The Year **At A Glance**

New Additions to Our Product Line-up

January
Volvo V60 T4 and T5

February
New Mitsubishi ASX Upgraded Package

March
Volkswagen Golf R, Passat CC R and Sharan

March
Mitsubishi Triton VGT

April
Volkswagen Scirocco R and Polo Sedan

June
Volkswagen CC

September
Volkswagen Beetle – 'The Icon is Back'

October
Volkswagen Touareg Hybrid

November
Mitsubishi Mirage

Corporate Events

12 January
Launch of OMI New Alloy Wheel Plant

22 February
Official opening of FA Wagen Sdn. Bhd. Volkswagen Skudai

26 February
Autoliv Hirotako Sdn. Bhd. Family Day

25 May
Daihatsu (Malaysia) Sdn. Bhd. National Conference

2 June
Hirotako Acoustics Sdn. Bhd. Annual Dinner

26 June
Official Opening of F.A. Automobiles (Ipoh) Sdn. Bhd., Ipoh

7-9 September
Daihatsu (Malaysia) Sdn. Bhd. annual retreat in Pangkor Island

5-7 October
Federal Auto Holdings Berhad annual retreat in Penang

12 December
Launch of the Volkswagen Body & Paint Centre in Glenmarie, Shah Alam

Profile of **Directors**

Y. Bhg. Dato' Abdul Rahim Abdul Halim

Aged 64, Malaysian
Chairman
Non Independent Non-Executive Director

Y. Bhg. Dato' Abdul Rahim was MBM Resources Berhad's (MBMR) Managing Director until 28 February 2006. He is currently the Chairman of MBMR. Prior to his appointment to MBMR's Board on 17 December 1993, he was the chairman of Daihatsu (Malaysia) Sdn. Bhd. (DMSB). Dato' Abdul Rahim has extensive experience in the motor vehicle industry and is presently on the Boards of Rubberex Corporation (M) Berhad and Ewein Berhad as well as several other private companies. He is the Chairman of the Boards of the following companies – Oriental Metal Industries (M) Sdn. Bhd. (OMI) and Hino Motors Sales (Malaysia) Sdn. Bhd. (Formerly known as Hino Motors (Malaysia) Sdn. Bhd.) (HMSM), and a Board member of Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua). He holds a Bachelor of Economics (Honours) degree from the University of Malaya.

Mr. Looi Kok Loon

Aged 46, Malaysian
Group Managing Director

Mr. Looi Kok Loon was appointed to the Board of MBMR on 18 May 2001 and subsequently Managing Director since 1 March 2006. He had previously 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. He represents MBMR on the Boards of the following companies – Perodua, HMSM, DMSB, Federal Auto Holdings Berhad (FAHB), Hirotako Holdings Berhad (HHB), OMI and Hino Motors Manufacturing (Malaysia) Sdn. Bhd. (HMMM).

Encik Iskander Ismail Mohamed Ali

Aged 63, Malaysian
Independent Non-Executive Director

Encik Iskander was appointed to the Board of MBMR on 8 May 2009 and is currently Chairman of MBMR's Audit Committee and a member of the Nomination and Remuneration Committees. A member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants, Encik Iskander was formerly the Executive Director and Chief Executive Officer of Kenanga Fund Management Berhad.

Having worked in the fund management industry since 1982, he had previously held various senior management roles in the fund management division/ subsidiary of Bumiputra Merchant Bankers Berhad and MIDF Berhad, where he was also a director of several MIDF subsidiary companies.

He was the first (and for a few years thereafter) chairman of the Malaysian Association of Asset Managers, which he helped establish in November 1996. He also served on the Capital Market Advisory Council and was a member of the Bursa Malaysia Berhad Listing Committee and of the Institutional Shareholders' Pro Tem Committee under the Minority Shareholder Watchdog Group.

He also sits on the Board of Trustees of a local educational foundation.

