



## MBM RESOURCES BERHAD

(Incorporated in Malaysia)  
(Co. No. 284496-V)

MBM RESOURCES BERHAD

produced by mntta@streamyx.com

### MBM RESOURCES BERHAD (284496-V)

No.9 Jalan Klang, 58000 Kuala Lumpur, Malaysia. Tel: (603) 2260 3035 Fax: (603) 2260 3034  
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ANNUAL REPORT 2005

A N N U A L R E P O R T

# 2005



## MBM RESOURCES BERHAD

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(Co. No. 284496-V)

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Form Of Proxy



## Corporate Information

### BOARD OF DIRECTORS

Y. Bhg. Dr. Nawawi bin Mat Awin  
(Chairman)

Y. Bhg. Dato' Abdul Rahim bin Abdul Halim  
(Resigned as Managing Director on 28 February 2006)

Mr Looi Kok Loon  
(Appointed as Managing Director on 1 March 2006)

Y. Bhg. Tan Sri Dato' Lee Lam Thye

Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin

Mr Low Hin Choong

Mr Wong Wei Khin

### COMPANY SECRETARIES

Puan Shahrizat bt Othman  
(MAICSA 0764744)

Puan Zaharah bt Ibrahim  
(MAICSA 7012004)

### CORPORATE OFFICE

No. 9 Jalan Klang  
58000 Kuala Lumpur, Malaysia  
Tel: (603) 2260 3035  
Fax: (603) 2260 3034  
Website: [www.mbm.com.my](http://www.mbm.com.my)

### REGISTERED OFFICE

Suite 11-3A, 11th Floor  
Menara Haw Par  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia  
Tel: (603) 2072 8007  
Fax: (603) 2072 8006

### PRINCIPAL BANKERS

HSBC Bank (Malaysia) Berhad

Citibank Berhad

Bumiputra-Commerce Bank Berhad

Affin Bank Berhad

### AUDITORS

Ernst & Young (AF: 0039)  
Chartered Accountants

### SHARE REGISTRAR

AAJ Registration Services Sdn Bhd  
Suite 11-3A, 11th Floor  
Menara Haw Par  
Jalan Sultan Ismail  
50250 Kuala Lumpur, Malaysia  
Tel: (603) 2072 8007  
Fax: (603) 2072 8006

### STOCK EXCHANGE LISTING

The Main Board

Bursa Malaysia Securities Berhad



## Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held on Monday, 19 June 2006 at the Pacific Ballroom C, Pan Pacific Hotel, Jalan Putra, 50746 Kuala Lumpur at 10.00 a.m..

### AGENDA

1. To receive, consider and adopt the Audited Accounts for the year ended 31 December 2005 together with the Reports of the Directors and Auditors therein.
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 Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin
  - (b) Mr Wong Wei Khin
3. To approve the Directors' fees for the year ended 31 December 2005.
4. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration.
5. As Special Business  
To consider and, if thought fit, pass with or without any modification, the following Ordinary Resolution:

#### 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."

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 No.: 0764744)  
**Zaharah bt Ibrahim** (MAICSA No.: 7012004)  
Company Secretaries

Kuala Lumpur  
25 May 2006

**Resolution 1**

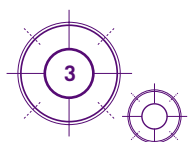
**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**



### 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 11-3A, 11th Floor, Menara Haw Par, Jalan Sultan Ismail, 50250 Kuala Lumpur, at least forty-eight hours before the time appointed for holding the Meeting.

#### 2. Explanatory Notes to Special Business

##### Resolution 6

The Ordinary Resolution proposed under item 5 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.



## Statement Accompanying Notice Of Annual General Meeting

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

(i) Encik Aqil bin Tan Sri Dato' Hj. Ahmad Azizuddin

**Resolution 2**

(ii) Mr Wong Wei Khin

**Resolution 3**

The profile of the Directors standing for re-election are on pages 9.

2. Details of Attendance of Directors at Board Meetings

Four (4) Board of Directors Meetings were held during the financial year ended 31 December 2005. Attendance of the Directors holding office at the end of the financial year is shown below:

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

3. Place, date and time of General Meetings

One (1) General Meeting was held during the year ended 31 December 2005.

<b>Date</b>	<b>Time</b>	<b>Place</b>
<b>Annual General Meeting</b> 31 May 2005	10.00 a.m.	Pacific Ballroom, Pan Pacific Hotel, Jalan Putra, 50746 Kuala Lumpur.

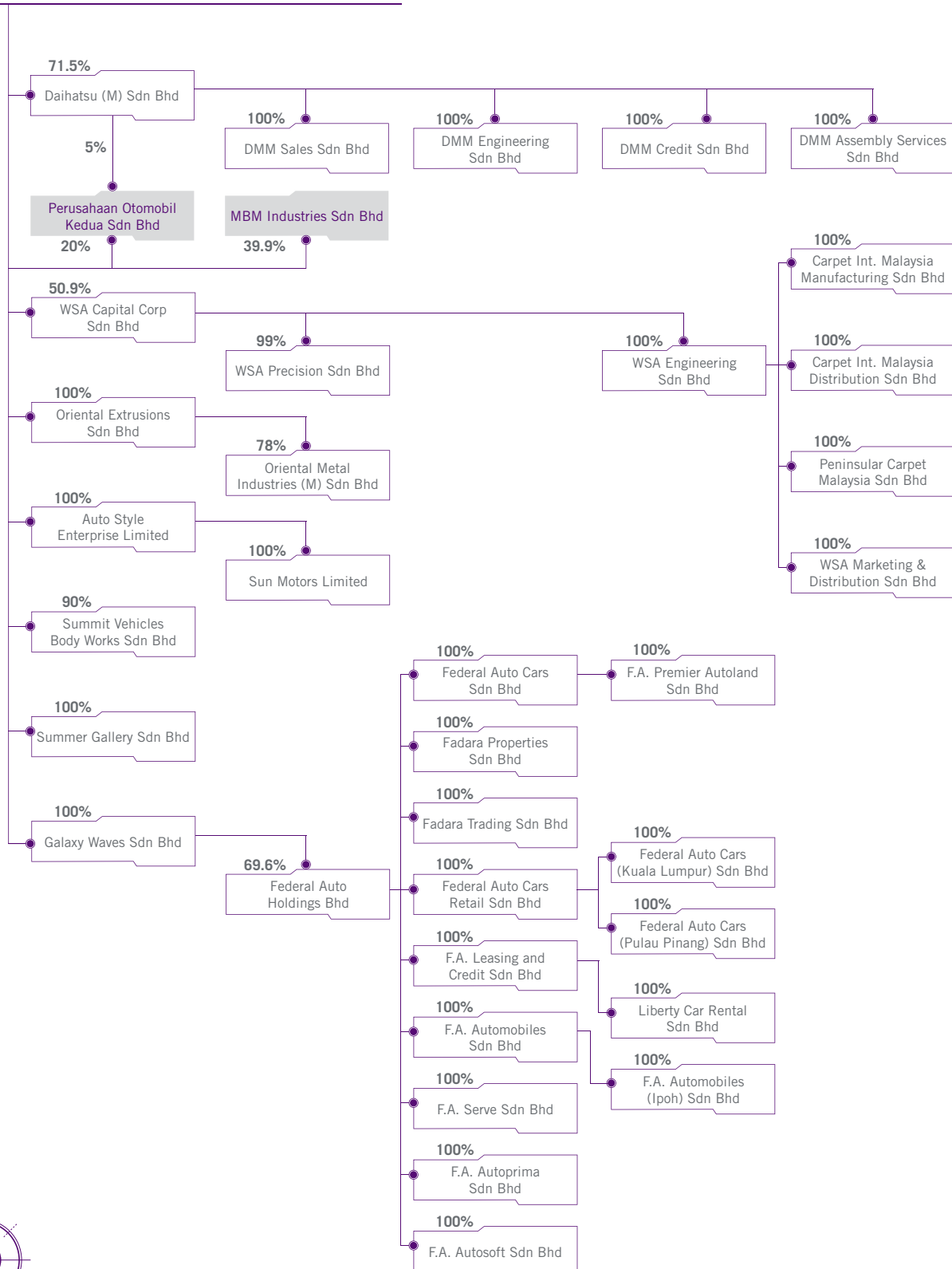
## Corporate Structure

as at 31 December 2005



### MBM RESOURCES BERHAD

(Incorporated in Malaysia) (Co. No. 284496-V)



## Profile Of Directors



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

**Aged 68**  
**Non-Executive Chairman/  
Independent Director**  
**Malaysian**

A chartered accountant by profession, he was appointed to the Board on 12 June 2001 and is currently Chairman of the Board besides being a member of all the Company's standing 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.

**MR LOOI KOK LOON**

**Aged 39**  
**Managing Director**  
**Malaysian**

He was appointed to the Board on 18 May 2001 and is MBMR's Managing Director and a member of the Audit Committee from 1 March 2006. He brings with him more than a decade of experience in financial markets having worked for a foreign investment bank.

Mr 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.





## Profile Of Directors

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



**Aged 57**  
**Non-Executive Director**  
**Malaysian**

A qualified economist, Dato' Abdul Rahim was MBMR's Managing Director and Audit Committee member until 28 February 2006. Currently, he remains as a non-executive Director of MBMR and a member of the Nomination Committee. He held several senior positions in the Ministry of International Trade and Industry (MITI) and Daihatsu (Malaysia) Sdn Bhd (DMSB) prior to his appointment to MBMR's Board on 17 December 1993.

Dato' Abdul Rahim has extensive experience in the motor vehicle industry and is presently on the Board of Intelligent Edge Berhad, Rubberex Corporation Berhad and Central Cables Berhad as well as several other private companies. He holds a Bachelor of Economics (Honours) from the University of Malaya.

### Y. BHG. TAN SRI DATO' LEE LAM THYE



**Aged 60**  
**Independent Non-Executive Director**  
**Malaysian**

He was appointed to the Board on 28 February 1994 and is a member of all the Company's standing 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.

He is presently the Chairman of the National Institute of Occupational Safety & Health, Chairman of the National Service Training Council and Vice-Chairman of the Malaysia Crime Prevention Foundation. He also serves as a Member of the Kuala Lumpur City Hall Advisory Board.

In the private sector, Tan Sri Dato' Lee serves as a director of several public-listed companies, namely AMCORP Group Berhad, AMDB Berhad and Media Prima Berhad.

## Profile Of Directors

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

**Aged 47**  
**Executive Director**  
**Malaysian**

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



### **MR LOW HIN CHOONG**

**Aged 45**  
**Non-Independent Non-Executive Director**  
**Malaysian**

Mr Low joined the Board on 18 May 2001 and is currently a member of the Remuneration Committee. He 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.



### **MR WONG WEI KHIN**

**Aged 38**  
**Non-Independent**  
**Non-Executive Director**  
**Malaysian**

Mr Wong previously served MBMR as the corporate manager and was nominated to the Board on 23 May 2002. He graduated from the University of Sydney with a Bachelor of Economics and Bachelor of Laws.



## 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' Abdul Rahim bin Abdul Halim	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
Mr Low Hin Choong	4	4
Mr Looi Kok Loon	4	4
Mr Wong Wei Khin	4	4

## 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.

#### **SHARE BUYBACK**

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

#### **OPTIONS or WARRANTS**

During the financial year, 27,000 options shares of par value RM1.00 each were exercised at an option price of RM2.43 per share. Total number of unexercised share options as at 31 December 2005 was 10,483,000.

The company does not have any outstanding warrants during the financial year.

#### **AMERICAN DEPOSITORY RECEIPT (“ADR”) or GLOBAL DEPOSITORY RECEIPT (“GDR”)**

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

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

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

#### **NON-AUDIT FEES**

There were no non-audit fees paid to the external auditors by the Group and by the Company during the year except for fees of Review of Internal Control for the financial year ending 31 December 2004 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.

