-	20,016	-	14.4
Ordinary first interim dividend of 9% (2002: 6%) less taxation	15,104	10,008	6.5	4.3
Ordinary second interim dividend of 12% less taxation	20,016	-	8.6	-
	35,120	40,032	15.1	25.9

On 26 February 2004, the directors declared a second interim dividend in respect of the current financial year ended 31 December 2003, of 9% less 28% taxation on 234,492,667 ordinary shares amounting to RM15,195,000 (6.48 sen net per share). The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2004.

11. PROPERTY, PLANT AND EQUIPMENT

	*Land and buildings RM'000	Plant and machinery RM'000	Renovation, leasehold improvements, furniture, fixtures, fittings, office equipment and motor vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2003	72,328	5,324	12,068	89,720
Additions	4,791	98	2,325	7,214
Acquisition of subsidiary	3,014	-	1,291	4,305
Write off	(55)	-	-	(55)
At 31 December 2003	80,078	5,422	15,684	101,184
Accumulated Depreciation				
At 1 January 2003	7,948	5,173	9,510	22,631
Charge for the year	925	114	1,187	2,226
Acquisition of subsidiary	33	-	995	1,028
At 31 December 2003	8,906	5,287	11,692	25,885
Net Book Value				
At 31 December 2003	71,172	135	3,992	75,299
At 31 December 2002	64,380	151	2,558	67,089
Depreciation Charge for 2002	1,109	276	996	2,381

* Land and Buildings

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Group					
Cost					
At 1 January 2003	7,040	12,909	2,580	49,799	72,328
Additions	-	-	-	4,791	4,791
Acquisition of subsidiary	1,365	-	-	1,649	3,014
Write off	-	-	-	(55)	(55)
At 31 December 2003	8,405	12,909	2,580	56,184	80,078
Accumulated Depreciation					
At 1 January 2003	-	1,418	815	5,715	7,948
Charge for the year	-	129	65	731	925
Acquisition of subsidiary	-	-	-	33	33
At 31 December 2003	-	1,547	880	6,479	8,906

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Land and Buildings (contd.)

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
Net Book Value					
At 31 December 2003	8,405	11,362	1,700	49,705	71,172
At 31 December 2002	7,040	11,491	1,765	44,084	64,380
Depreciation Charge for 2002	-	130	59	920	1,109

	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
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Company

Cost

At 1 January/ 31 December 2003	41	85	355	64	545
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Accumulated Depreciation

At 1 January 2003	34	57	30	36	157
Charge for the year	7	10	71	6	94
At 31 December 2003	41	67	101	42	251

Net Book Value

At 31 December 2003	-	18	254	22	294
At 31 December 2002	7	28	325	28	388

Depreciation Charge for 2002

	6	10	30	6	52
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- (a) Included in the cost of property, plant and equipment are fully depreciated assets which are still in use as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Plant and machinery	5,124	4,547	-	-
Renovation, leasehold improvements, furniture, fixtures, fittings, office equipment and motor vehicles	8,582	7,130	-	-

- (b) Included in the net book value of the above property, plant and equipment of the Group are motor vehicles held under hire purchase agreements amounting to RM19,188 (2002: RMNil).

12. SUBSIDIARIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	56,404	54,487
Provision for impairment losses	(608)	-
	55,796	54,487

(a) Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Interests Held (%)		Principal Activities
		2003	2002	
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 vehicles body parts for sale, providing handling services to its holding company 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 facilities
DMM Assembly Services Sdn. Bhd.	Malaysia	71.5	71.5	Dormant
Auto Style Enterprise Limited	British Virgin Islands	100	100	Investment holding
Sun Motor Limited	British Virgin Islands	100	100	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	90	-	Trucks and vehicles body buildings, and general engineering works

- (b) On 24 April 2003, the Company entered into a Conditional Share Subscription Agreement with Summit Engineering Sdn. Bhd. ("SESB") and Summit Vehicles Body Works Sdn. Bhd. ("SVBW") to subscribe 685,761 new ordinary shares, representing 50.8% of shareholding in SVBW, a company incorporated in Malaysia and engaged in trucks and vehicles body building and general engineering works, for a cash consideration of RM1,335,000. Subsequently, on 1 December 2003, the Company acquired an additional 529,603 ordinary shares from SESB, for a cash consideration of RM582,000. Upon completion of this acquisition on 1 December 2003, the Company's shareholding in SVBW increased to 90%.