Y. Bhg. Tan Sri Lee Lam Thye JP

Aged 67, Malaysian
Independent Non-Executive Director

Y.Bhg. Tan Sri Lee Lam Thye JP was appointed to the Board on 28 February 1994 and is a member of the Company's Audit, Nomination and Remuneration Committees. Before retiring from politics in 1990, he was the elected State Legislative Assemblyman for Bukit Nenas, Selangor from 1969 to 1974 and served as a Member of Parliament for Bandar Kuala Lumpur from 1974 to 1990.

He is presently the Chairman of the National Institute of Occupational Safety & Health and Vice-Chairman of the Malaysian Crime Prevention Foundation. He is also a member of the SP Setia Foundation.

In the private sector, Y. Bhg Tan Sri Lee serves as a director of several public-listed companies, namely AMDB Berhad, Media Prima Berhad and SP Setia Berhad.

Y.Bhg. Tan Sri Lee Lam Thye JP is not seeking re-election to the Board at the coming Annual General Meeting.

Encik Mustapha Mohamed

Aged 67, Malaysian
Independent Non-Executive Director

Encik Mustapha was appointed to the Board of MBMR on 25 February 2013. He is a member of the Malaysian Institute of Accountants, Certified Public Accountants (Malaysia) and a fellow member of the Association of Chartered Certified Accountants. He was previously with Coopers & Lybrand Malaysia (now known as Pricewaterhouse Coopers) for 22 years from 1971 to 1993 of which he was a Partner from 1987 to 1993. He previously served as a director of Gadek Berhad, Gadek Capital Berhad, Ipmuda Berhad, Credit Corporation of Malaysia Berhad, Ho Hup Construction Company Berhad and MHC Plantations Berhad. He is presently a director of Majuperak Holdings Berhad, Rubberex Corporation (M) Berhad and manages his own advisory services firm.

Encik Aqil Ahmad Azizuddin

Aged 54, Malaysian
Non-Independent Non-Executive Director

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 a member of MBMR's Audit Committee and the Chairman of DMSB and FAHB. He is also a director on the Board of Perodua, HHB and HMMM.

He holds a Bachelor of Science degree in Business Economics and an Associate Degree in Commercial Graphics from Southern Illinois University, USA.

Mr. Low Hin Choong

Aged 52, Malaysian
Non-Independent Non-Executive Director

Mr. Low Hin Choong joined the Board on 18 May 2001 and is currently a member of the Remuneration Committee and heads the Information Systems & Information Technology Committee. He has more than 20 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) degree in Business Administration & Computer Science and is currently managing his own successful software applications business. He is also a director on the Board of HHB.