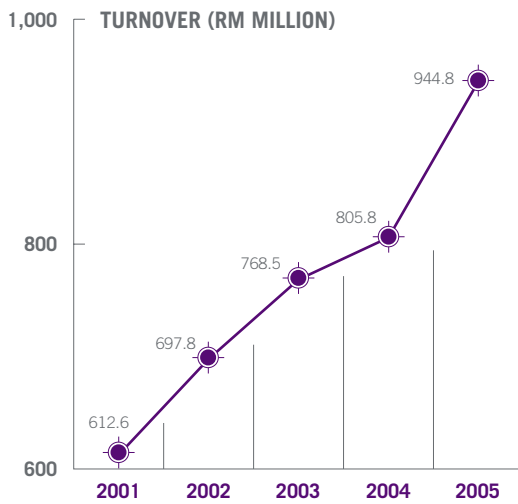
#### **PROFIT GUARANTEE**

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

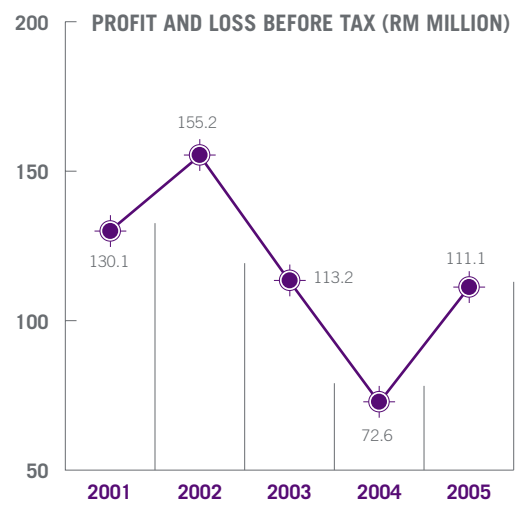
## Financial Highlights

as at 31 December 2005

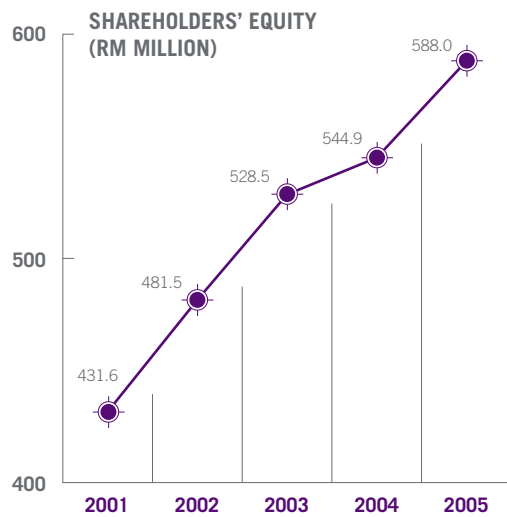
**TURNOVER (RM MILLION)**



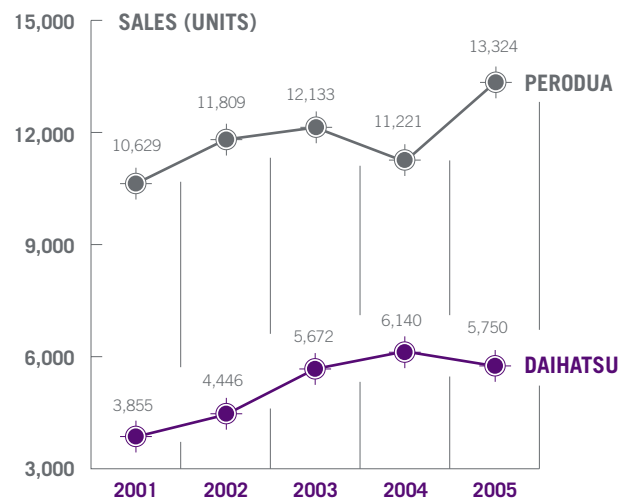
**PROFIT AND LOSS BEFORE TAX (RM MILLION)**

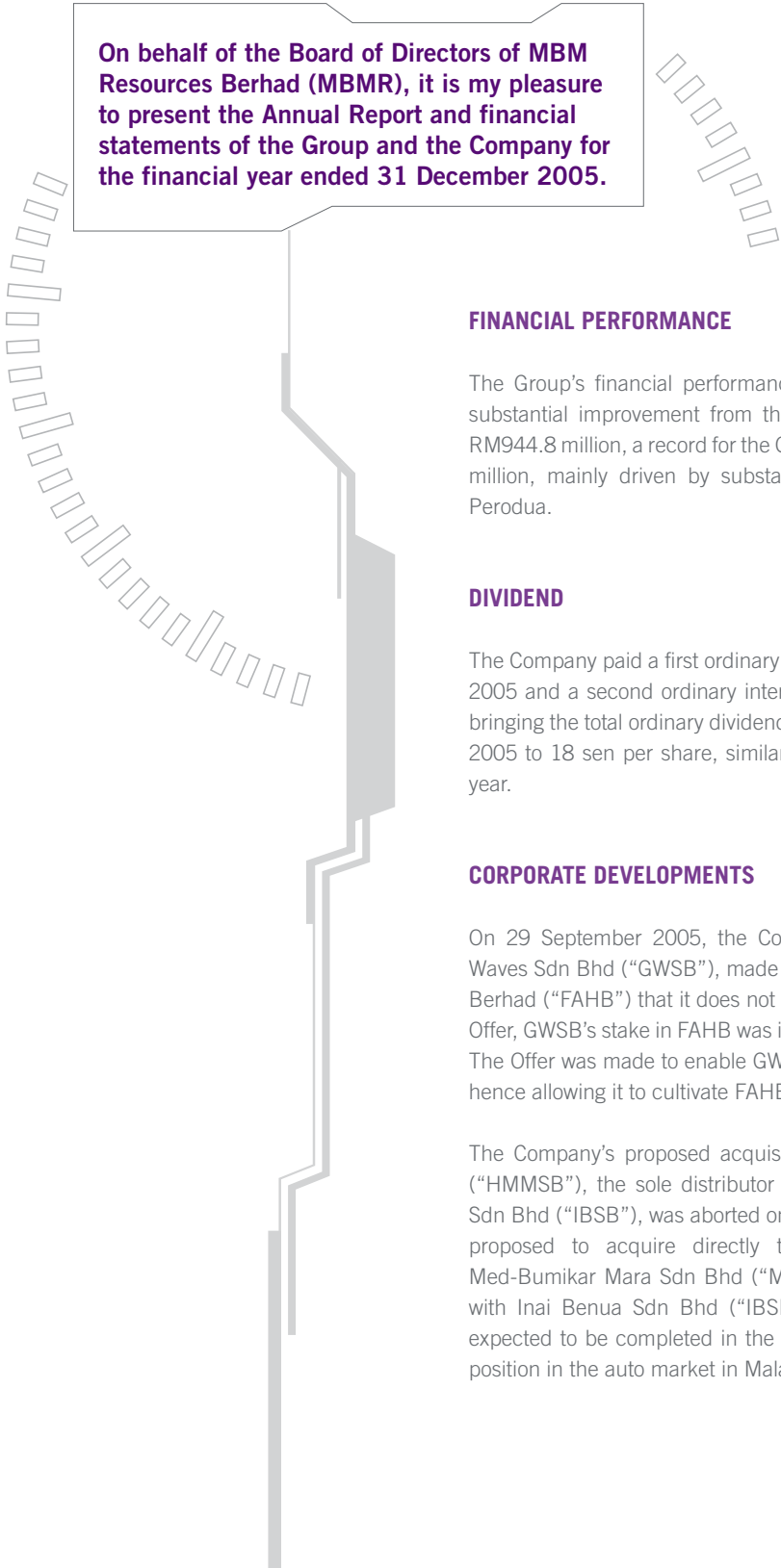


**SHAREHOLDERS' EQUITY (RM MILLION)**



**SALES (UNITS)**





**On behalf of the Board of Directors of MBM Resources Berhad (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 2005.**

### FINANCIAL PERFORMANCE

The Group's financial performance for the year ended 31 December 2005 showed substantial improvement from the previous year. Group revenue grew by 17.2% to RM944.8 million, a record for the Group. Pre-tax profit was higher by 53.0% to RM111.1 million, mainly driven by substantial improvement in contributions from associate, Perodua.

### DIVIDEND

The Company paid a first ordinary interim dividend of 9 sen per share on 29 September 2005 and a second ordinary interim dividend of 9 sen per share on 29 March 2006, bringing the total ordinary dividends declared for the financial year ended 31 December 2005 to 18 sen per share, similar to the total ordinary dividends paid in the previous year.

### CORPORATE DEVELOPMENTS

On 29 September 2005, the Company through its wholly-owned subsidiary Galaxy Waves Sdn Bhd ("GWSB"), made an offer to purchase shares in Federal Auto Holdings Berhad ("FAHB") that it does not already own at RM2.80 per share. At the close of the Offer, GWSB's stake in FAHB was increased to 69.64% from 32.0% in the previous year. The Offer was made to enable GWSB to have effective controlling interest in FAHB and hence allowing it to cultivate FAHB's future growth.

The Company's proposed acquisition of 42.0% of Hino Motors (Malaysia) Sdn Bhd ("HMMSB"), the sole distributor of Hino motor vehicles in Malaysia, via Inai Benua Sdn Bhd ("IBSB"), was aborted on 24 February 2006. The Company has subsequently proposed to acquire directly the combined 42.0% interest in HMMSB from Med-Bumikar Mara Sdn Bhd ("MBM") and Arah Seraya Sdn Bhd ("ASSB") together with Inai Benua Sdn Bhd ("IBSB") for RM25.8 million. This proposed acquisition, expected to be completed in the latter part of this year, will further enhance MBMR's position in the auto market in Malaysia.

### REVIEW OF OPERATIONS

#### Trading Division

It was another good year in the motor industry as total industry volume (TIV) soared to a record high of 551,042 units in 2005 (2004: 487,605), up by 13.0% compared with 2004. Our subsidiaries generally benefited from this buoyant environment. Daihatsu (M) Sdn Bhd's ("DMSB") turnover increased by 10.1% to RM856.7 million (2004: RM778.3 million), matching a similar growth rate for the Group's total unit sales. However, DMSB's profitability was flat with pre-tax profit remaining similar to the previous year at RM41.1 million. Competition in the light truck market continued to add pressure on higher promotional costs. In spite of this, Daihatsu as a brand remained the leader in the light truck market segment with a market share of 41.7% (2004: 42.4%) of the 4,000 - 5,000 kg market. Additionally, as the largest Perodua dealer in the country, its sales of Perodua vehicles grew by 18.7% to 13,324 units (2004: 11,221), attaining a market share of 9.3% (2004: 9.2%) of Perodua's total domestic vehicle sales.

It was a year of consolidation at Federal Auto Holdings Berhad ("FAHB"). Revenue dropped 11.9% to RM166.0 million (2004: RM188.5 million) resulting in the widening of losses to RM3.4 million (2004: -RM2.4 million).

#### Manufacturing Division

Steel wheel manufacturer, Oriental Metal Industries (M) Sdn Bhd ("OMI"), registered sales of RM39.6 million with pre-tax profit of RM7.1 million, compared to the prior year 9-month corresponding figures of RM25.1 million and RM3.4 million respectively. Being the only manufacturer of steel wheels in Malaysia, OMI benefited from the increase in motor vehicle sales.

WSA Capital Corporation Sdn Bhd ("WCC"), managed to record a 27.1% improvement in revenue to RM41.7 million (2004: RM32.8 million). Its losses narrowed to RM3.9 million (2004: -RM5.1 million). Operationally the Company has shown a marked improvement but its losses were incurred mainly from once off disposal of certain assets.

Summit Vehicles Body Works Sdn Bhd ("SVBW") recorded another pre-tax loss of RM0.6 million (2004: RM0.6 million loss) on the back of RM7.8 million (2003: RM6.0 million) turnover. The operating environment remains competitive despite increase in volume sales.

#### Associates

Associate company Perusahaan Otomobil Kedua Sdn Bhd ("Perodua") made a significant recovery during the year, thanks to the highly successful launch of the new model, Myvi. Total turnover grew by 27.6% to RM4,927.4 million (2004: RM3,862.5 million). Unit sales was up by 18.0% during the year to 143,401 units (2004: 121,499), whilst its market share in the total domestic market grew marginally from 25.0% to 25.3%, but making significant gains in the passenger car sub-segment from 30.0% share to 33.0% share of total domestic sales. Pre-tax profit as a result showed a 149.0% increase to RM270.7 million (2004: RM108.7 million).

MBM Industries Sdn Bhd, which manufactures precision stamping parts for the electrical and electronics industries, had another outstanding year with revenues growing by 17.0% to RM68.3 million (2004: 58.4 million), whilst pre-tax profit grew by an even faster rate of 54.3% to RM5.4 million (2004: RM3.5 million).

### FUTURE PROSPECTS

MBMR is well positioned in the auto industry in Malaysia. The Company has made a number of acquisitions in recent years and is expected to reap the benefits of these investments. The Group is a significant player in the auto industry especially in the particular market niches it operates in. The recently announced National Automotive Policy ("NAP") will provide the necessary incentive for the long-term development of the domestic auto industry, which MBMR is expected to benefit from. However, in the immediate term there are uncertainties emanating from the price adjustments of vehicles as a result from the changes in duties announced in the NAP coupled with rising interest rates. I am cautiously optimistic that despite this, the strong market positioning of Perodua and Daihatsu will enable the MBMR Group to continue to show a satisfactory performance this year.

### APPRECIATION

Dato' Abdul Rahim bin Abdul Halim retired as Managing Director of MBMR on 28 February 2006. On behalf of the Board of Directors, I would like to record my appreciation for his contributions to the Group, particularly in building up MBMR to what it is today. He however remains on the Board as a non-executive director, where he continues to impart his invaluable experience and knowledge on the auto industry. Mr Looi Kok Loon has been appointed Managing Director in his place.

I would like to thank all employees for their dedication and hard work as always. My sincere appreciation also to all our valued customers, principals, suppliers, bankers, business partners and shareholders for their continued support.

**Dr. Nawawi bin Mat Awin**  
Chairman



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

The Principles and Best Practices of the Malaysian Code on Corporate Governance (the "Code") published in October 2000, were incorporated into the revamped Listing Requirements of the Bursa Malaysia Securities 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 seven members. Five out of the seven members are non-executive directors, two 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.

Dr. Nawawi bin Mat Awin is Chairman of the Board while (up to 28 February 2006) Dato' Abdul Rahim bin Abdul Halim is the Managing Director. Mr Looi Kok Loon became the Managing Director from 1 March 2006. 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 for an effective Board with a mix of industry-specific knowledge 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 7 to 9.