The effect of the acquisition on the financial statements of the Group from the date of acquisition to 31 December 2003 is as follows:

	RM'000
Revenue	4,940
Operating costs	(5,277)
Net loss	(337)

12. SUBSIDIARIES (CONTD.)

The effect of the acquisition on the financial position of the Group as at 31 December 2003 is as follows:

	RM'000
Property, plant and equipment	3,248
Inventories	466
Trade and other receivables	2,717
Cash and bank balances	577
Short term borrowings	(1,358)
Trade and other payables	(4,198)
Deferred taxation	(4)
Minority interest	(141)
Group's share of net assets	1,307

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary is as follows:

	RM'000
Property, plant and equipment	3,277
Inventories	716
Trade and other receivables	1,560
Cash and bank balances	536
Short term borrowings	(661)
Trade and other payables	(2,620)
Term loan	(803)
Deferred taxation	(40)
Fair value of total net assets	1,965
Less: Minority interest	(321)
Group's share of net assets	1,644
Goodwill on acquisition written off	273
Total consideration	1,917
Less: Cash and cash equivalents	(104)
Net cash used in acquisition of subsidiary	2,021

13. ASSOCIATES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost:				
Unquoted shares in Malaysia	174,843	174,843	167,843	167,843
Quoted shares outside Malaysia	-	30,968	-	-
Group's share of post acquisition profits	81,206	63,336	-	-
Group's share of profits of a company prior to becoming an associated company	30,319	30,319	-	-
Group's share of foreign exchange fluctuation reserve	-	(495)	-	-

13. ASSOCIATES (CONTD.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
	286,368	298,971	167,843	167,843
Less: Goodwill amortised	(2,079)	(2,152)	-	-
Goodwill written off	(4,257)	(4,257)	-	-
Impairment of investment	-	-	(4,257)	(4,257)
	280,032	292,562	163,586	163,586

At market value:

Quoted shares outside Malaysia	-	44,130	-	-
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	Group	
	2003 RM'000	2002 RM'000
Represented by:		
Share of net tangible assets	273,376	284,359
Goodwill on acquisition	12,992	14,612
	286,368	298,971
Goodwill amortised	(2,079)	(2,152)
Goodwill written off	(4,257)	(4,257)
	280,032	292,562

Details of the associates are as follows:

Name of Company	Country of Incorporation	Year End	Effective Interests Held (%)		Principal Activities
			2003	2002	
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 motor vehicles
Colonial Motors Company Limited	New Zealand	30 June	-	24.9	Property investment, motor vehicles retailing and related activities

14. OTHER INVESTMENTS

	Group and Company	
	2003 RM'000	2002 RM'000
Unquoted bonds, at cost	4,000	4,000

The unquoted bonds have a tenor of five years from 2002 to 2007 and have no fixed coupon rate.

15. HIRE PURCHASE RECEIVABLES

	Group	
	2003 RM'000	2002 RM'000
Future minimum hire purchase receipts:		
Not later than 1 year	15,524	13,840
Later than 1 year and not later than 2 years	12,924	11,529
Later than 2 years and not later than 5 years	28,653	18,248
Later than 5 years	6,019	12,583
	63,120	56,200
Less: Future finance charges	(12,350)	(11,733)
Less: Provision for doubtful debts	(2,071)	(2,537)
	48,699	41,930
Analysed as:		
Due within 12 months (Note 17)	10,938	9,574
Due after 12 months	37,761	32,356
	48,699	41,930

During the financial year, the Group has written off hire purchase receivables amounting to RM353,000 (2002: RM982,000) against provision for doubtful debts.