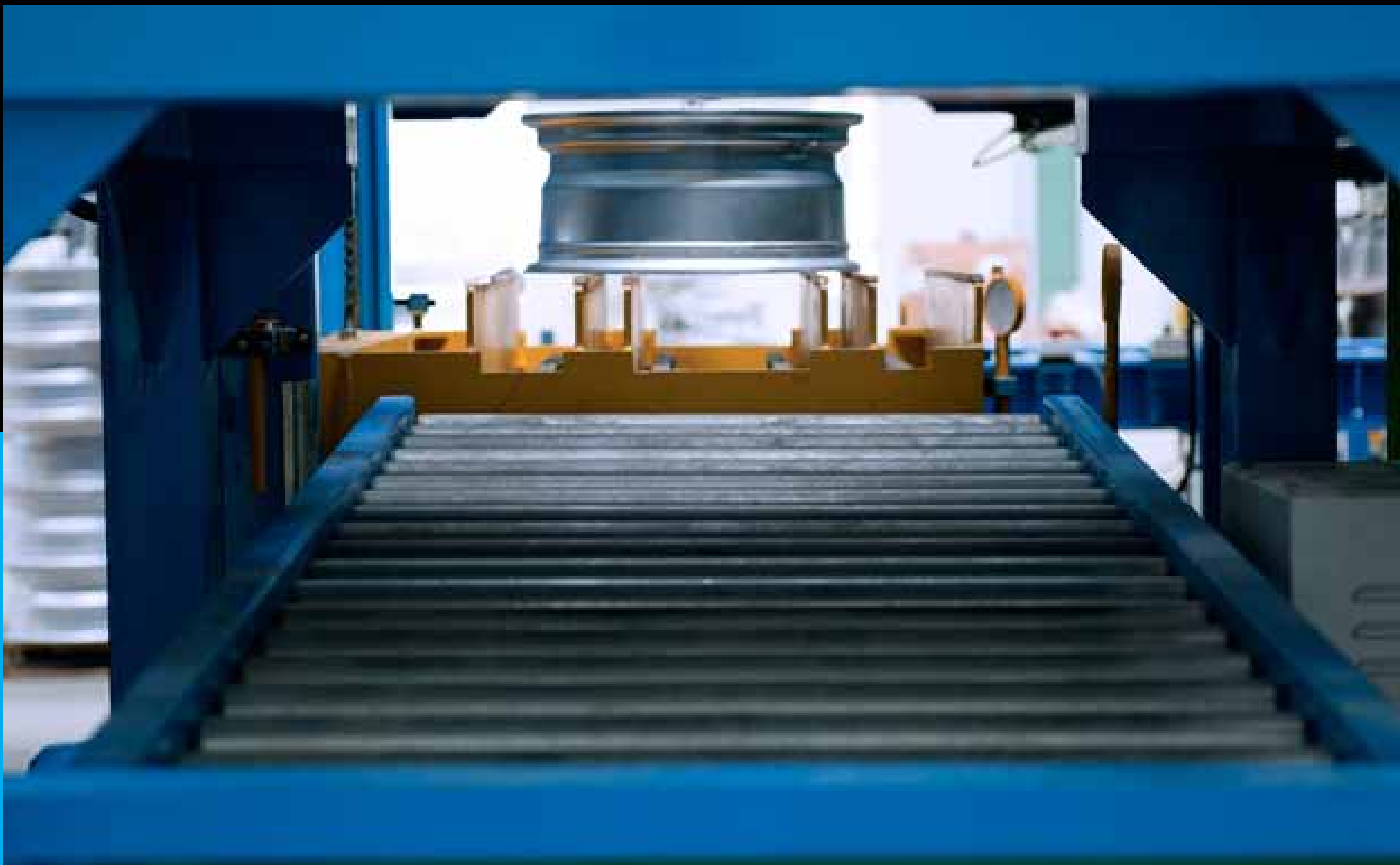
Mr. Wong Wei Khin

Aged 45, Malaysian
Non-Independent Non-Executive Director

Mr. Wong Wei Khin previously served MBMR as a corporate manager and was nominated to the Board on 23 May 2002. He is currently a member of the Nomination Committee. He graduated from the University of Sydney with a Bachelor of Economics and Bachelor of Laws degrees. He is also a director on the Board of DMSB.

He is currently an executive director of Malayan Building Development Sdn. Bhd., a property development company.

Notes:
- *None of the Directors has any family relationship with any Director and/or major shareholder of the Company.*
- *None of the Directors has any conflict of interest with the Company.*
- *None of the Directors has been convicted of any offences other than traffic offences within the past 10 years.*



MANAGEMENT TEAM

Mr. Looi Kok Loon
Group Managing Director

Mr. Cheng Seng Fook
Director, Automotive Division

Mr. Poh Chee Kwan
Group General Manager

Mr. Kong Kam Seong
Group Financial Controller

Ms. Wong Fay Lee
Group General Counsel

Statement on **Corporate Governance**

The Board of Directors of MBMR ("**Board**") is committed to the implementation and maintenance of good corporate governance practices and procedures for the whole Group.

This statement sets out the principles of good corporate governance practised by MBMR and the extent to which the Company complies with the principles and standards of governance and behaviour recommended by the Securities Commission of Malaysia contained in the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") as required by Paragraph 15.25 in Part E of Chapter 15 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**").

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions reserved for the Board and those delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Memorandum and Articles of Association, the Listing Requirements and applicable laws. This includes responsibility for determining the Company's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

The Managing Director, who is also the Chief Executive Officer of the Company, is responsible for matters which are not specifically reserved for the Board or delegated to the Board committees (such as the day-to-day management of the operations of the Company).