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 strategies, 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 2005, the Board held four meetings on the following dates: 28 February, 31 May, 26 August and 25 November 2005. 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 22 to 23), Nomination Committee and 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 sufficiently briefed 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 Tan Sri Dato' Lee Lam Thye, Dr. Nawawi bin Mat Awin and (up to 28 February 2006) Mr Looi Kok Loon. 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, Tan Sri Dato' Lee Lam Thye, 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 services of the Company Secretary who is responsible for ensuring that all appointments are in order and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Listing Requirements of the Bursa Malaysia Securities Berhad 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. The members of the Remuneration Committee are Tan Sri Dato' Lee Lam Thye, Dr. Nawawi bin Mat Awin and Mr Low Hin Choong. 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/her 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 discussing their own remuneration.

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits, which 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 allowance as well as medical insurance policy.

- **Service Contracts**

The Managing Director, Dato' Abdul Rahim bin Abdul Halim, has a service contract with the Company, which expired on 8 February 2006 and was extended to 28 February 2006. Mr Looi Kok Loon was appointed Managing Director on 1 March 2006 under an Employment Contract.

### 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	
	2005	2004
<b>Directors</b>		
<b>Executive directors:</b>		
RM200,001 - RM250,000	1	1
RM250,001 - RM350,000	-	1
RM500,001 - RM550,000	1	-
<b>Non-Executive directors:</b>		
Below RM50,000	4	5
RM50,001 - RM100,000	1	-
RM100,001 - RM200,000	-	2

There were no meetings held in 2005. Year 2005 Remuneration matters were dealt with at the Remuneration Committee meetings No.2/04 held on 24 November 2004.

## 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 Bursa Malaysia has been made. During the year 2005, the Company held two formal analysts/fund managers briefing on 3 March and 26 August 2005.

### 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 Bursa Malaysia 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 32 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 22 to 23. 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 25 April 2006.

**Dr. Nawawi bin Mat Awin**  
Chairman



## Statement Of Directors' Responsibility In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

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.

## COMPOSITION

### Chairman

**Y. Bhg. Dr. Nawawi bin Mat Awin**  
Independent Non-Executive Director

### Members

**Y. Bhg. Dato' Abdul Rahim bin Abdul Halim**  
Executive Director (up to 28 February 2006)

**Y. Bhg. Tan Sri Dato' Lee Lam Thye**  
Independent Non-Executive Director

**Looi Kok Loon**  
Executive Director (from 1 March 2006)

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 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 Bursa Malaysia.
- 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 bin Mat Awin	4	4
Y. Bhg. Dato' Abdul Rahim bin Abd Halim	4	4
Y. Bhg. Tan Sri Dato' Lee Lam Thye	4	4

### RESPONSIBILITIES AND DUTIES

The duties of the Committee shall be:

- To consider the appointment of the external auditors, the audit fees 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 responses;
- 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 Bursa Malaysia Securities Berhad on matters reported by it to the Board that have not been satisfactorily resolved in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad.

### INTERNAL AUDIT FUNCTION

The Audit Committee is supported in its functions by the respective internal audit function of the main subsidiary, two main associates' audit committees and 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 while 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 and mitigate, 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 the 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 faced by the Group.
2. The Board receives and reviews regular reports from the management on key operating statistics, legal and regulatory matters. The Board approves appropriate responses or significant 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. Where necessary, budgets are revised at mid-year, 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 overall effectiveness of internal controls and highlight significant risks faced by 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 and 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 25 April 2006.



## MBM RESOURCES BERHAD

(Incorporated in Malaysia)  
(Co. No. 284496-V)

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# Financial Statements

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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 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 39 to the financial statements.

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

### RESULTS

	Group RM'000	Company RM'000
Profit after taxation	83,660	23,259
Minority interests	(10,167)	-
Net profit for the year	73,493	23,259

There were no material transfers to or from reserves or provisions during the financial 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 other than the effects arising from the acquisition of the additional 37.64% equity interests in Federal Auto Holdings Berhad, as disclosed in Note 13(a) to the financial statements.

### DIVIDENDS

The amount of dividends paid by the Company since 31 December 2004 were as follows:

	<u>RM'000</u>
In respect of the financial year ended 31 December 2004 as reported in the directors' report of that year:	
Second interim dividend of 9% less 28% taxation, on 234,764,667 ordinary shares, declared on 28 February 2005 and paid on 31 March 2005	15,213
In respect of the financial year ended 31 December 2005:	
First interim dividend of 9% less 28% taxation, on 234,764,667 ordinary shares, declared on 26 August 2005 and paid on 29 September 2005	15,213
	<u>30,426</u>

On 24 February 2006, the directors declared a second interim dividend in respect of the current financial year ended 31 December 2005 of 9% less 28% taxation on 235,545,667 ordinary shares amounting to RM15,263,359 (6.5 sen net per ordinary share). The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2006.

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dr. Nawawi bin Mat Awin  
 Looi Kok Loon  
 Dato' Abdul Rahim bin Abdul Halim  
 Tan Sri Dato' Lee Lam Thye  
 Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin  
 Low Hin Choong  
 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 those arising from the share options granted under the Employee Share Options Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 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 and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2005	Acquired	Sold	31.12.2005
<b>The Company</b>				
<b>Direct Interest</b>				
Dr. Nawawi bin Mat Awin	346,000	-	-	346,000
Looi Kok Loon	157,243	36,000	-	193,243
Dato' Abdul Rahim bin Abdul Halim	909,495	495,333	397,000	1,007,828
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	346,666	-	-	346,666
Low Hin Choong	10,000	-	-	10,000
Wong Wei Khin	365,533	117,800	30,000	453,333
<b>Indirect Interest</b>				
Dato' Abdul Rahim bin Abdul Halim	1,698,333	397,000	495,333	1,600,000
Looi Kok Loon	1,721,440	-	-	1,721,440
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	2,848,147	19,800	19,800	2,848,147
Low Hin Choong	895,598	-	-	895,598
Wong Wei Khin	1,072,431	156,000	182,800	1,045,631
<b>Number of Options over Ordinary Shares of RM1 Each</b>				
	1.1.2005	Granted	Exercised	31.12.2005
Dato' Abdul Rahim bin Abdul Halim	250,000	450,000	-	700,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	200,000	300,000	-	500,000

### DIRECTORS' INTERESTS (CONTD.)

	Number of Ordinary Shares of RM1 Each			
	1.1.2005	Acquired	Sold	31.12.2005
<b>Holding Company - Med-Bumikar Mara Sdn. Bhd.</b>				
<b>Direct Interest</b>				
Dato' Abdul Rahim bin Abdul Halim	3,192,735	638,547	-	3,831,282
Wong Wei Khin	540,440	108,088	-	648,528
<b>Indirect Interest</b>				
Looi Kok Loon	3,590,571	718,114	-	4,308,685
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,590,571	718,114	-	4,308,685
Wong Wei Khin	2,883,902	576,780	-	3,460,682

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 increased its issued and paid-up ordinary share capital from RM234,764,667 to RM234,791,667 by way of the issuance of 27,000 ordinary shares of RM1.00 each for cash pursuant to the Company's ESOS at an exercise price of RM2.43 per ordinary share.

The ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

### EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August 2002. The ESOS was implemented on 2 September 2002 and is to be in force for a period of 10 years from the date of implementation.

The main features of the ESOS and the movements in the share options for the year ended 31 December 2005 are disclosed in Note 30(b) and (c) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 200,000 ordinary shares of RM1 each.

Details of the options granted to directors are disclosed in the section on Directors' Interests in this report.

### OTHER STATUTORY INFORMATION

- (a) Before income statements and balance sheets 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 the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would 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 or 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 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 or of the Company to meet their obligations 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**

The significant events during the financial year are as disclosed in Note 35 to the financial statements.

#### **SUBSEQUENT EVENTS**

The significant events subsequent to the end of the financial year are as disclosed in Note 36 to the financial statements.

#### **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

**Dr. Nawawi bin Mat Awin**

**Looi Kok Loon**

Kuala Lumpur, Malaysia  
25 April 2006





## Statement By Directors

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

We, Dr. Nawawi bin Mat Awin and Looi Kok Loon, 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 34 to 99 are drawn up in accordance with applicable MASB 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 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

**Dr. Nawawi bin Mat Awin**

**Looi Kok Loon**

Kuala Lumpur, Malaysia  
25 April 2006



## Statutory Declaration

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

I, Looi Kok Loon, being the director primarily responsible for the financial management of MBM Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 99 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 Looi Kok Loon )  
at Kuala Lumpur in the Federal Territory )  
on 25 April 2006 )

**Looi Kok Loon**

Before me,

Soh Ah Kau AMN (W 315)  
Commissioner for Oaths



## Report Of The Auditors

to the members of MBM Resources Berhad

We have audited the financial statements set out on pages 34 to 99. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1967 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable 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 presentation of 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 MASB 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 2005 and of the results and the cash flows of the Group and of the Company 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 39 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

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

**Ernst & Young**

AF: 0039

Chartered Accountants

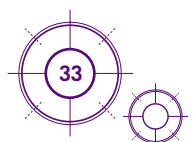
**Wong Kang Hwee**

No. 1116/01/08(J)

Partner

Kuala Lumpur, Malaysia

25 April 2006



## Income Statements

for the year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	3	944,824	805,755	35,525	32,150
Cost of sales	4	(855,174)	(724,265)	-	-
Gross profit		89,650	81,490	35,525	32,150
Other operating income		12,808	11,662	-	2,187
Administrative and operating expenses		(35,451)	(23,007)	(1,980)	(2,028)
Selling and marketing expenses		(26,029)	(26,153)	-	-
Profit from operations	5	40,978	43,992	33,545	32,309
Finance costs, net	8	(2,162)	(133)	(602)	(717)
Share of results of associates		72,271	28,705	-	-
Profit before taxation		111,087	72,564	32,943	31,592
Taxation					
Company and subsidiaries		(13,065)	(11,326)	(9,684)	(8,715)
Associates		(14,362)	(5,480)	-	-
	9	(27,427)	(16,806)	(9,684)	(8,715)
Profit after taxation		83,660	55,758	23,259	22,877
Minority interests		(10,167)	(9,626)	-	-
Net profit for the year		73,493	46,132	23,259	22,877
Earnings per share (sen)					
Basic	10	31.3	19.7		
Diluted	10	29.9	19.3		
Net dividends per ordinary share (sen)	11	13.0	13.0		

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

## Balance Sheets

as at 31 December 2005

		Group		Company	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	168,033	129,725	259	327
Subsidiaries	13	-	-	103,647	103,647
Associates	14	344,145	312,865	163,586	163,586
Other investment	15	4,000	4,000	4,000	4,000
Hire purchase receivables	16	15,085	26,600	-	-
Goodwill on consolidation	17	2,783	5,791	-	-
		534,046	478,981	271,492	271,560
CURRENT ASSETS					
Inventories	18	161,465	97,680	-	-
Trade receivables	19	83,815	72,034	-	-
Other receivables	20	19,554	11,321	-	437
Tax recoverable		8,942	6,656	70	888
Due from an associate	21	33	17	33	17
Due from subsidiaries	22	-	-	51,497	35,320
Short term investments	23	28,583	19,332	28,332	19,332
Cash and bank balances	24	70,477	95,868	5,721	39,907
		372,869	302,908	85,653	95,901
CURRENT LIABILITIES					
Provision for liabilities	25	4,120	2,686	-	-
Short term borrowings	26	59,466	49,716	-	-
Trade payables	28	66,740	26,930	-	-
Other payables	29	27,768	18,700	1,247	630
Due to holding company	21	1,140	1,022	159	55
Due to subsidiaries	21	-	-	31,413	35,349
Tax payable		722	247	-	-
		159,956	99,301	32,819	36,034
NET CURRENT ASSETS					
		212,913	203,607	52,834	59,867
		746,959	682,588	324,326	331,427

## Balance Sheets

as at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>FINANCED BY:</b>					
Share capital	30	234,792	234,765	234,792	234,765
Share premium		19,887	19,848	19,887	19,848
Retained profits	31	333,357	290,290	29,647	36,814
Shareholders' equity		588,036	544,903	284,326	291,427
Minority interests		106,418	89,738	-	-
		694,454	634,641	284,326	291,427
Long term borrowings	26	49,771	45,247	40,000	40,000
Deferred tax liabilities	32	2,734	2,700	-	-
		746,959	682,588	324,326	331,427

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

## Consolidated Statement Of Changes In Equity

for the year ended 31 December 2005

		Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2004		234,493	19,429	274,583	528,505
Exercise of ESOS	30	272	419	-	691
Net profit for the year		-	-	46,132	46,132
Dividends	11	-	-	(30,425)	(30,425)
At 31 December 2004		234,765	19,848	290,290	544,903
At 1 January 2005		234,765	19,848	290,290	544,903
Exercise of ESOS	30	27	39	-	66
Net profit for the year		-	-	73,493	73,493
Dividends	11	-	-	(30,426)	(30,426)
At 31 December 2005		234,792	19,887	333,357	588,036

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

## Company Statement Of Changes In Equity

for the year ended 31 December 2005

		Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Note					
At 1 January 2004		234,493	19,429	44,362	298,284
Exercise of ESOS	30	272	419	-	691
Net profit for the year		-	-	22,877	22,877
Dividends	11	-	-	(30,425)	(30,425)
At 31 December 2004		234,765	19,848	36,814	291,427
At 1 January 2005		234,765	19,848	36,814	291,427
Exercise of ESOS	30	27	39	-	66
Net profit for the year		-	-	23,259	23,259
Dividends	11	-	-	(30,426)	(30,426)
At 31 December 2005		234,792	19,887	29,647	284,326