The weighted average effective interest rate during the financial year was 10.2% (2002: 10.3%).

16. INVENTORIES

	Group	
	2003 RM'000	2002 RM'000
At cost:		
Completed and unassembled vehicles	98,362	71,838
Parts and consumables	3,848	1,899
Work in progress	206	-
	102,416	73,737

17. TRADE RECEIVABLES

	Group	
	2003 RM'000	2002 RM'000
Trade receivables	34,401	40,698
Hire purchase receivables due within 12 months (Note 15)	10,938	9,574
	45,339	50,272
Less : Provision for doubtful debts	(568)	(541)
	44,771	49,731

The Group's normal trade credit term ranges from 14 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

18. OTHER RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Deposits	4,378	904	3,374	-
Incentive due from a supplier	3,291	1,438	-	-
Prepayments	3,438	1,342	-	-
Staff loans	1,321	1,779	-	-
Tax recoverable	3,214	633	469	-
Sundry receivables	1,931	1,754	4	8
	17,573	7,850	3,847	8

Included in deposits is an amount of approximately RM3.3 million paid to Rumpun Hijau Capital Berhad for the proposed acquisition of Galaxy Waves Sdn Bhd, as disclosed in Note 32(d).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

19. DUE FROM AN ASSOCIATED COMPANY AND SUBSIDIARIES/DUE TO HOLDING COMPANY

The amounts due from an associated company and subsidiaries/due to holding company are unsecured, interest-free and have no fixed terms of repayment.

20. MARKETABLE SECURITIES

	Group and Company	
	2003	2002
	RM'000	RM'000
Unit trust, at cost	35,398	20,000
Less: Impairment of investment	(658)	-
	34,740	20,000
Market value of unit trust	34,740	20,679

21. CASH AND BANK BALANCES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	31,404	27,819	43	10,367
Bankers' acceptance	41,000	63,244	41,000	63,244
Deposits with licensed banks	65,506	18,085	5,000	5,000
	137,910	109,148	46,043	78,611

(a) Deposits with licensed banks of the Group amounting to RM558,000 (2002: RM5,585,043) are pledged to banks for credit facilities granted to certain subsidiaries.

(b) The weighted average interest rates during the financial year and the average maturities of deposits and bankers' acceptance as at 31 December 2003 were as follows:

	Weighted Average Interest Rate %	Average Maturities Days
Deposits with licensed banks	2.65	30
Bankers' acceptance	2.60	30

22. PROVISION FOR WARRANTIES

	Group RM'000
At 1 January/31 December 2003	889

Provision for warranties is made for the estimated liability on all products under warranty in addition to claims already received. The provision is based on experienced levels of claims arising during the period of warranty.

23. BORROWINGS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Short Term Borrowings				
(i) Unsecured:				
Bank overdrafts	3,558	7,095	-	-
Bankers' acceptances	25,863	14,995	-	-
	29,421	22,090	-	-
(ii) Secured:				
Bank overdrafts	1,189	-	-	-
Trust receipts	156	-	-	-
	1,345	-	-	-
Hire purchase payables (Note 24)	13	-	-	-
Total	30,779	22,090	-	-
Long Term Borrowings				
Term loan, unsecured	40,000	40,000	40,000	40,000
Total	70,779	62,090	40,000	40,000

(a) The secured bank overdrafts and trust receipts of the Group are secured by the following:

- (i) a pledge of fixed deposit receipts of a subsidiary;
- (ii) a debenture incorporating a fixed and floating charge over the assets of a subsidiary, both present and future.