Clear roles and responsibilities

The Board's role and responsibilities are set out in the Company's Board Charter. While the day-to-day management of the operations of the Company is delegated to the Managing Director, the Board retains effective control over important policies and processes covering areas such as internal controls, risk management and the remuneration of executives and employees of the Company.

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 42 to 45), Nomination Committee, Remuneration Committee and Information Systems and Technology Committee. The Board Committee charters detailing the responsibilities of each Committee and how they exercise their authority are available on the MBMR website. There is a clear division of responsibility between the Chairman and Managing Director to ensure a balance of power and authority. The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Managing Director is responsible for the day-to-day running of the businesses of the Group and to develop and implement strategies.

Code of Conduct

The Board has adopted a formal Code of Conduct that applies to the activities of the Directors as well as all employees of the Group. The Code of Conduct is reviewed periodically by the Board and revised as and when appropriate. A summary of the code is made available on the Company's website.

Promoting sustainability

MBMR's approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This approach includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the MBMR Group operates.

MBMR's Board and management view its commitment to Business Sustainability and Environmental, Social and Governance (ESG) objectives as part of its responsibility to its stakeholders and the communities in which it operates. MBMR is committed to the implementation of safe work practices and aims to provide an injury free workplace for all its employees.

Statement on **Corporate Governance**

The MBMR Group of companies engages in the wider community through Corporate Social Responsibility programs undertaken at the level of each Group company and by its staff. Details of the Group's community initiatives are detailed in Social Responsibility on pages 22 to 23.

Board members' access to information and advice

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 internal and external legal advisers and the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

Qualified and competent Company Secretary

The Group's Company Secretaries are appointed by the Board of Directors. The appointment is based on criteria related to the qualifications, experience and competence of the individuals concerned to carry out their duties and responsibilities having regard to the MBMR Group's business, size of operations and compliance with the Listing Requirements.

Formalise and review Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website. The Board Charter is subject to an annual review and more frequently, if required, due to a change of law or of company policy that affects the Board Charter.

PRINCIPLE 2: STRENGTHEN COMPOSITION

DIRECTORS

Composition of the Board and Board Committees

Currently, the Board has eight members, seven of whom are Non-Executive Directors, three of whom are independent. No individual or group of individuals dominates the Board's decision-making and the number of Directors fairly reflects the investment of the shareholders.

Details of the members of Board and Board committees are set out on pages 28 to 30.

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.

One-third of the Board comprises Independent Directors as required by the Listing Requirements. The Company recognises the contribution of Independent Directors as vital 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.

Nomination Committee

During the financial year ended 31 December 2012, the Board had a Nomination Committee comprising two Independent Directors and one Non-Independent Non-Executive Director. 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 in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

Criteria for recruitment and assessment

The Nomination Committee also ensures that the Board has an appropriate balance of a broad range of skills, expertise, experience and competence. Applying these criteria, the Company welcomes opportunities to add to its Board suitable and professional candidates to promote gender and boardroom diversity as well as to ensure a highly effective and committed Board of Directors. 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 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, upon 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 shall retire from office once at least in each three years but shall be eligible for re-election.

Board remuneration policies and procedures

During the financial year ended 31 December 2012, the Remuneration Committee comprised two Independent Directors and one Non-Independent Non-Executive Director. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors.

The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The Executive Directors are not present when matters affecting their own remuneration arrangements are considered.

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 subject to the approval of shareholders at each Annual General Meeting. The non-executive members of the Board of Directors receive a fixed base fee as consideration for their Board duties. In addition, the Board members receive a fixed fee for their work on committees established by the Board.

  The remuneration of the Board of Directors is determined on the basis of standards in the market and reflects demands to the expected competencies and efforts in light of the scope of their work and the number of board and board committee meetings.

- **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. Bonuses 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. A scheme of retirement gratuity is also provided for all eligible Directors and is reviewed annually by the Remuneration Committee and approved by the Board.

- **Other Benefits**

  Other benefits include car and driver allowances as well as medical insurance coverage.

Details of the Directors' remuneration are set out on page 39.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Assessment of Independent Directors

The independence of Directors is assessed against a list of criteria and materiality thresholds that have been incorporated into the MBMR Board Charter. Each Director, other than Tan Sri Lee Lam Thye, who is listed as an Independent Director complies with the relevant criteria for independence set out in the Board Charter. However, with regards to the Listing Requirements, Tan Sri Lee remains an independent Director of the Company.