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

## Consolidated Cash Flow Statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	111,087	72,564
Adjustment for:		
Share of results of associates	(72,271)	(28,705)
Amortisation of goodwill/(negative goodwill)	4	(294)
Amortisation of goodwill arising on acquisition of associates	317	316
Bad debts written off	90	4
Depreciation	8,883	5,595
Interest expense	4,564	3,536
Inventories written down/off	97	196
Pension costs - defined benefit plan	517	361
Property, plant and equipment written off	22	43
Provision for doubtful debts	638	2,286
Provision for warranty	752	2,136
Bad debts recovered	(746)	(421)
Gain on disposal of property, plant and equipment	(905)	(111)
Gain on disposal of short term investments	-	(87)
Gain on disposal of a subsidiary	(312)	-
Reversal of write down of inventories	(623)	(66)
Interest income	(2,402)	(3,398)
Unrealised foreign exchange loss/(gain)	147	(3,940)
Operating profit before working capital changes	49,859	50,015
Decrease in receivables	6,051	2,005
Decrease in inventories	3,600	16,097
Net changes in related companies balances	102	804
Decrease in payables	(5,402)	(44,967)
Decrease/(increase) in provision for liabilities	165	(3,011)
Cash generated from operations	54,375	20,943
Interest paid	(4,564)	(3,519)
Taxes paid	(10,403)	(14,827)
Net cash generated from operating activities	39,408	2,597



## Consolidated Cash Flow Statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from an associate	10,247	11,067
Interest received	2,402	3,398
Purchase of property, plant and equipment	(17,070)	(10,473)
Proceeds from disposal of property, plant and equipment	2,081	367
Proceeds from disposal of a subsidiary	1,140	-
Proceeds from disposal of short term investments	-	15,495
Acquisition of short term investments	(9,000)	-
Acquisition of subsidiaries (Note 13(a))	(8,805)	(36,033)
Additional investment in a subsidiary	-	(1,997)
Net cash used in investing activities	(19,005)	(18,176)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(30,426)	(30,425)
Dividend paid to minorities of a subsidiary	(8,874)	(6,977)
Proceeds from exercise of ESOS	66	691
Net drawdown/(repayment) of term loans	415	(5,220)
Net (repayment)/drawdown of other short term borrowings	(5,410)	13,493
Net repayment of hire purchase payables	(17)	(47)
Net cash used in financing activities	(44,246)	(28,485)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(23,843)	(44,064)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	89,099	133,163
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 24)</b>	65,256	89,099

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

## Company Cash Flow Statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	32,943	31,592
Adjustment for:		
Bad debts written off	-	4
Depreciation	82	87
Interest expense	2,000	2,044
Gain on disposal of short term investments	-	(87)
Gross dividends income	(35,525)	(32,150)
Interest income	(1,398)	(1,327)
Provision for doubtful debts due from a subsidiary written back	-	(2,100)
Operating loss before working capital changes	(1,898)	(1,937)
Decrease in receivables	437	2,937
Increase/(decrease) in payables	617	(1,056)
Net changes in related companies balances	(20,025)	33,634
Cash (used in)/generated from operations	(20,869)	33,578
Interest paid	(2,000)	(1,846)
Taxes paid	(150)	(190)
Taxes refunded	565	58
Net cash (used in)/generated from operating activities	(22,454)	31,600
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	26,244	23,148
Interest received	1,398	1,327
Purchase of property, plant and equipment	(14)	(338)
Proceeds from disposal of property, plant and equipment	-	218
Proceeds from disposal of short term investments	-	15,495
Acquisition of subsidiaries	-	(47,852)
Acquisition of short term investments	(9,000)	-
Net cash generated from/(used in) investing activities	18,628	(8,002)

## Company Cash Flow Statement

for the year ended 31 December 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(30,426)	(30,425)
Proceeds from exercise of ESOS	66	691
Net cash used in financing activities	(30,360)	(29,734)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(34,186)	(6,136)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	39,907	46,043
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 24)</b>	5,721	39,907

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

31 December 2005

### 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 39.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 9, Jalan Klang, 58000 Kuala Lumpur.

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

The number of employees in the Group and in the Company at the end of the financial year were 1,127 (2004: 1,044) and 13 (2004: 12) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2006.

### 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 except for the revaluation of leasehold land included within property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

#### (b) Basis of Consolidation

##### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial 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 subsidiaries are measured at their fair values at the date of acquisition. 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 negative goodwill arising on consolidation.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(b) Basis of Consolidation (Contd.)****(i) Subsidiaries (Contd.)**

Intra-group 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 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.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

**(ii) Associates**

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the 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.

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**

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 associate at the date of acquisition.

Goodwill is 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(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the respective carrying amounts of these investments.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary and associate at the date of acquisition over the cost of acquisition.

Goodwill and negative goodwill are amortised on a straight-line basis over the shorter of its estimated useful life or 25 years.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(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(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in 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(m).

Leasehold land is stated at valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land is not depreciated. Long term and short term leasehold land are depreciated over the period of the respective leases 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% - 50%
Renovations and leasehold improvements	10% - 33 1/3%
Plant and machinery	5% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implement	5% - 33 1/3%
Motor vehicles	20% - 25%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(f) Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

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

**(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.

**(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 statements. 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 the 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 recognised 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(i) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

**(j) Provisions 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.

**(k) 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.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(k) Revenue Recognition (Contd.)****(iii) Revenue from Services**

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

**(iv) Interest Income**

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

**(l) Foreign Currencies****(i) Foreign Currency Transactions**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, 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 rate differences are taken to the income statement.

**(ii) Foreign Operations**

Where the operations of a foreign company are integral to the operations of the Company, the translation principles described above are applied as if the transactions of the foreign operation had been those of the Company.

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

	2005 RM	2004 RM
New Zealand Dollars	2.57	2.70
Japanese Yen (per 100 units)	3.70	3.70
United States Dollars	3.80	3.80

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(m) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. 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.

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

**(n) 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined Contribution Plans**

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

**(iii) Retirement Benefits**

Daihatsu (Malaysia) Sdn. Bhd. and its subsidiaries ("Daihatsu Group") operates a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. The Daihatsu Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The subsidiaries of WSA Engineering Sdn. Bhd., namely, Carpet International Malaysia (Distribution) Sdn. Bhd., Peninsular Carpet Manufacturing Sdn. Bhd. and Carpet International Manufacturing Malaysia Sdn. Bhd. (hereinafter collectively referred to as "WSAE Subsidiaries") operate an unfunded Scheme for its eligible employees based on certain terms of the employment contract. Contributions relating to the plan are charged to the income statement when incurred.

The amounts recognised in the balance sheet represents the present value of the defined benefit obligations and reduced by the fair value of plan assets for Daihatsu Group and full provision for eligible employees for WSAE Subsidiaries.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(o) 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 recognised directly in 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.

**(i) Other Non-Current Investments**

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

**(ii) Marketable Securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

**(iii) 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.

**(iv) 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.

31 December 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (o) Financial Instruments (Contd.)

#### (v) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

#### (vi) Equity Instruments

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

The transaction costs of an equity transaction, 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.

#### (vii) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts:

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items.

**3. REVENUE**

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

	<b>Group</b>		<b>Company</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Gross dividends from:				
- subsidiaries	-	-	25,025	24,310
- associates	-	-	10,500	7,840
Sale of goods and services	941,480	801,772	-	-
Interest income from hire purchase arrangements	3,344	3,983	-	-
	<b>944,824</b>	<b>805,755</b>	<b>35,525</b>	<b>32,150</b>

**4. COST OF SALES**

Cost of sales of the Group consist of the following:

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Cost of sales for goods and services	855,150	724,205
Cost of sales for hire purchase arrangements	24	60
	<b>855,174</b>	<b>724,265</b>

31 December 2005

**5. PROFIT FROM OPERATIONS**

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

	<b>Group</b>		<b>Company</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Amortisation of goodwill arising on acquisition of associates	317	316	-	-
Auditors' remuneration				
- current year	177	166	20	15
- underprovision in prior years	1	40	-	-
Bad debts written off	90	4	-	4
Depreciation	8,883	5,595	82	87
Directors' remuneration (Note 7)	1,777	1,684	659	823
Inventories written down/off	97	196	-	-
Provision for doubtful debts	638	2,286	-	-
Provision for warranty	752	2,136	-	-
Property, plant and equipment written off	22	43	-	-
Rental expense	1,761	943	-	-
Royalty expense	577	225	-	-
Staff costs (Note 6)	25,795	17,202	806	1,027
Amortisation of goodwill/ (negative goodwill) arising on consolidation	4	(294)	-	-
Bad debts recovered	(746)	(421)	-	-
Gain on disposal of short term investments	-	(87)	-	(87)
Gain on disposal of property, plant and equipment	(905)	(111)	-	-
Gain on disposal of a subsidiary	(312)	-	-	-
Reversal of write down of inventories	(623)	(66)	-	-
Net foreign exchange losses/(gains):				
- realised	(14)	(15)	-	-
- unrealised	147	(3,940)	-	-
Provision for doubtful debts due from a subsidiary written back	-	-	-	(2,100)
Rental income	(2,130)	(1,448)	-	-

## Notes To The Financial Statements

31 December 2005

### 6. STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages and salaries	17,417	13,777	704	859
Pension costs:				
- defined contribution plans	2,722	1,711	96	159
- defined benefit plan (Note 25)	517	361	-	-
Social security costs	289	206	4	3
Other staff related expenses	4,850	1,147	2	6
	25,795	17,202	806	1,027

### 7. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	507	416	325	284
Fees	106	87	31	26
Bonus	155	68	80	36
	768	571	436	346
Non-Executive:				
Fees	241	206	223	188
Ex-gratia payment to former directors	-	289	-	289
	241	495	223	477

## Notes To The Financial Statements

31 December 2005

### 7. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	600	388	-	-
Fees	-	38	-	-
Bonus	127	29	-	-
	727	455	-	-
Non-Executive:				
Fees	41	117	-	-
Benefits-in-kind	-	46	-	-
	41	163	-	-
<b>Total</b>	<b>1,777</b>	<b>1,684</b>	<b>659</b>	<b>823</b>

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

	Number of Directors	
	2005	2004
Executive directors:		
RM200,001 - RM250,000	1	1
RM300,001 - RM350,000	-	1
RM500,001 - RM550,000	1	-
Non-Executive directors:		
Below RM50,000	4	5
RM50,001 - RM100,000	1	-
RM100,001 - RM200,000	-	2



## Notes To The Financial Statements

31 December 2005

### 8. FINANCE COSTS, NET

Included in finance costs, net are:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest expenses				
- ultimate holding company	77	155	-	-
- borrowings	4,487	3,381	2,000	2,044
	4,564	3,536	2,000	2,044
Interest income				
- bond and short term investments	(1,398)	(1,327)	(1,398)	(1,327)
- fixed deposits	(473)	(2,071)	-	-
- others	(531)	(5)	-	-
	2,162	133	602	717

### 9. TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax expense:				
Current year	12,577	11,597	9,762	8,715
Under/(over) provision in prior years	559	(14)	(78)	-
	13,136	11,583	9,684	8,715
Deferred tax (Note 32):				
Relating to origination and reversal of temporary differences	56	5	-	-
Overprovision in prior years	(127)	(262)	-	-
	(71)	(257)	-	-
Share of taxation of associates	14,362	5,480	-	-
	27,427	16,806	9,684	8,715

## Notes To The Financial Statements

31 December 2005

### 9. TAXATION (CONTD.)

Income tax is calculated at the statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for 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 up to RM500,000. For chargeable income in excess of RM500,000, 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:

	2005 RM'000	2004 RM'000
<b>Group</b>		
Profit before taxation	111,087	72,564
Taxation at statutory tax rate of 28% (2004: 28%)	31,104	20,318
Effect of income subject to tax rate of 20%	(82)	(86)
Effect of income not subject to tax	(1,024)	(245)
Effect of expenses not deductible for tax purposes	2,359	1,301
Effect of 70% tax exemption on pioneer status	-	(9)
Subsidiaries domiciled in tax heaven country	(2)	(1,626)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(217)	(157)
Utilisation of reinvestment allowances	(6,618)	(3,734)
Deferred tax assets not recognised during the year	1,551	1,599
Ove provision of deferred tax in prior years	(127)	(262)
Under/(over) provision of income tax expense in prior years		
- Company and subsidiaries	559	(14)
- associates	(76)	(279)
Tax expense for the year	27,427	16,806
<b>Company</b>		
Profit before taxation	32,943	31,592
Taxation at statutory tax rate of 28% (2004: 28%)	9,224	8,846
Effect of income not subject to tax	-	(681)
Effect of expenses not deductible for tax purposes	538	550
Overprovision of income tax expense in prior years	(78)	-
Tax expense for the year	9,684	8,715

**10. EARNINGS PER SHARE****(a) Basic**

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

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
Net profit for the year (RM'000)	73,493	46,132
Weighted average number of ordinary shares in issue ('000)	234,765	234,731
Basic EPS (sen)	31.3	19.7

**(b) Diluted**

Fully diluted 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 year adjusted for the dilutive effects of share options granted to employees.