(b) The weighted average interest rates during the financial year for borrowings were as follows:

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
Bank overdrafts	6.5	6.5	-	-
Bankers' acceptances	3.3	3.3	-	-
Term loan	5.0	5.0	5.0	5.0

24. HIRE PURCHASE PAYABLES

	Group	
	2003 RM'000	2002 RM'000
Minimum lease payments of not later than 1 year	15	-
Less: Future finance charges	(2)	-
	13	-

The hire purchase payables bore interest of between 4.95% to 9.22%.

25. TRADE PAYABLES

Included in trade payables of the Group is an amount of RM15,658,000 (2002: RM1,395,000) due to Perusahaan Otomobil Kedua Sdn. Bhd., an associated company.

The normal trade credit term granted to the Group ranges from 2 to 90 days.

26. OTHER PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Accruals	9,641	12,743	1,565	442
Accruals for dealers and salesmen incentives	1,484	2,122	-	-
Amount due for insurance premium on vehicles sold	48	1,790	-	-
Deposits received from customers	1,473	1,339	-	-
Sales tax and import duties payable	2,369	1,633	-	-
Sundry payables	693	206	13	10
	15,708	19,833	1,578	453

27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2003 '000	2002 '000	2003 RM'000	2002 RM'000
Authorised:				
At 1 January	500,000	200,000	500,000	200,000
Created during the year	-	300,000	-	300,000
At 31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January	231,667	139,000	231,667	139,000
Issued during the year	-	92,667	-	92,667
Exercise of ESOS	2,826	-	2,826	-
At 31 December	234,493	231,667	234,493	231,667

27. SHARE CAPITAL (CONTD.)

- (a) The Company implemented an Employee Share Option Scheme ("ESOS") which is governed by the by-laws and was approved by the shareholders at an Extraordinary General Meeting held on 15 August 2002.

The main features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
 - (ii) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
 - (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.
 - (iv) The option price for each share shall be based on the weighted average market price of the shares as shown in the daily official list issued by the Malaysia Securities Exchange Berhad for the 5 market days immediately preceding the date of offer subject to a discount of not more than 10%, or the par value of the shares of the Company of RM1, whichever is the higher.
 - (v) No option shall be granted for less than 1,000 shares nor more than 23,166,667 shares to any eligible employee.
 - (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of ten years from the date of the receipt of the last of the requisite approvals.
 - (vii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.
- (b) As at 31 December 2003, the Company has granted option for 4,355,000 (2002: 7,181,000) ordinary shares of RM1 each at an issue price of RM2.54 which have not been exercise.

28. RESERVE ON CONSOLIDATION

	Group	
	2003 RM'000	2002 RM'000
Reserve arising on consolidation	13,515	13,515
Goodwill arising on consolidation	(13)	(13)
	13,502	13,502
Less: Accumulated amortisation	(5,402)	(4,862)
At 31 December	8,100	8,640

29. DEFERRED TAXATION

	Group RM'000
At 1 January 2003	-
Acquisition of a subsidiary	37
Recognised in the income statement (Note 8)	190
At 31 December 2003	227

29. DEFERRED TAXATION (CONTD.)

	Group RM'000
Presented after appropriate offsetting as follows:	
Deferred tax assets	(653)
Deferred tax liabilities	880
	227

The component and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2003	-
Recognised in the income statement	880
At 31 December 2003	880

Deferred tax assets of the Group:

	Trade payables RM'000	Other payables RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2003	-	-	-	-
Recognised in the income statement	(29)	(592)	(32)	(653)
At 31 December 2003	(29)	(592)	(32)	(653)

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

	Group 2003 RM'000	2002 RM'000
Unused tax losses	606	-
Unabsorbed capital allowances	52	-
	658	-

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that do not have a recent history of profits.