Statement on **Corporate Governance**

Tenure of Independent Director not to exceed nine years

The Company has one member of the Board, Tan Sri Lee, whose tenure as an Independent Director as at 31 December 2012 exceeded nine years. Tan Sri Lee will cease to be a Director of the Company with effect upon the conclusion of the next Annual General Meeting. As at the date of this Statement, there are two Independent Directors on the Board whose individual tenure does not exceed nine years.

Chairman and Managing Director

The roles of Chairman and Managing Director of MBMR are undertaken by separate persons. The Chairman is a Non-Executive member of the Board.

Non-Independent Chairman

Departure from Recommendation: The MCCG 2012 recommends that the Chairman of the Board should be an Independent Director where the majority of the Directors are not independent. The Chairman, Dato' Abdul Rahim Abdul Halim, is not considered independent by virtue of his significant shareholding interest in the Company.

The Board believes that the interests of shareholders are best served by a Chairman who is sanctioned by shareholders and who will act in the best interests of shareholders as a whole. The Chairman is a Non-Executive Director with over 40 years' experience in management and the automotive industry; with his skills, knowledge and experience considerably adding to the depth of decisions made by the Board, he is well placed to act in the best interests of all shareholders.

PRINCIPLE 4: FOSTER COMMITMENT

Commitment expectations

The Board and Board committees have regular pre-scheduled meetings annually. As the meeting dates for the next financial year are decided a year in advance by the Board, members of the Board are aware of the commitments with respect to time and resources that each has to commit as a member of the Board and each committee.

Details of attendance of Board and Board Commitee meetings are set out on page 38.

Continuing education programmes

The Company arranges relevant training programmes for all Directors to meet the Bursa Malaysia Securities Berhad's Mandatory Accreditation Programme requirements. In addition, individual Directors may also attend additional training courses according to their needs as a Director or member of Board Committees on which they serve. In 2012, all Directors attended various development and training programs to further enhance their skill and knowledge in compliance with paragraph 15.08 of the Listing Requirements.

Details of the trainings attended are set out on page 39.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

On behalf of the Board, the Audit Committee monitors:

(a) the integrity of the MBMR's financial reporting and the operation of the financial reporting processes. The processes are aimed at ensuring that the year-end and interim financial statements and related notes are complete, in accordance with applicable law and accounting standards, and give a true and fair view of MBMR's financial position. During its review of the year-end financial statements, the Audit Committee meets at least once with the external auditor in the absence of management;

(b) the appointment of the external auditor. The Audit Committee reviews the appointment, the terms of the engagement and the performance of the external auditor prior to making recommendations to the Board on the appointment of the external auditor; and

(c) the engagement of the internal audit firm (as MBMR has an outsourced internal audit undertaking). The Audit Committee reviews the terms of engagement and the performance of the internal audit team performing the internal audit function on behalf of MBMR. It also approves the scope and implementation of the internal audit role and the annual plans.

For financial reporting through quarterly reports to Bursa Malaysia Securities Berhad 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 47 of this annual report.

Assessment of External Auditors

The Audit Committee reports to the Board, prior to the approval of the quarterly and year-end financial reports on its monitoring of the independence and suitability of the external auditor.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound risk management framework

MBMR has established policies and procedures for the oversight and management of material business and financial risks as well as the monitoring of the internal controls that are in place.

The risk management policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of the businesses of the MBMR Group. The risks covered in the procedures and reviewed by the internal audit group include operational, market (both business and finance risks), legal and credit risks. The Management and the Board also carry out a regular review of political, regulatory and economic risks in line with the Board's oversight of the strategic direction and position of MBMR within the marketplace it operates.