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
Net profit for the year (RM'000)	73,493	46,132
Weighted average number of ordinary shares in issue ('000)	234,765	234,731
Adjustment for assumed exercise of ESOS ('000)	10,716	4,083
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	245,481	238,814
Diluted EPS (sen)	29.9	19.3

## Notes To The Financial Statements

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### 11. DIVIDENDS

	Amount		Net Dividends per Ordinary Share	
	2005 RM'000	2004 RM'000	2005 Sen	2004 Sen
In respect of the financial year ended 31 December 2003:				
Second interim dividend of 9% less 28% taxation	-	15,212	-	6.5
In respect of the financial year ended 31 December 2004:				
First interim dividend of 9% less 28% taxation	-	15,213	-	6.5
Second interim dividend of 9% less 28% taxation	15,213	-	6.5	-
In respect of the financial year ended 31 December 2005:				
First interim dividend of 9% less 28% taxation	15,213	-	6.5	-
	30,426	30,425	13.0	13.0

On 24 February 2006, the directors declared a second interim dividend in respect of the current financial year ended 31 December 2005 of 9% less 28% taxation on 235,545,667 ordinary shares amounting to RM15,263,359 (6.5 sen net per ordinary share). The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2006.

## Notes To The Financial Statements

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### 12. PROPERTY, PLANT AND EQUIPMENT

Group	*Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Leasehold Improvements RM'000	Furniture, Fixtures, Fittings, Equipment and Tools and Implement RM'000	Motor Vehicles RM'000	Total RM'000
<b>Cost/Valuation</b>						
At 1 January 2005	116,108	81,818	9,283	30,239	3,632	241,080
Reclassifications	(1)	-	704	(488)	(175)	40
Additions	10,423	2,416	1,063	2,110	1,058	17,070
Acquisition of subsidiaries	31,218	-	-	-	19,752	50,970
Disposal of subsidiary	-	-	(22)	(47)	-	(69)
Disposals	-	(4,325)	-	(399)	(86)	(4,810)
Write-off	-	(75)	(363)	(6)	-	(444)
At 31 December 2005	157,748	79,834	10,665	31,409	24,181	303,837
Representing:						
At cost	143,202	79,834	10,665	31,409	24,181	289,291
At valuation	14,546	-	-	-	-	14,546
	157,748	79,834	10,665	31,409	24,181	303,837
<b>Accumulated Depreciation and Impairment losses</b>						
At 1 January 2005	10,816	68,728	5,418	24,427	1,966	111,355
Reclassifications	2	-	588	(679)	131	42
Depreciation charge for the year	1,520	3,288	969	2,429	677	8,883
Acquisition of subsidiaries	8,447	-	-	-	11,199	19,646
Disposal of subsidiary	-	-	(22)	(44)	-	(66)
Disposals	-	(3,221)	-	(341)	(72)	(3,634)
Write-off	-	(60)	(356)	(6)	-	(422)
At 31 December 2005	20,785	68,735	6,597	25,786	13,901	135,804

## Notes To The Financial Statements

31 December 2005

### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group (Contd.)	*Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Leasehold Improvements RM'000	Furniture, Fixtures, Fittings, Equipment and Tools and Implement RM'000	Motor Vehicles RM'000	Total RM'000
<b>Accumulated Depreciation and Impairment losses (Contd.)</b>						
Analysed as:						
Accumulated depreciation	20,785	68,735	6,597	25,786	12,017	133,920
Accumulated impairment losses	-	-	-	-	1,884	1,884
	20,785	68,735	6,597	25,786	13,901	135,804
Representing:						
At cost	20,510	68,735	6,597	25,786	13,901	135,529
At valuation	275	-	-	-	-	275
	20,785	68,735	6,597	25,786	13,901	135,804
<b>Net Book Value</b>						
At 31 December 2005:						
At cost	122,692	11,099	4,068	5,623	10,280	153,762
At valuation	14,271	-	-	-	-	14,271
	136,963	11,099	4,068	5,623	10,280	168,033
At 31 December 2004:						
At cost	96,710	13,090	3,865	5,812	1,666	121,143
At valuation	8,582	-	-	-	-	8,582
	105,292	13,090	3,865	5,812	1,666	129,725
<b>Depreciation Charge for 2004</b>	1,204	1,758	1,163	1,146	324	5,595

## Notes To The Financial Statements

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### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

#### \* Land and Buildings of the Group

	Freehold Land RM'000	Long Term Leasehold Land RM'000	Short Term Leasehold Land RM'000	Buildings RM'000	Total RM'000
<b>Cost/Valuation</b>					
At 1 January 2005	8,405	47,194	2,580	57,929	116,108
Reclassifications	4	(10,217)	-	10,212	(1)
Additions	8,713	-	-	1,710	10,423
Acquisition of subsidiaries	9,760	-	350	21,108	31,218
At 31 December 2005	26,882	36,977	2,930	90,959	157,748
Representing:					
At cost	24,118	28,219	2,633	88,232	143,202
At valuation	2,764	8,758	297	2,727	14,546
	26,882	36,977	2,930	90,959	157,748
<b>Accumulated Depreciation</b>					
At 1 January 2005	-	2,515	939	7,362	10,816
Reclassifications	-	(411)	3	410	2
Depreciation charge for the year	-	406	(5)	1,119	1,520
Acquisition of subsidiaries	-	-	144	8,303	8,447
At 31 December 2005	-	2,510	1,081	17,194	20,785
Representing:					
At cost	-	2,235	1,081	17,194	20,510
At valuation	-	275	-	-	275
	-	2,510	1,081	17,194	20,785

## Notes To The Financial Statements

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### 12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

#### \* Land and Buildings of the Group (Contd.)

	Freehold Land RM'000	Long Term Leasehold Land RM'000	Short Term Leasehold Land RM'000	Buildings RM'000	Total RM'000
<b>Net Book Value</b>					
At 31 December 2005:					
At cost	24,118	25,984	1,552	71,038	122,692
At valuation	2,764	8,483	297	2,727	14,271
	26,882	34,467	1,849	73,765	136,963
At 31 December 2004:					
At cost	8,405	36,097	1,641	50,567	96,710
At valuation	-	8,582	-	-	8,582
	8,405	44,679	1,641	50,567	105,292
<b>Depreciation Charge for 2004</b>	-	381	59	764	1,204



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**12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****\* Land and Buildings of the Group (Contd.)**

<b>Company</b>	<b>Furniture, Fittings and Equipment RM'000</b>	<b>Renovation RM'000</b>	<b>Motor Vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January 2005	126	64	338	528
Additions	14	-	-	14
At 31 December 2005	140	64	338	542
<b>Accumulated Depreciation</b>				
At 1 January 2005	118	49	34	201
Depreciation charge for the year	8	6	68	82
At 31 December 2005	126	55	102	283
<b>Net Book Value</b>				
At 31 December 2005	14	9	236	259
At 31 December 2004	8	15	304	327
<b>Depreciation Charge for 2004</b>	10	7	70	87

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**12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

- (a) Details of the independent professional valuation of the land and building owned by the Group as at 31 December 2005 are as follows:

<b>Date of Valuation</b>	<b>Description of Property</b>	<b>Valuation Amount RM'000</b>	<b>Basis of Valuation</b>
5 April 2002	Long term leasehold land in Gombak, Rawang, Selangor Darul Ehsan	3,580	Market Value
15 March 2004	Long term leasehold land in Port Klang, Selangor Darul Ehsan	6,300	Market Value
1983 and 1984	Freehold land and buildings	2,764	Market Value

- (b) At 31 December 2005, had the revalued land and buildings been carried at historical cost, the net book value would have been as follows:

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Freehold land	5,507	-
Leasehold land	2,393	4,425
Buildings	8,431	-
	<b>16,331</b>	<b>4,425</b>

- (c) The net book values of property, plant and equipment pledged for borrowings as disclosed in Note 26 are as follows:

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Long term leasehold land	2,381	28,611
Plant and machinery	3,024	7,358

**13. SUBSIDIARIES**

	<b>Company</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Unquoted shares, at cost	104,255	104,255
Less: Accumulated impairment losses	(608)	(608)
	<u>103,647</u>	<u>103,647</u>

Details of the subsidiaries are disclosed in Note 39.

**(a) Acquisition of Subsidiaries**

On 29 December 2005, the Group acquired additional 5,646,040 ordinary shares in Federal Auto Holdings Berhad ("FAHB"), a company incorporated in Malaysia, representing 37.64% of issued and paid-up share capital of FAHB for a cash consideration of RM15,808,912.

With the completion of the acquisition, the Group's equity interest was increased from 32% to 69.64%, thus resulting in FAHB becoming a subsidiary as at 31 December 2005.

During the financial year ended 31 December 2004, the Group acquired the following companies for an aggregate cash consideration of RM47,852,000:

	<b>Equity Interest (%)</b>
Galaxy Waves Sdn. Bhd.	100
Oriental Extrusions Sdn. Bhd.	100
WSA Capital Corporation Sdn. Bhd.	50.98

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**13. SUBSIDIARIES (CONTD.)****(a) Acquisition of Subsidiaries (Contd.)**

The acquisitions had the following effects on the Group's financial results for the year:

	<b>2005</b> <b>RM'000</b>	<b>2004</b> <b>RM'000</b>
Revenue	-	26,642
Profit from operations	-	5,736
Net profit for the year	-	5,106

The acquisitions had the following effects on the financial position of the Group as at end of the financial year:

	<b>2005</b> <b>RM'000</b>	<b>2004</b> <b>RM'000</b>
Property, plant and equipment	31,324	47,860
Goodwill	-	448
Associates	-	31,286
Inventories	67,080	12,053
Trade and other receivables	19,760	18,690
Cash and bank balances	7,513	14,840
Trade and other payables	(54,611)	(44,383)
Borrowings	(20,758)	(13,573)
Taxation	-	(247)
Deferred taxation	(105)	(2,338)
	50,203	64,636
Less: Minority interests	(15,242)	(24,823)
Group's share of net assets	34,961	39,813

**13. SUBSIDIARIES (CONTD.)****(a) Acquisition of Subsidiaries (Contd.)**

The fair values of the assets acquired and liabilities assumed from the acquisitions of the subsidiaries were as follows:

	<b>Date of Acquisition</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Property, plant and equipment (Note 12)	31,324	49,752
Associates	-	31,141
Inventories	67,080	11,938
Trade and other receivables	19,760	13,008
Short term investments	251	-
Cash and bank balances	7,262	11,819
Trade and other payables	(54,611)	(40,485)
Borrowings	(20,758)	(13,842)
Taxation	-	(202)
Deferred taxation (Note 32)	(105)	(2,730)
Fair value of total net assets	50,203	60,399
Less: Minority interests	(15,242)	(25,692)
Group's share of net assets	34,961	34,707
(Negative goodwill)/goodwill on acquisition (Note 17)	(3,004)	13,145
	31,957	47,852
Less: Share of net assets in associate	(16,065)	-
Cost of acquisition	15,892	47,852
Net cash outflow arising on acquisitions:		
Purchase consideration satisfied by cash	15,892	47,852
Cash and cash equivalents of subsidiaries acquired	(7,338)	(11,819)
Net cash outflow to the Group	8,554	36,033

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**13. SUBSIDIARIES (CONTD.)****(b) Disposal of a Subsidiary**

On 30 September 2005, WSA Capital Corporation Sdn. Bhd. ("WSACC"), a 50.98% owned subsidiary of the Company, disposed of its entire shareholdings in its wholly-owned subsidiary, WSA Marketing Sdn. Bhd. to WSA Industry Sdn. Bhd., a corporate shareholder of WSACC for a cash consideration of RM1,200,000. The disposal was completed during the year and did not have any material effect on the financial position and results of the Group.

The revenue, results and cash flows of the subsidiary for the period ended 30 September 2005 were as follows:

	<b>RM'000</b>
Revenue	601
Loss from operations	(48)
Loss for the year	(48)
Cash flows used in operating activities, representing total cash flows	(8)

The disposal had the following effects on the financial position of the Group as at 30 September 2005:

	<b>RM'000</b>
Plant and equipment	3
Inventories	221
Trade and other receivables	654
Cash and bank balances	60
Tax recoverable	30
Trade and other payables	(1,047)
Net liabilities disposed	(79)
Goodwill on consolidation	967
Total disposal proceeds settled by cash	888 (1,200)
Gain on disposal of a subsidiary	(312)
Cash inflow arising on disposal:	
Cash consideration, representing cash inflow of the Group	1,200
Cash and cash equivalents of subsidiary disposed of	(60)
Net cash inflow of the Group	1,140

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### 14. ASSOCIATES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
In Malaysia:				
Unquoted shares, at cost	170,586	194,207	163,586	163,586
Share of post-acquisition reserves	176,271	121,053	-	-
	346,857	315,260	163,586	163,586
Less: Accumulated amortisation of goodwill	(2,712)	(2,395)	-	-
	344,145	312,865	163,586	163,586

	Group	
	2005 RM'000	2004 RM'000
Represented by:		
Share of net assets	338,122	306,525
Goodwill on acquisition	6,023	6,340
	344,145	312,865

Details of associates are disclosed in Note 40.

### 15. OTHER INVESTMENT

	Group and Company	
	2005 RM'000	2004 RM'000
Unquoted bonds, at cost	4,000	4,000

The unquoted bonds have a tenure of five years from 2002 to 2007 and the effective interest rate at the balance sheet date was 20% (2004: 12%) per annum.