30. CAPITAL COMMITMENTS

	2003 RM'000	2002 RM'000
Approved and contracted for	-	2,300
Approved but not contracted for	-	2,400
	-	4,700

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2003 RM'000	2002 RM'000
Group		
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associated companies*	72,424	49,887
Purchases from PT Astra Daihatsu Motor, a subsidiary of a foreign corporate shareholder	3,248	-
Purchases from Perusahaan Otomobil Kedua Sdn. Bhd., an associated company and/or its subsidiaries	408,512	380,701
Company		
Gross dividends from:		
- subsidiaries	12,155	41,470
- associates	14,000	15,820

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 those obtainable in transactions with unrelated parties.

* Includes all subsidiaries and associated companies of Daihatsu Motor Co. Ltd. other than the subsidiaries of the Company.

32. SIGNIFICANT EVENTS

- (a) On 17 January 2003, a subsidiary entered into an agreement with Danaharta Managers Sdn. Bhd. to acquire a semi-detached factory erected on the land held at Title No. H.S. (M) 11888 & 11889 P.T. No. 7747 & 7748, Mukim Petaling, District of Petaling, for a cash consideration of RM2,300,000.
- (b) On 15 May 2003, the Group disposed off its investment in an associate, Colonial Motors Company Limited through placement by Forsyth Barr Frater Williams Limited for a total cash consideration of RM43,932,000.
- (c) On 24 April 2003, the Company entered into a Conditional Share Subscription Agreement with Summit Engineering Sdn. Bhd. ("SESB") and Summit Vehicles Body Works Sdn. Bhd. ("SVBW") to subscribe 685,761 new ordinary shares, representing 50.8% of shareholding in SVBW, a company incorporated in Malaysia and engaged in trucks and vehicles body building and general engineering works, for a cash consideration of RM1,335,000. Subsequently, on 1 December 2003, the Company acquired an additional 529,603 ordinary shares from SESB, for a cash consideration of RM582,000. Upon completion of this acquisition on 1 December 2003, the Company's shareholding in SVBW increased to 90%.
- (d) On 25 August 2003, the Company announced that it proposed to acquire from Rumpun Hijau Capital Berhad, 91,340,002 ordinary shares in Galaxy Waves Sdn. Bhd., representing 100% equity interest in Galaxy Waves Sdn. Bhd., for a total cash consideration of RM33,744,000. The proposed acquisition was completed on 15 March 2004. Galaxy Waves Sdn. Bhd. is an investment holding company having equity interests of 32% in Federal Auto Holdings Berhad and 20% in Oriental Metal Industries (M) Sdn. Bhd.

33. SUBSEQUENT EVENTS

- (a) On 11 March 2004, a subsidiary entered into an agreement with Gheemasters Sdn. Bhd. to acquire a piece of land held at Provisional Lease No. 016280809, District of Kota Kinabalu, for a cash consideration of RM4,684,000.
- (b) On 18 March 2004, the Company entered into a conditional sales and purchase agreement with Oriental Metal (Malaysia) Sdn. Bhd. to acquire the entire paid-up capital of Oriental Extrusions Sdn. Bhd. ("OESB") for a cash consideration of approximately RM10,516,000. Upon completion of the agreement, the Company assumed a debt of approximately RM38,847,000, which may be reduced in the event that dividend is declared and paid by Oriental Metal Industries (M) Sdn. Bhd. ("OMISB"). OESB has a 55% shareholding in OMISB. As a result of this acquisition, the Company's effective shareholding in OMISB will be increased by an additional 55% to 75%.

34. COMPARATIVES

The following income statements figures have been reclassified to conform with current year's presentation:

	As restated RM'000	Adjustments RM'000	As previously stated RM'000
Group			
Administrative and operating expenses	26,190	11,403	14,787
Other operating expenses	-	11,403	11,403
Company			
Administrative and operating expenses	6,038	4,684	1,354
Other operating expenses	-	4,684	4,684

35. SEGMENT INFORMATION

(a) **Business Segments:**

The Group is organised on a worldwide basis into two major business segments:

- (i) Investment holding
- (ii) Distribution of motor vehicles and related activities

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 those obtainable in transactions with unrelated parties.