Internal audit function reporting to the Audit Committee

MBMR's management has devised and implemented a risk management system appropriate to the MBMR Group's operations. Management is charged with monitoring the effectiveness of this risk management system and is required to report on the adequacy of the internal controls put in place to the Board via the Audit Committee. The Internal Auditor reports to the Audit Committee which oversees the MBMR's risk management policy.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Appropriate corporate disclosure policies and procedures

MBMR has a corporate disclosure policy which seeks to promote effective communication to its shareholders and other stakeholders. The policy emphasises timely and complete disclosure of all relevant information to shareholders as required by the Listing Requirements and applicable laws and is in line with MBMR's policy of building and maintaining a sustainable business based on delivering value to its shareholders. The communication channels include MBMR's annual reports, disclosures and announcements made to Bursa Malaysia Securities Berhad, press statements and other public communications, notices of meetings and explanatory documents issued to shareholders.

Using information technology for effective dissemination

MBMR has a corporate website which provides copies of all public communications and other relevant company information.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Dialogue Between the Company and Shareholders/ 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 Securities Berhad have been made. During the year 2012, the Company held formal analysts/fund managers briefings on 27 February 2012, 10 August 2012 and 20 November 2012, conducted by the Managing Director and senior executives of the Group.

Encourage Shareholder Participation at General Meetings

The Annual General Meeting is the principal forum for dialogue with shareholders. MBMR makes every effort to encourage maximum participation of shareholders at the Annual General Meeting and extraordinary general meetings. Notice of the Annual General Meeting and Annual Report 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.

Statement on **Corporate Governance**

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.

Poll Voting

MBMR has in place a procedure to draw shareholders' attention to their rights to demand poll voting in respect of resolutions put before the shareholders at general meetings. In addition, MBMR will conduct poll voting in respect of certain shareholders' resolutions as required by the Listing Requirements.

Communications and Engagements with Shareholders

Aside from general meetings, MBMR encourages shareholders to provide feedback and raise queries to the Company through other channels of communication including the use of the corporate website, by email or sending written communications to MBMR's Company Secretary or to the Company directly.

STATEMENT OF COMPLIANCE

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. Apart from noted departures, the Board considers that the Company is in compliance with the Principles and Recommendations set out in MCCG 2012 as at the date of this Statement.

This Statement is made in accordance with the resolution of the Board of Directors dated 18 April 2013.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS, BOARD COMMITTEE MEETINGS AND ANNUAL GENERAL MEETING

	BODM	ACM	NCM	RCM	AGM
Independent Non-Executive Directors					
Encik Iskander Ismail Mohamed Ali	4/5	4/4	1/1	1/1	1/1
Tan Sri Lee Lam Thye	5/5	4/4	1/1	1/1	1/1
Encik Mustapha Mohamed (appointed on 25 February 2013)					
Non-Independent Non-Executive Directors					
Dato' Abd Rahim Abd Halim	5/5				1/1
Encik Aqil Ahmad Azizuddin	4/5	4/4			1/1
Mr. Low Hin Choong	5/5			1/1	1/1
Mr. Wong Wei Khin	5/5		1/1		1/1
Non-Independent Executive Director					
Mr. Looi Kok Loon	5/5				1/1
Total number of meetings for 2012	5	4	1	1	1

Chairman
Member
Non-member

BODM : Board of Directors' Meeting
ACM : Audit Committee Meeting
NCM : Nomination Committee Meeting
RCM : Remuneration Committee Meeting
AGM : Annual General Meeting

DIRECTORS' TRAINING

No.	Director's Name	Seminar Name	Organiser	Date	Duration
1.	Mr. Low Hin Choong Encik Aqil Ahmad Azizuddin	How Countries Compete	Conducted by Professor Richard Victor, Harvard Business School	5 March 2012	½ day
2.	Mr. Low Hin Choong	Investment Talk	Pheim Unit Trusts Bhd	26 June 2012	½ day
3.	Mr. Looi Kok Loon	Advocacy Session for Disclosure for CEOs and CFOs	Bursa Malaysia Securities Berhad	3 July 2012	½ day
4.	Mr. Low Hin Choong	Penetration Test on IT Installations	EC-Council Academy Malaysia	18 July 2012	½ day
5.	Mr. Low Hin Choong	Network Security	EC-Council Academy Malaysia	24 July 2012	½ day
6.	Dato' Abdul Rahim Abdul Halim Mr. Looi Kok Loon Tan Sri Lee Lam Thye Encik Iskander Ismail Mohd Ali Encik Aqil Ahmad Azizuddin Mr. Low Hin Choong Mr. Wong Wei Khin	Directors Workshop on The Malaysian Code on Corporate Governance 2012 (MCCG 2012)	In house, conducted by Mr. Lee Min On, Partner KPMG Malaysia, organised by the Malaysian Alliance of Corporate Directors	7 November 2012	½ day