## Notes To The Financial Statements

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### 16. HIRE PURCHASE RECEIVABLES

	Group	
	2005 RM'000	2004 RM'000
Minimum hire purchase receivables:		
Not later than 1 year	10,875	13,187
Later than 1 year and not later than 2 years	7,891	10,894
Later than 2 years and not later than 5 years	12,101	21,590
Later than 5 years	75	1,756
	30,942	47,427
Less: Future finance charges	(4,308)	(7,987)
Present value of hire purchase receivables	26,634	39,440
Less: Provision for doubtful debts	(2,724)	(3,091)
	23,910	36,349
Analysed as:		
Due within 12 months (Note 19)	8,825	9,749
Due after 12 months	15,085	26,600
	23,910	36,349

During the financial year, the Group has written off hire purchase receivables amounting to RM960,000 (2004: RM526,000) against provision for doubtful debts.

The effective interest rate at the balance sheet date was 9.2% (2004: 9.2%) per annum.



**17. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>Goodwill</b>		
At 1 January	13,946	349
Acquisition of subsidiaries (Note 13(a))	-	13,145
Additional investment in a subsidiary	-	452
At 31 December	13,946	13,946
Less: Accumulated amortisation and impairment losses:		
At 1 January	(524)	(277)
Amortisation for the year	(544)	(247)
At 31 December	(1,068)	(524)
	12,878	13,422
<b>Negative Goodwill</b>		
At 1 January	(13,578)	(13,578)
Acquisition of subsidiaries (Note 13(a))	(3,004)	-
At 31 December	(16,582)	(13,578)
Less: Accumulated amortisation:		
At 1 January	5,947	5,406
Amortisation for the year	540	541
At 31 December	6,487	5,947
	(10,095)	(7,631)
<b>Total</b>	<b>2,783</b>	<b>5,791</b>

31 December 2005

**18. INVENTORIES**

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>Cost:</b>		
Completed and unassembled vehicles	133,814	81,809
Parts and consumables	18,344	11,376
Work in progress	1,830	2,155
Finished goods	2,442	2,042
	156,430	97,382
<b>Net Realisable Value:</b>		
Finished goods	5,035	298
	161,465	97,680

During the financial year, there was a reversal of write-down of inventories of RM623,000 (2004: RM66,000). The reversal arose from an increase in net realisable value as a result of improving prices for the inventories during the financial year.

## Notes To The Financial Statements

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### 19. TRADE RECEIVABLES

	Group	
	2005 RM'000	2004 RM'000
Trade receivables	80,201	65,631
Hire purchase receivables (Note 16)	8,825	9,749
	89,026	75,380
Less: Provision for doubtful debts	(5,211)	(3,346)
	83,815	72,034

Included in trade receivables of the Group is an amount of approximately RM5,494,000 (2004: RM3,690,000) due from Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua"), an associate.

The Group's normal trade credit term ranges from 14 days 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 other than as disclosed above.

### 20. OTHER RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deposits	3,315	2,623	-	429
Incentive due from a supplier	3,986	4,866	-	-
Prepayments	8,765	1,461	-	-
Sundry receivables	3,488	2,556	-	8
	19,554	11,506	-	437
Less: Provision for doubtful debts	-	(185)	-	-
	19,554	11,321	-	437

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

## Notes To The Financial Statements

31 December 2005

### 21. DUE FROM AN ASSOCIATE/DUE TO HOLDING COMPANY AND SUBSIDIARIES

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

### 22. DUE FROM SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Interest free	45,061	29,813
Bearing interest of 8% per annum	6,436	5,507
	51,497	35,320

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

### 23. SHORT TERM INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unit trust investment, at cost	28,332	19,332	28,332	19,332
Al-Mudharabah General Investment (Note 24)	251	-	-	-
	28,583	19,332	28,332	19,332
Market value of unit trust investment	28,875	19,830	28,875	19,830

Deposits in the form of Al-Mudharabah General Investment of a subsidiary were on lien to a bank in relation to the Al-Mudharabah financing facility obtained from the bank.

## Notes To The Financial Statements

31 December 2005

### 24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash on hand and at banks	48,489	37,227	5,721	307
Deposits with:				
Licensed banks	19,411	16,465	-	-
Other foreign financial institution	2,577	2,576	-	-
Bankers' acceptances	-	39,600	-	39,600
Cash and bank balances	70,477	95,868	5,721	39,907
Al-Mudharabah General Investment (Note 23)	251	-	-	-
Less: Bank overdrafts (Note 26)	(5,472)	(6,769)	-	-
Cash and cash equivalents	65,256	89,099	5,721	39,907

- (a) Deposits with licensed banks of the Group amounting to RM1,835,000 in the previous financial year were pledged to banks for credit facilities granted to certain subsidiaries.
- (b) The effective interest rates at the balance sheet date were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Deposits with:				
Licensed banks	3.00	2.81	-	-
Other foreign financial institution	5.00	5.00	-	-
Bankers' acceptances	-	2.45	-	2.45

- (c) The average maturities as at the end of the financial year were as follows:

	Group		Company	
	2005 Days	2004 Days	2005 Days	2004 Days
Deposits with:				
Licensed banks	180	180	-	-
Other foreign financial institution	30	30	-	-
Bankers' acceptances	-	30	-	30

## Notes To The Financial Statements

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### 25. PROVISION FOR LIABILITIES

Group	Retirement Benefit RM'000	Warranty RM'000	Total RM'000
<b>At 1 January 2004</b>	136	1,743	1,879
Additional provision during the year	361	2,136	2,497
Acquisition of subsidiaries	1,320	-	1,320
Contribution paid during the year	(330)	-	(330)
Utilisation of provision during the year	-	(2,304)	(2,304)
Unused amount reversed during the year	(96)	(280)	(376)
<b>At 31 December 2004</b>	1,391	1,295	2,686
Additional provision during the year	517	752	1,269
Acquisition of subsidiaries	-	1,596	1,596
Contribution paid during the year	(633)	(788)	(1,421)
Unused amount reversed during the year	(10)	-	(10)
<b>At 31 December 2005</b>	1,265	2,855	4,120

#### (a) Retirement benefit obligations

Daihatsu Group operates a funded, defined benefit Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. WSAE Subsidiaries operate an unfunded Scheme for its eligible employees. Under both Schemes, eligible employees are entitled to retirement benefits of final salary on attainment of the retirement age of 55.

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2005 RM'000	2004 RM'000
<b>Daihatsu Group</b>		
Present value of funded defined benefit obligations	3,096	2,688
Fair value of plan assets	(3,637)	(3,298)
	(541)	(610)
Unrecognised actuarial gains	574	681
	33	71
<b>WSAE Subsidiaries</b>		
Provision for unfunded defined benefit obligations	1,231	1,320
<b>Total</b>	1,264	1,391

**25. PROVISION FOR LIABILITIES (CONTD.)****(a) Retirement benefit obligations (Contd.)**

The amounts recognised in the income statement are as follows:

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
Current service cost	378	226
Interest cost	211	182
Expected return on Scheme assets	(72)	(47)
Total, included in staff costs (Note 6)	517	361

The actual return on the plan assets of the Group was RM43,000 (2004: RM47,000).

Principal actuarial assumptions used:

	<b>2005 %</b>	<b>2004 %</b>
Discount rate	7	7
Average salary increase	5	5
Expected rate of return on plan assets	6	6

**(b) Warranty**

Provision for warranty is made for the estimated liability on all products under warranty. A provision for warranty is recognised for products under warranty at the balance sheet date based on past experience on the level of claims arising during the period of warranty.

## Notes To The Financial Statements

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### 26. BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Short Term Borrowings</b>				
Unsecured:				
Bank overdrafts	4,489	5,412	-	-
Bankers' acceptances	29,701	33,385	-	-
	34,190	38,797	-	-
Secured:				
Bank overdrafts	983	1,357	-	-
Bankers' acceptances	17,604	1,398	-	-
Term loans	2,776	3,418	-	-
Trade loan	874	1,620	-	-
Trust receipts	1,844	3,109	-	-
	24,081	10,902	-	-
Hire purchase payables (Note 27)	1,195	17	-	-
	59,466	49,716	-	-
<b>Long Term Borrowings</b>				
Unsecured:				
Term loan	40,000	40,000	40,000	40,000
Secured:				
Term loans	8,102	5,172	-	-
Hire purchase payables (Note 27)	1,669	75	-	-
	9,771	5,247	-	-
	49,771	45,247	40,000	40,000



**26. BORROWINGS (CONTD.)**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Total Borrowings</b>				
Bank overdrafts (Note 24)	5,472	6,769	-	-
Bankers' acceptances	47,305	34,783	-	-
Term loans	50,878	48,590	40,000	40,000
Trade loan	874	1,620	-	-
Trust receipts	1,844	3,109	-	-
Hire purchase payables (Note 27)	2,864	92	-	-
	109,237	94,963	40,000	40,000
<b>Maturity of Borrowings (excluding hire purchase payables):</b>				
Within one year	58,271	49,699	-	-
More than 1 year and less than 2 years	42,609	1,572	40,000	-
More than 2 years and less than 5 years	3,462	41,936	-	40,000
More than 5 years	2,031	1,664	-	-
	106,373	94,871	40,000	40,000

31 December 2005

**26. BORROWINGS (CONTD.)**

- (a) The secured bank overdrafts, bankers' acceptances, trade loans, term loans and trust receipts of the Group are secured by the following:
- (i) fixed deposits of certain subsidiaries as disclosed in Note 24;
  - (ii) first legal charge on plant and machinery of certain subsidiaries as disclosed in Note 12;
  - (iii) a deed of assignment cum loan agreement over leasehold land owned by a subsidiary as disclosed in Note 12;
  - (iv) a debenture incorporating a fixed and floating charge over the assets of subsidiaries, both present and future;
  - (v) assignment of contract proceeds from certain receivables; and
  - (vi) corporate guarantees by the Company, ultimate holding company and a subsidiary.
- (b) The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	8.0	7.2	-	-
Bankers' acceptances	8.0	3.2	-	-
Term loans	7.0	5.7	5.0	5.0
Trade loan	7.1	7.5	-	-
Trust receipts	8.0	8.0	-	-

**27. HIRE PURCHASE PAYABLES**

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
<b>Minimum Hire Purchase Payments:</b>		
Not later than 1 year	1,331	22
Later than 1 year and not later than 2 years	856	22
Later than 2 years and not later than 5 years	931	62
	3,118	106
Less: Future finance charges	(254)	(14)
Present value of hire purchase payables	2,864	92
<b>Present Value of Hire Purchase Payables:</b>		
Not later than 1 year	1,195	17
Later than 1 year and not later than 2 years	780	18
Later than 2 years and not later than 5 years	889	57
	2,864	92
<b>Analysed as:</b>		
Due within 12 months (Note 26)	1,195	17
Due after 12 months (Note 26)	1,669	75
	2,864	92

The hire purchase payables bore interest at the balance sheet date at rates between 3.15% to 5.91% (2004: 3.15% to 5.91%) per annum.

**28. TRADE PAYABLES**

Included in trade payables of the Group is an amount of RM295,000 (2004: RM7,994,000) due to Perodua, an associate.

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

## Notes To The Financial Statements

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### 29. OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Accruals	12,571	9,504	1,247	630
Accruals for dealers and salesmen incentives	1,794	935	-	-
Amount due for insurance premium on vehicles sold	985	820	-	-
Deposits received from customers	7,463	1,775	-	-
Sales tax and import duties payable	1,356	4,156	-	-
Sundry payables	3,599	1,510	-	-
	27,768	18,700	1,247	630

### 30. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
Authorised:				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January	234,765	234,493	234,765	234,493
Exercise of ESOS	27	272	27	272
At 31 December	234,792	234,765	234,792	234,765

**30. SHARE CAPITAL (CONTD.)**

- (a) The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 August, 2002. The ESOS was implemented on 2 September 2002 and is to be in force for a period of 10 years from the date of implementation.
- (b) 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 Bursa Malaysia Securities 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.

## Notes To The Financial Statements

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### 30. SHARE CAPITAL (CONTD.)

(c) The terms of share options outstanding as at the end of the financial year are as follows:

Grant Date	Exercise Price RM	At 1.1.2005 '000	Number of Share Options Granted '000	Exercised '000	At 31.12.2005 '000
September 2002	2.54	4,083	-	-	4,083
October 2005	2.43	-	6,660	(27)	6,633
		4,083	6,660	(27)	10,716

Details of share options exercised during the year and the fair value, at exercise date, of ordinary shares issued are as follows:

Period Exercised	Exercise Price RM	Fair values of Ordinary Shares RM	Number of Share Options '000	Consideration Received RM'000
<b>2005</b>				
December 2005	2.43	2.72	27	66
Less: Par value of ordinary shares				(27)
Share premium				39
<b>2004</b>				
April - December 2004	2.54	2.21 - 2.57	272	691
Less: Par value of ordinary shares				(272)
Share premium				419

### 31. RETAINED PROFITS

As at 31 December 2005, the Company has tax exempt profits available for distribution of approximately RM28,000,000 (2004: RM26,000,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2005.