35. SEGMENT INFORMATION (CONTD.)

(a) Business Segments (contd.):

	Investment holding		Distribution of motor vehicles and other related activities		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE AND EXPENSES								
Revenue								
External sales	-	-	768,527	697,848	-	-	768,527	697,848
Inter-segment sales	26,155	59,923	-	-	(26,155)	(59,923)	-	-
Total revenue	26,155	59,923	768,527	697,848	(26,155)	(59,923)	768,527	697,848
Results								
Profit from operations	22,227	54,568	77,704	86,187	(35,884)	(63,878)	64,047	76,877
Finance income/(cost), net	741	339	898	(313)			1,639	26
Share of results of associated companies							47,516	78,343
Taxation							(25,637)	(44,567)
Profit after taxation							87,565	110,679
Minority interests							(12,659)	(20,571)
Net profit for the year							74,906	90,108
ASSETS AND LIABILITIES								
Segment assets	182,139	108,635	272,906	255,288			455,045	363,923
Investment in equity method of associates	9,367	8,706	270,105	283,857			279,472	292,563
Consolidated total assets							734,517	656,486
Segment liabilities	41,822	40,836	82,999	61,954			124,821	102,790
OTHER INFORMATION								
Capital expenditure	-	361	7,214	2,074			7,214	2,435
Depreciation	94	52	2,132	2,329			2,226	2,381
Amortisation	-	51	337	540			337	591
Non-cash expenses other than depreciation and amortisation	931	4,257	176	350			1,107	4,607

35. SEGMENT INFORMATION (CONTD.)

(b) Geographical Segments

The Group's two major business segments are operated in two principal geographical areas of the world. In Malaysia, its home country, the Group's areas of operation are principally investment holding and distribution of motor vehicles and its related activities.

The Group also operates in New Zealand.

	Malaysia		New Zealand		Consolidated	
	2003	2002	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total revenue from external customers	768,527	697,848	-	-	768,527	697,848
Results						
Profit from operations	46,873	76,059	17,174	818	64,047	76,877
Finance (cost)/income, net	(157)	(158)	1,796	184	1,639	26
Share of results of associated companies	46,170	72,527	1,346	5,816	47,516	78,343
Taxation	(25,193)	(42,398)	(444)	(2,169)	(25,637)	(44,567)
Profit after taxation					87,565	110,679
Minority interests					(12,659)	(20,571)
Net profit for the year					74,906	90,108
Segment assets	455,045	363,923	-	-	455,045	363,923
Capital expenditure	7,214	2,435	-	-	7,214	2,435

36. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2003. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of the financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to mainly Japanese Yen and New Zealand Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies are kept to an acceptable level. Material transaction foreign exchange exposures are hedged with forward foreign exchange contracts.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

36. FINANCIAL INSTRUMENTS (CONTD.)

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(f) Fair Values

The carrying value of financial assets and financial liabilities approximate their fair values due to their relatively short term maturity except for the following:

(i) Related Companies Balances

It is not practical to estimate the fair values of related companies balances due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(ii) Investment in Unquoted Bonds

It is also not practical to estimate the fair values of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

	Note	Group Carrying Amount RM'000	Fair Value RM'000
(iii) Hire purchase receivables			
Hire purchase receivables	15	48,699	55,461
(iv) Unit trust/Long Term Borrowing			
Marketable securities	20	34,740	34,740
Long term borrowing	23	40,000	42,000

The fair value of the unit trust is determined by reference to the buying and selling price quoted by fund managers on the balance sheet date.

The fair value of the hire purchase receivables and long term borrowing are estimated using discounted cash flow analysis, based on current incremental borrowing and lending rates for similar types of lending and borrowing arrangements.