DIRECTORS' REMUNERATION

Directors	Number of Directors 2012	Number of Directors 2011
Executive Directors:		
RM800,001 – RM850,000	-	1
RM1,100,001 – RM1,150,000	1	-
Non-Executive Directors:		
Below RM50,000	-	1
RM50,001 – RM100,000	4	5
RM100,001 – RM150,000	1	-
RM400,001 – RM450,000	1	-

	2012	2011
Directors of the Company		
Executive:		
Salaries and other emoluments	884	600
Bonus	243	215
	1,127	815
Non-Executive:		
Salaries and other emoluments	362	-
Fees	463	403
	825	403
	1,952	1,218

Statement on Risk Management and **Internal Control**

This statement is prepared in accordance with the requirement under Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". The Board of Directors of MBMR is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its corporate and business objectives.

RESPONSIBILITIES

The Board has overall responsibility for overseeing the Group's internal control and risk management systems and for reviewing their adequacy and effectiveness. This process lends support to the role of management of implementing the various policies on risk and control, which have been approved by the Board. Due to limitations that are inherent in any system of internal controls, these systems are designed to manage and mitigate, rather than eliminate, the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such systems of internal controls and risk management can only provide reasonable, and not absolute, assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Group has in place an on-going process for identifying, evaluating and managing the significant risks for the financial year under review and up to the date of approval of the Annual Report and financial statements. The Board has delegated its authority to the Audit Committee to review and determine the levels of different categories of risk, whilst Management and Heads of Business Units are delegated the responsibility to manage risks related to their respective operating business units. The process requires the Management and Heads of Business Units to comprehensively identify and assess the relevant types of risks in terms of likelihood and magnitude of impact, as well as to identify and evaluate the adequacy and effectiveness of applying the mechanisms in place to manage and mitigate these risks. Key risks relating to the Group's operations are deliberated at the business units' and Company's monthly meetings attended by key management personnel and significant risks are communicated to the Board at their scheduled meetings.

The Audit Committee also has oversight on ensuring compliance with applicable laws, the Listing Requirements, terms and conditions of contracts to which the Group is a party and the conditions of business licenses held by the Group.

The Management is responsible for creating an awareness culture to ensure greater understanding of the importance of effective internal control and risk management systems and that its principles are embedded in key operational processes. This is undertaken through the Group's Code of Conduct, procedures and policies manuals, staff briefings, leadership by example and the Group's remuneration policies.

In light of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued on 31 December 2012, the Board will re-evaluate the existing risk management practices to ensure that it is appropriate and continues to remain relevant to the Group's requirements.

INTERNAL AUDIT FUNCTION

The Audit Committee evaluates the effectiveness of internal auditor in relation to their defined responsibilities. The independent internal audit function is outsourced to a professional service firm which carries out the internal audit reviews based on internal audit plans approved by the Audit Committee and consequentially, the Board of Directors. The internal audit plans are designed using a risk-based approach, based on the risks identified and assessed by the Management. The results of the audits are presented to the Audit Committee at their quarterly meetings.

Follow up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the Audit Committee at their quarterly meetings.

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

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. Further details of the Group's financial risk management policies are set out in Note 49 to the financial statements.

2. The Board receives and reviews regular reports from the management on key operating statistics, legal, regulatory and environment matters that affect the Group operations. The Board approves appropriate responses, or significant amendments to the Group's policies, if required.

3. There is a comprehensive budgeting and forecasting system in place that is governed by the policies and guidelines of the Group. The financial results of the various business lines of the Group are reported monthly in the management reports where variances are analysed against respective budget and acted on in a timely manner. Where necessary, budgets are revised at mid-year, taking into account any changes in business conditions.