**32. DEFERRED TAX LIABILITIES**

	<b>Group</b>	
	<b>2005 RM'000</b>	<b>2004 RM'000</b>
At 1 January	2,700	227
Acquisition of subsidiaries (Note 13(a))	105	2,730
Recognised in the income statement (Note 9)	(71)	(257)
At 31 December	2,734	2,700
Presented after appropriate offsetting as follows:		
Deferred tax assets	(1,420)	(1,305)
Deferred tax liabilities	4,154	4,005
	2,734	2,700

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:

	<b>Revaluation Reserve RM'000</b>	<b>Accelerated Capital Allowances RM'000</b>	<b>Total RM'000</b>
At 1 January 2005	1,134	2,871	4,005
Acquisition of subsidiaries	-	391	391
Recognised in the income statement	17	(259)	(242)
At 31 December 2005	1,151	3,003	4,154
At 1 January 2004	-	880	880
Acquisition of a subsidiary	1,144	1,856	3,000
Recognised in the income statement	(10)	135	125
At 31 December 2004	1,134	2,871	4,005

## Notes To The Financial Statements

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### 32. DEFERRED TAX LIABILITIES (CONTD.)

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 2005	(29)	(852)	(424)	(1,305)
Acquisition of subsidiaries	(286)	-	-	(286)
Recognised in the income statement	29	408	(266)	171
At 31 December 2005	(286)	(444)	(690)	(1,420)
At 1 January 2004	(29)	(592)	(32)	(653)
Acquisition of subsidiaries	-	(84)	(186)	(270)
Recognised in the income statement	-	(176)	(206)	(382)
At 31 December 2004	(29)	(852)	(424)	(1,305)

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

	Group	
	2005 RM'000	2004 RM'000
Unused tax losses	15,510	12,685
Unabsorbed capital allowances	2,361	2,563
Others	840	269
	18,711	15,517

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of respective subsidiaries is subject to there being no substantial change in shareholding of these subsidiaries under Section 44 (5A) and (5B) of the Income Tax Act, 1967.

Deferred tax assets have not been recognised in respect of these items as they arose from subsidiaries which have a recent history of losses.



## Notes To The Financial Statements

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### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2005 RM'000	2004 RM'000
<b>Group</b>		
Purchases from Daihatsu Motor Co., Ltd. and/or its subsidiaries and associates*	203,243	215,185
Purchases from Perodua and/or its subsidiaries	466,049	360,993
Sales to Perodua and/or its subsidiaries	36,695	14,201
<b>Company</b>		
Gross dividends from:		
- subsidiaries	25,025	24,310
- associates	10,500	7,840

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 associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

### 34. CAPITAL COMMITMENT

	2005 RM'000	2004 RM'000
Property, plant and equipment:		
Approved and contracted for	3,755	8,734

31 December 2005

### 35. SIGNIFICANT EVENTS

- (a) On 6 April 2005, the Company acquired 2 ordinary shares of RM1 each, representing the entire issued and paid-up share capital of Summer Gallery Sdn. Bhd. ("SGSB") for a cash consideration of RM2. The intended principal activity of SGSB is to engage in general trading of goods.
- (b) On 31 May 2005, Galaxy Waves Sdn. Bhd. ("GWSB") disposed of its entire 20% shareholdings in Oriental Metal Industries (M) Sdn. Bhd. ("OMI") to Oriental Extrusions Sdn. Bhd. ("OESB") for a cash consideration of RM10,521,000. GWSB and OESB are wholly-owned subsidiaries of the Company and as such the equity interest of the Company in OMI remained at 78%.
- (c) On 29 September 2005, GWSB, a wholly owned subsidiary, made a conditional take-over offer ("Offer") for the remaining ordinary shares of RM1 each in Federal Auto Holdings Berhad ("FAHB") not already held by GWSB, at an offer price of RM2.80 per share.

On 29 December 2005, the closure date of the Offer, GWSB has acquired additional 5,646,040 ordinary shares in FAHB, representing 37.64% of issued and paid-up share capital of FAHB for a cash consideration of RM2.80 per share amounting to RM15,808,912.

FAHB was previously a 32% associate of GWSB. With the completion of the acquisition, the Group's equity interest was increased from 32% to 69.64%, thus resulting in FAHB becoming a subsidiary of GWSB.

The aforementioned acquisition was completed on 31 December 2005.

- (d) On 30 September 2005, WSA Capital Corporation Sdn. Bhd. ("WSACC"), a 50.98% owned subsidiary of the Company disposed of its entire shareholdings in its wholly-owned subsidiary, WSA Marketing Sdn. Bhd. to WSA Industry Sdn. Bhd., a corporate shareholder of WSACC for a cash consideration of RM1,200,000. The disposal was completed during the year and did not have any material effect on the financial position and results of the Group.
- (e) On 30 November 2005, OMI entered into a conditional sale and purchase agreement with CWT Properties Sdn. Bhd. to dispose of a piece of long term leasehold land in Port Klang, Selangor Darul Ehsan, for a total consideration of RM7,492,320. As at 31 December 2005, the carrying amount of the land amounted to RM6,103,125.

The aforementioned disposal has not been completed as at 31 December 2005.

### 36. SUBSEQUENT EVENT

On 24 February 2006, the Company announced that its proposed acquisition of the entire equity interest in Inai Benua Sdn. Bhd. ("IBSB") and IBSB's proposed acquisition of 42% equity interest in Hino Motors (Malaysia) Sdn. Bhd. ("HMMSB") announced on 26 November 2004 had been aborted. IBSB is a wholly-owned subsidiary of Med-Bumikar Mara Sdn. Bhd. ("MBMSB"), the holding company of the Company.

MBMSB and Arah Seraya Sdn. Bhd. ("ASSB"), a wholly-owned subsidiary of MBMSB each hold 40% and 2% equity interest in HMMSB respectively.

On even date, the Company entered into a Sale and Purchase Agreement with MBMSB and ASSB to acquire 42% equity interest in HMMSB comprising 6,300,000 ordinary shares of RM1 each and 100% equity interest in IBSB, comprising 2 ordinary shares of RM1 each for a total cash consideration of RM25,830,000.

### 37. SEGMENT INFORMATION

The Group's operating businesses are organised into three major business segments:

- (i) Investment holding
- (ii) Marketing and distribution of motor vehicles and other related activities
- (iii) Manufacturing of automotive parts, trucks and vehicles body building and other 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.

No analysis of geographical segment is presented as the Group operates principally in Malaysia and the Group's foreign operations are considered to be not significant.

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## 37. SEGMENT INFORMATION (CONTD.)

	Investment Holding				Marketing and Distribution of Motor Vehicles and Other Related Activities				Manufacturing of Automotive Parts, Trucks and Vehicles Body Building and Other Related Activities				Eliminations				Consolidated			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE AND EXPENSES</b>																				
<b>Revenue</b>																				
External sales	-	-	856,681	778,298	88,143	27,457	-	-	944,824	805,755										
Inter-segment sales	43,141	36,161	-	-	1,049	1,205	(44,190)	(37,366)	-	-										
Total revenue	43,141	36,161	856,681	778,298	89,192	28,662	(44,190)	(37,366)	944,824	805,755										
<b>Results</b>																				
Profit from operations	45,929	40,118	41,920	42,310	3,871	1,810	(50,742)	(40,246)	40,978	43,992										
Finance (costs)/ income, net	(434)	1,187	(824)	(847)	(1,385)	(685)	481	212	(2,162)	(133)										
Share of results of associates																				
Taxation									72,271	28,705										
									(27,427)	(16,806)										
Profit after taxation									83,660	55,758										
Minority interests									(10,167)	(9,626)										
Net profit for the year									73,493	46,132										

### 37. SEGMENT INFORMATION (CONTD.)

	Investment Holding		Marketing and Distribution of Motor Vehicles and Other Related Activities		Manufacturing of Automotive Parts, Trucks and Vehicles Body Building and Other Related Activities		Eliminations		Consolidated	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>ASSETS AND LIABILITIES</b>										
Segment assets	50,814	73,403	413,288	298,760	98,668	96,861			562,770	469,024
Investment in associates	11,801	10,396	332,344	302,469	-	-			344,145	312,865
Consolidated total assets	34,387	115,610	141,905	66,423	36,169	37,892			906,915	781,889
Segment liabilities									212,461	219,925
<b>OTHER INFORMATION</b>										
Capital expenditure	9,011	337	3,719	9,240	4,341	991			17,071	10,568
Depreciation	82	75	2,680	2,870	6,121	2,650			8,883	5,595
Amortisation	-	-	321	22	-	-			321	22
Non-cash expenses other than depreciation and amortisation	-	4	313	3,131	784	928			1,097	4,063

**38. 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 2005. 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, marketable securities and short term bankers' acceptances.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

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 various currencies, mainly Japanese Yen, New Zealand Dollars and United States 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 foreign currency transaction 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 refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and cash convertible investments 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.

**38. 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 other than as disclosed in respective notes.

**(f) Fair Values**

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximate their fair values due to their relatively short term maturity except for the following:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
At 31 December 2005					
Other investment	15	4,000	*	4,000	*
Hire purchase receivables	16	23,910	25,447	-	-
Due from an associate	21	33	#	33	#
Due from subsidiaries	22	-	-	51,497	#
At 31 December 2004					
Other investment	15	4,000	*	4,000	*
Hire purchase receivables	16	36,349	42,486	-	-
Due from an associate	21	17	#	17	#
Due from subsidiaries	22	-	-	35,320	#

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**38. FINANCIAL INSTRUMENTS (CONTD.)****(f) Fair Values (Contd.)**

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Liabilities</b>					
<b>At 31 December 2005</b>					
Due to holding company	21	1,140	#	159	-
Due to subsidiaries	21	-	-	31,413	#
Long term term loans	26	48,102	48,550	40,000	42,000
<b>At 31 December 2004</b>					
Due to holding company	21	1,022	#	55	-
Due to subsidiaries	21	-	-	35,349	#
Long term term loans	26	45,172	46,108	40,000	42,000
Hire purchase payables	27	75	75	-	-

\* It is 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.

# It is also not practical to estimate the fair values of related companies balances due principally to a lack of fixed repayment terms entered into 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.

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



## Notes To The Financial Statements

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### 39. SUBSIDIARIES

Name of Company	Country of Incorporation	Equity Interests Held (%)		Principal Activities
		2005	2004	
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	71.50	71.50	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
DMM Engineering Sdn. Bhd.	Malaysia	71.50	71.50	Repair and touching-up, construction of vehicles body parts for sale, providing holding company and handling services to its distribution of spare parts and trucks
DMM Sales Sdn. Bhd.	Malaysia	71.50	71.50	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Credit Sdn. Bhd.	Malaysia	71.50	71.50	Provision of hire purchase facilities
DMM Assembly Services Sdn. Bhd.	Malaysia	71.50	71.50	Dormant
Auto Style Enterprise Limited	British Virgin Islands	100.00	100.00	Investment holding
Sun Motor Limited	British Virgin Islands	100.00	100.00	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	90.00	90.00	Trucks and vehicles body buildings, and general engineering works

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**39. SUBSIDIARIES (CONTD.)**

Name of Company	Country of Incorporation	Equity Interests Held (%)		Principal Activities
		2005	2004	
Galaxy Waves Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Oriental Extrusions Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	78.00	78.00	Manufacturing of steel wheel rims for motor vehicles and related activities
WSA Capital Corporation Sdn. Bhd.	Malaysia	50.98	50.98	Manufacturing, designing and supplying of automotive components
WSA Engineering Sdn. Bhd.	Malaysia	50.98	50.98	Manufacturing, designing and supplying of automotive components
WSA Marketing Sdn. Bhd.	Malaysia	-	50.98	Distributor of architectural trims and PVC industrial products
WSA Precision Sdn. Bhd.	Malaysia	50.98	50.98	Dormant
Carpets International Manufacturing Malaysia Sdn. Bhd.	Malaysia	50.98	50.98	Manufacturing and distributor of carpets and rugs
Carpets International Malaysia (Distribution) Sdn. Bhd.	Malaysia	50.98	50.98	Distributor of carpets and rugs
Peninsular Carpet Manufacturing Sdn. Bhd.	Malaysia	50.98	50.98	Manufacturing of carpets and rugs
WSA Marketing & Distribution Sdn. Bhd.	Malaysia	50.98	50.98	Dormant

## Notes To The Financial Statements

31 December 2005

### 39. SUBSIDIARIES (CONTD.)

Name of Company	Country of Incorporation	Equity Interests Held (%)		Principal Activities
		2005	2004	
Summer Gallery Sdn. Bhd.	Malaysia	100.00	-	General trading
Federal Auto Holdings Berhad *	Malaysia	69.64	-	Investment holding, letting, maintenance and management of properties and provision of management services
Federal Auto Cars Sdn. Bhd.*	Malaysia	69.64	-	Trading of motor vehicles and spare parts and providing ancillary services
Fadara Properties Sdn. Bhd.*	Malaysia	69.64	-	Rental and management of properties
Fadara Trading Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
Federal Auto Cars Retail Sdn. Bhd.*	Malaysia	69.64	-	Investment holding
F.A. Leasing and Credit Sdn. Bhd.*	Malaysia	69.64	-	Securing end-financing for motor vehicle purchasers and providing lease financing
F.A. Automobiles Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
F.A. Serve Sdn. Bhd.*	Malaysia	69.64	-	Operating petrol station and providing workshop services
F.A. Autoprima Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
F.A. Autosoft Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
F.A. Premier Autoland Sdn. Bhd.*	Malaysia	69.64	-	Non-operating

## Notes To The Financial Statements

31 December 2005

### 39. SUBSIDIARIES (CONTD.)

Name of Company	Country of Incorporation	Equity Interests Held (%)		Principal Activities
		2005	2004	
Liberty Car Rental Sdn. Bhd.*	Malaysia	69.64	-	Car rental business
Federal Auto Cars (Kuala Lumpur) Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
Federal Auto Cars (Pulau Pinang) Sdn. Bhd.*	Malaysia	69.64	-	Non-operating
F.A. Automobiles (Ipoh) Sdn. Bhd.*	Malaysia	69.64	-	Trading of motor vehicles and spare parts and providing workshop services

\* Audited by firms of auditors other than Ernst & Young

### 40. ASSOCIATES

Name of Company	Country of Incorporation	Equity Interests Held (%)		Principal Activities
		2005	2004	
MBM Industries Sdn. Bhd.	Malaysia	39.90	39.90	Investment holding
Perusahaan Otomobil Kedua Sdn. Bhd.	Malaysia	23.60	23.60	Investment holding
Federal Auto Holdings Berhad	Malaysia	-	32.00	Investment holding, letting, maintenance and management of properties and provision of management services.