LIST OF PROPERTIES

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.03 (RM'000)
Proprietor:					
Daihatsu (Malaysia) Sdn Bhd					
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)	1,084
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	12	Leasehold (expiring on 13.3.2074)	1,401
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	11	Freehold	141
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	15	Leasehold (expiring on 12.1.2086)	6,658
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	11	Leasehold (expiring on 26.1.2087)	4,983
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	8	Leasehold (expiring in year 2092)	1,161
Apartment 401, Block 2 Jalan SS18/47, 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accommodation for employees when attending training	11	Leasehold (expiring on 29.7.2096)	34
20, Jalan 54 Desa Jaya Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	10	Leasehold (expiring on 8.3.2081)	630
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	22	Freehold	1,817
32, Jalan Tun Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	9	Leasehold (expiring on 21.12.2030)	1,748
Lot No. 20 Sedco Industrial Estate Jalan Kelembong, Inanam 88450, Kota Kinabalu, Sabah	4,309	Industrial land with building used as workshop	10	Leasehold (expiring on 31.12.2034)	1,109
Lot 1A, Jalan Keluli Section 15, 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	8	Leasehold (expiring on 12.1.2086)	449

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.03 (RM'000)
Lot 27, 28 and 29, Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2 storey terrace factory	8	Leasehold (expiring in year 2092)	977
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	8	Freehold	1,800
11A, Level 11, Genting View Resort Genting Highlands, Bentong Pahang Darul Makmur recreation	(92)	3-bedroom apartment used for leisure and	11	Freehold	163
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4 storey corner shophouse	7	Freehold	2,717
Lot 6165A, Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial Land with building	7	Freehold	2,248
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	7	Leasehold (expiring in year 2091)	557
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	7	Leasehold (expiring in year 2091)	766
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial Land with building	5	Leasehold (expiring in year 2094)	4,154
Lot 48 & 57 Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial Land	-	Freehold	3,528
Units 3, 4, 7 and 8, Level 4 and 5 Block K, Bandar Bukit Beruntung Apartments, Selangor Darul Ehsan	(653)	8 units apartments	8	Freehold	158
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	4	Leasehold (expiring on 12.1.2067)	8,318
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	11	Freehold	1,860

Location	Land area (built-up area) sq metre	Description of property and existing use	Approx. age of building	Tenure	Book value as at 31.12.03 (RM'000)
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	-	Freehold	176
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11 storey office, commercial building	2	Leasehold (expiring on 12.1.2098)	11,647
No 1 Jalan 7/3 Kawasan Perindustrian Sri Kembangan 43300 Selangor	25,287	Industrial Land with 2 1/2 semi detached facotry	5	Leasehold (expiring on 7.4.2088)	2,283
Lot 65 Section 22 Jalan Tun Hj Openg Kuching Sarawak	3,173	Industrial Land with storey building	10	Leasehold (expiring on 31.12.2790)	2,481
Proprietor: DMM Sales Sdn Bhd 1262 Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial Land with building	5	Freehold	1,645
No 1 Jalan Damai Utama Taman Industri Damaipulus 83000 Batu Pahat Johor	6,787	Industrial Land with building	4	Freehold	1,498
Proprietor: Summit Vehicles Body Works Sdn Bhd Lot 138 & 139 Jalan 5/1 Bukit Beruntung 48200 Serendah Selangor	6,271	Industrial Land with building	6	Freehold	2,981
TOTAL					71,172

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2004

Authorised Share Capital	: 500,000,000
Paid-up & Issued Share Capital	: 234,764,667
Type of Shares	: Ordinary Shares of RM1.00 each
No. of Shareholders	: 3,557
Voting Rights	: One Vote for every shares

SIZE OF HOLDINGS As at 31 March 2004

	No. of Holders	%	No. of Shares	%
1 - 1,000	504	14.17	345,611	0.15
1,001 - 10,000	2,561	71.99	8,298,896	3.53
10,001 - 100,000	385	10.82	12,970,230	5.52
100,001 - less than 5% of issued shares	104	2.92	58,118,174	24.76
5% and above of issued shares	3	0.10	155,031,756	66.04
Total	3,557	100.00	234,764,667	100.00