## 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 31.12.05 (RM'000)
<b>Proprietor: Daihatsu (Malaysia) Sdn Bhd</b>					
Lot 2B Jalan Keluli Section 15 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land used as vehicle storage yard	15	Leasehold (expiring on 26.1.2087)	1,090
Lot 1 Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	13	Leasehold (expiring on 13.3.2074)	1,434
B-317 Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	13	Freehold	129
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	17	Leasehold (expiring on 12.1.2086)	6,477
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	13	Leasehold (expiring on 26.1.2087)	4,726
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	13	Leasehold	1,077

## 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 31.12.05 (RM'000)
Apartment 401 Block 2 Jalan SS18/47 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accomodation for employees when attending training	13	Leasehold (expiring on 29.7.2096)	35
20, Jalan 54 Desa Jaya Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	12	Leasehold (expiring on 8.3.2081)	646
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	17	Freehold	1,893
32, Jalan Tun Razak 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	11	Leasehold (expiring on 21.12.2030)	1,635
Lot No. 20 Sedco Industrial Estate Jalan Kelembong Inanam 88450 Kota Kinabalu Sabah	4,309	Industrial land with building used as workshop	12	Leasehold (expiring on 31.12.2034)	952
Lot 1A Jalan Keluli Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	10	Leasehold (expiring on 12.1.2086)	435

## 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 31.12.05 (RM'000)
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	12	Leasehold	1,102
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	10	Freehold	1,606
11A, Level 11 Genting View Resort Genting Highlands Bentong Pahang Darul Makmu	(92)	3-bedroom apartment used for leisure and recreation	13	Freehold	150
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	9	Freehold	2,633
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	11	Freehold	2,105
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu Sabah	127 (242)	Showroom	9	Leasehold	614
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu Sabah	127 (242)	Showroom	9	Leasehold	812

## 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 31.12.05 (RM'000)
Lot 2 Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	7	Leasehold (expiring in year 2094)	4,119
Lot 48 & 57 Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	11	Freehold	3,508
Units 3, 4, 7 and 8 Level 4 and 5 Block K Bandar Bukit Beruntung Apartments Selangor Darul Ehsan	(653)	8 units apartments	11	Freehold	147
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	11	Leasehold (expiring on 12.1.2067)	8,150
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	13	Freehold	1,785
Lot 2702 Palm Spring Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	11	Freehold	188
Block SA-01 Signature Offices Mid Valley Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	4	Leasehold	11,308



## 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 31.12.05 (RM'000)
No 1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan Selangor	25,287	Industrial land with 2 1/2 semi detached factory	6	Leasehold	2,295
Lot 65 Section 22 Kuching Town District Sarawak	3,173	Industrial land with building used as showroom and workshop	3	Leasehold	2,452
1/2 Miles Jalan Tuaran PO Box 22432 Kota Kinabalu Sabah	10,361	Vacant commercial land	-	Freehold	4,788
No 57, Jalan BRP 1/4 Bukit Rahman Putra 47000 Sg. Buloh Selangor	3803	3 1/2-storey corner shop	1	Freehold	1,919
<b>Proprietor: DMM Sales Sdn Bhd</b>					
1262, Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial land with building	7	Freehold	1,572
No 1, Jalan Damai Utama Taman Industri Damaipulus 83000 Batu Pahat Johor	6,787	Industrial land with building	6	Freehold	1,433

## 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 31.12.05 (RM'000)
<b>Proprietor: Summit Vehicles Body Works Sdn Bhd</b>					
Lot 138 & 139 Jalan 5/1 Bukit Beruntung 48200 Serendah Selangor	6,271	Industrial land with building	8	Freehold	2,882
<b>Proprietor: Oriental Metal Industries (M) Sdn Bhd</b>					
Lot 51 Jalan Utas 15/7 40200 Shah Alam Selangor	26,756	Industrial land with building used as manufacturing plant and office	21	Leasehold (expiring on 4.5.2074)	19,680
Lot No 3 Jalan 5 Kawasan Bandar Sultan Sulaiman Port Klang Selangor	32,375	Vacant industrial land	-	Leasehold	6,103
<b>Proprietor: WSA Engineering Sdn Bhd</b>					
Lot 1 Jalan Perusahaan 1 Batu 17 Kawasan Perindustrian PKNS 48000 Rawang Selangor	7725 (3,716)	Industrial land with building used as factory, store and office	11	Leasehold (expiring on 20/12/2097)	3,600
<b>Proprietor: Summer Gallery Sdn Bhd</b>					
Lot 763 Jalan Haji Sirat off Jalan Meru 42100 Klang Selangor	19,936	Industrial land with building	10	Freehold	8,713

## 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 31.12.05 (RM'000)
<b>Proprietor: Federal Auto Holdings Berhad</b>					
Lot 15 Section 95A No 9, Jalan Klang Kuala Lumpur	5,213	Industrial land with building used as showroom, workshop and office	36	Freehold	9,648
Lot 89985 Township of Ipoh 221 Lahad Road Ipoh Perak	1,529	Industrial land with building	36	Freehold	212
1103TS 910 NED Penang 89-A Sungei Pinang Road Penang	1,874	Industrial land with building used as showroom, workshop and office	23	Freehold	2,544
Lot 4297 Mukim of Kuala Kinta District of Kinta 127, Jalan Kuala Kangsar Ipoh Perak	8,465	Industrial land with building used as showroom, workshop and office	23	Freehold	3,222
Lot No. 420 Mukim of Tebrau District of Johore Bahru Johor	10,652	Industrial land with building used as showroom, workshop and office	22	Freehold	4,102

## 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 31.12.05 (RM'000)
<b>Proprietor: Fadara Properties Sdn Bhd</b>					
HS (M) 11/1977 Plot 32 Mukim of Mergong Kedah	3,400	Industrial land with building	20	Leasehold (expiring on 2076)	834
<b>Proprietor: F.A Serve Sdn Bhd</b>					
Lot No. PT 13270 Mukim of Batu District of Kuala Lumpur	2,608	Petrol station	4	Freehold	2,209
<b>TOTAL</b>					<b>136,964</b>

## Analysis Of Shareholders

as at 20 April 2006

Authorised Share Capital	:	500,000,000
Paid-up & Issued Share Capital	:	235,870,667
Type of Shares	:	Ordinary Shares of RM1.00
No. of Shareholders	:	3,479
Voting Rights	:	One vote for every share

### SIZE OF SHAREHOLDINGS

as at 20 April 2006

	No. of Holders	%	No. of Shares	%
1 - 1,000	568	16.33	386,612	0.16
1,001 - 10,000	2,459	70.68	7,947,939	3.37
10,001 - 100,000	352	10.12	11,093,507	4.70
100,001 - less than 5% of issued shares	97	2.78	60,490,553	25.65
5% and above of issued shares	3	0.09	155,952,056	66.12
	<b>3,479</b>	<b>100</b>	<b>235,870,667</b>	<b>100</b>

### SUBSTANTIAL SHAREHOLDINGS

as at 20 April 2006

Name of Shareholders	No. of Shares Held	%
1. Med-Bumikar Mara Sdn Bhd	137,568,979 <sup>a</sup>	58.32
2. Employee Provident Fund Board	20,231,433	8.58

#### Notes:

- a Include deemed interest by virtue of its shareholding in Central Shore Sdn Bhd and Malayan Building Development Sdn Bhd

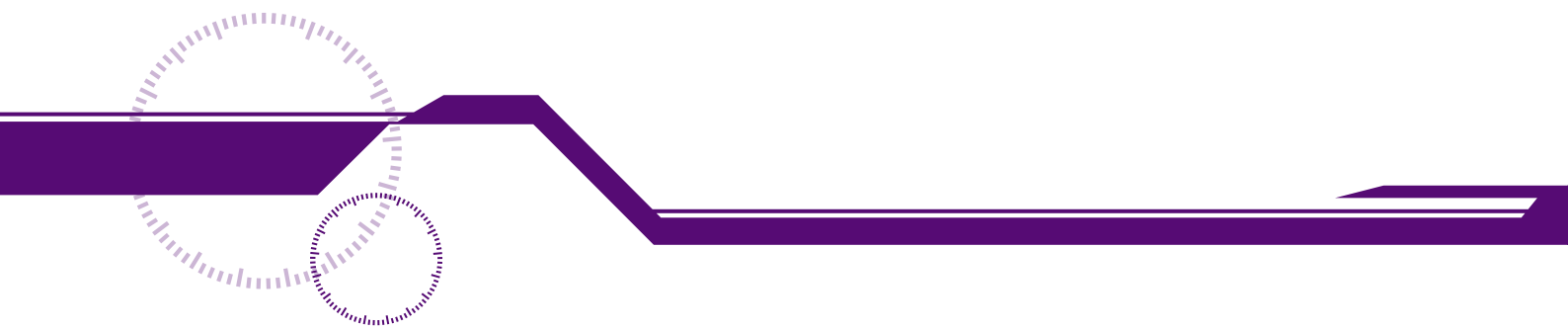
## Analysis Of Shareholders

as at 20 April 2006

### LIST OF TOP 30 SHAREHOLDERS

as at 20 April 2006

No.	Names	Holdings	
		No. of Shares	%
1.	Med-Bumikar Mara Sdn Bhd	89,387,290	37.90
2.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Med-Bumikar Mara Sdn Bhd	46,333,333	19.64
3.	Employees Provident Fund Board	20,231,433	8.58
4.	Valuecap Sdn Bhd	10,010,200	4.24
5.	Lembaga Tabung Haji	7,201,065	3.05
6.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	3,230,800	1.37
7.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Didik	2,922,400	1.24
8.	Permodalan Nasional Berhad	2,793,366	1.18
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Sekim Amanah Saham Nasional	1,901,200	0.81
10.	Central Shore Sdn Bhd	1,379,540	0.58
11.	Zaharah binti Nordin	1,100,000	0.47
12.	Yap Lim Sen	1,018,606	0.43
13.	Amanah Raya Nominees (Tempatan) Berhad for Public Islamic Opportunities Fund	1,012,300	0.43
14.	Looi Kum Pak @ Looi Kam Phak	1,000,136	0.42
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd for AUTB Progress Fund	1,000,000	0.42



		Holdings	
No.	Names	No. of Shares	%
16.	Summit Holdings Sdn Berhad	925,000	0.39
17.	Yap Jek Nan	900,033	0.38
18.	Yap Siew Chin	895,598	0.38
19.	Abdul Rahim bin Abdul Halim	857,828	0.36
20.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Amanah Saham Nasional 2	803,100	0.34
21.	Ta Nominees (Tempatan) Sdn Bhd for Ahmad Azizuddin bin Haji Zainal Abidin	800,000	0.34
22.	Yap Ken Nan	795,330	0.34
23.	BHLB Trustee Berhad for Prusmall-Cap Fund	742,300	0.31
24.	Ahmad Azizuddin bin Haji Zainal Abidin	723,814	0.31
25.	Ong Koh Hou @ Won Kok Fong	641,000	0.27
26.	Yayasan Teratai	620,000	0.26
27.	Cartaban Nominees (Asing) Sdn Bhd for SSBT Fund TRA9 for Teacher Retirement System of Texas	583,333	0.25
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd for Dana Al-Aiman	581,666	0.25
29.	AM Nominees (Tempatan) Sdn Bhd for Lembaga Tabung Haji	532,900	0.23
30.	HSBC Nominees (Tempatan) Sdn Bhd for Ahmad Azizuddin bin Haji Zainal Abidin	500,000	0.21
<b>TOTAL</b>		<b>201,423,571.00</b>	<b>85.40</b>

## Form Of Proxy



**MBM RESOURCES BERHAD**  
(Incorporated in Malaysia) (Co. No. 284496-V)

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of **MBM RESOURCES BERHAD**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her, \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her, the Chairman of the Meeting as my proxy/our proxy to vote for me/us on my/our behalf at the **Twelfth Annual General Meeting** of the Company to be held at Pacific Ballroom C, Pan Pacific Hotel, Jalan Putra, 50746 Kuala Lumpur, on Monday, 19 June 2006 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		

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

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

.....  
Signature

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006

### 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 11-3A, 11th Floor, Menara Haw Par, Jalan Sultan Ismail, 50250 Kuala Lumpur, at least forty-eight hours (48) before the time appointed for holding the Meeting.



FOLD THIS FLAP FOR SEALING

Affix  
Stamp

**MBM RESOURCES BERHAD**

**The Company Secretaries**

Suite 11-3A, 11th Floor  
Menara Haw Par  
Jalan Sultan Ismail  
50250 Kuala Lumpur

2nd FOLD HERE

1st FOLD HERE