SUBSTANTIAL SHAREHOLDINGS As at 31 March 2004

Name of Shareholders	No. of Shares Held	%
1. Med-Bumikar Mara Sdn. Bhd.	137,100,163 a	58.40
2. Majlis Amanah Rakyat	137,101,818 b	58.40
3. Employees Provident Fund Board	19,557,533	8.33

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 31 March 2004

No.	Names	Holdings No. of Shares	%
1	Med-Bumikar Mara Sdn Bhd	102,387,290	43.61
2	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Med-Bumikar Mara Sdn Bhd</i>	33,333,333	14.20
3	Employees Provident Fund Board	19,557,533	8.33
4	Valuecap Sdn Bhd	9,360,000	3.99
5	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>for Amanah Saham Didik</i>	2,922,400	1.24
6	AM Nominees (Tempatan) Sdn Bhd <i>Employees provident Fund Board (A/c 1)</i>	2,891,666	1.23
7	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	2,669,800	1.14
8	Permodalan Nasional Berhad	2,276,666	0.97
9	Lembaga Tabung Haji	2,188,965	0.93
10	Ahmad Azizuddin Bin Haji Zainal Abidin	2,073,814	0.88

No.	Names	Holdings	
		No. of Shares	%
11	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Sekim Amanah Saham Nasional</i>	1,901,200	0.81
12	Zaharah Binti Nordin	1,598,333	0.68
13	Central Shore Sdn Bhd	1,379,540	0.59
14	Looi Kum Pak @ Looi Kam Phak	1,076,136	0.46
15	Amanah Raya Berhad <i>AMITTIKAL</i>	1,035,933	0.44
16	AMMB Nominees (Tempatan) Sdn Bhd <i>Amtrustee Bhd for SBB Dana Al-Ihsan (5-2-7)</i>	1,034,600	0.44
17	Amanah Raya Nominees (tempatan) Sdn Bhd <i>AUTB Progress Fund</i>	1,000,000	0.43
18	Summit Holding Sdn Bhd	955,000	0.41
19	Abd Rahim Bin Abd Halim	909,495	0.39
20	Yap Jek Nan	900,033	0.38
21	Yap Siew Chin	895,598	0.38
22	Yap Ken Nan	895,330	0.38
23	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Nasional 2</i>	803,100	0.34
24	BHLB Trustee Berhad <i>Prusmall-Cap Fund</i>	630,000	0.27
25	Wong Fay Ling	609,765	0.26
26	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Prudential Dana Al-Ilham (4173)</i>	592,000	0.25
27	Cartabaran Nominees (Asing) Sdn Bhd <i>SSBT Fund TRA9 for Teacher Retirement System of Texas</i>	583,333	0.25
28	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Dana Al-Aiman</i>	581,666	0.25
29	Lembaga Tabung Angkatan Tentera	550,000	0.23
30	Am Nominees (Tempatan) Sdn Bhd <i>Lembaga Tabung Haji</i>	532,900	0.23
Total		198,125,429	84.39

MBM RESOURCES BERHAD

(284496 - V)
(Incorporated in Malaysia)

I/We _____
of _____

being a member/members of **MBM RESOURCES BERHAD**, hereby appoint _____
of _____

or failing him/her, the Chairman of the Meeting as my proxy/our proxy to vote for me/us on my/our behalf at the
Tenth Annual General Meeting of the Company to be held at Pacific Ballroom, Pan Pacific Hotel, Jalan Putra
50746 Kuala Lumpur, on **Friday, 28 May 2004** 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		
Ordinary Resolution No. 8		
Ordinary Resolution No. 9		

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

Number of Shares	
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.....
Signature

Signed this _____ day of _____ 2004

Note:

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.

FORM OF PROXY

FOLD THIS FLAP FOR SEALING

Affix
Stamp

MBM RESOURCES BERHAD
The Company Secretaries

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

2nd FOLD HERE

1st FOLD HERE