4. The Group's Internal Auditors, reporting to the Audit Committee, performs regular reviews of business processes against documented and approved policies to assess the overall continuing effectiveness of internal controls and highlight any significant deviation from these policies that might enhance risks faced by the Group. The Audit Committee conducts annual reviews on the adequacy of the internal audit function'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 Auditors, the External Auditors and the Management.

6. There is a clearly defined framework for appraising significant transactions that involve commitment of the Group's assets, such as the acquisition and disposal of any business, acceptance of projects, capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.

7. Policies and standard operating procedures and policies manuals are sent to all employees and these also include the Group's reporting hierarchy.

8. There is Board representation in the Group's associated companies. Information on the financial performance of the associated companies is provided regularly to the Management of the Company, and ultimately to the Board of MBMR.

REVIEW AND CONCLUSION

Throughout the financial year 2012, the business and operational risks of the Group were adequately and satisfactorily managed. Non-major internal control weaknesses identified have not resulted in any material loss that would require disclosure in the Group's financial statements.

The external auditors have reviewed this Statement of Risk Management and Internal Control, in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require them to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk. In accordance with the external auditors' report issued to the Board, nothing has come to their attention that resulted in them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control and risk management systems of the Group.

The Board has also received assurance from the Managing Director (also the Chief Executive Officer) and the Group Financial Controller (the Chief Financial Officer) that the Group's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the risk management framework implemented throughout the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2013.

Report On **Audit Committee**

MEMBERSHIP OF THE AUDIT COMMITTEE AND ATTENDANCE

Chairman
Encik Iskander Ismail Mohamed Ali
Independent Non-Executive Director

Members
Tan Sri Lee Lam Thye
Independent Non-Executive Director

Encik Aqil Ahmad Azizuddin
Non-Independent Non-Executive Director

Committee Members	Number of Audit Committee meetings held during members' tenure in office	Number of meetings attended by members
Encik Iskander Ismail Mohamed Ali	4	4
Tan Sri Lee Lam Thye	4	4
Encik Aqil Ahmad Azizuddin	4	4

The Audit Committee met on 21 February 2012, 23 May 2012, 6 August 2012 and 5 November 2012, and was fully attended by all members standing as of these dates. The Managing Director, Group General Manager, Group Financial Controller and Internal Auditor were invited to the meetings to brief the Audit Committee on the activities involving their areas of responsibilities. At the appropriate instances, the External Auditor and other members of management were invited to attend the Audit Committee meetings.

COMPOSITION AND TERMS OF REFERENCE

1. Members

The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members, a majority of whom are independent and all shall be Non-Executive Directors, consistent with the Best Practices of the Malaysian Code on Corporate Governance 2012 released by the Securities Commission on 29 March 2012.

All members of the Audit Committee have a working familiarity with basic finance and accounting practices, and one of its Independent Non-Executive members is a member of the Malaysian Institute of Accountants.

No alternate director shall be appointed as a member of the Audit Committee. The Board of Directors shall review the terms of office and performance of its members once every three years to determine whether they have carried out their duties in accordance with their terms of reference.

Should a vacancy in the Audit Committee occur resulting in the non-compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

2. Chairman

The Chairman of the Audit Committee shall be approved by the Board of Directors and shall be an Independent Non-Executive Director.

3. Meetings

The Audit Committee meets at least four times a year, or more frequently, at its discretion. The Managing Director, Group Financial Controller, Internal Auditors and representatives of the external auditors will normally attend these meetings. Other Board members and members of the Group's management may attend meetings upon invitation of the Audit Committee.

However, the Audit Committee will meet at least once a year with the External Auditors without the presence of Executive Directors and the management. The External Auditors have the right to appear and be heard at any meetings of the Audit Committee and shall appear before it when required to do so by the Audit Committee.

The Company Secretary shall be Secretary of the Audit Committee.

4. Quorum

A quorum should be two (2) independent members, one of whom shall be the Chairman of the Audit Committee.

5. Authority

The Audit Committee is authorised by the Board of Directors to review any activity within its terms of reference. The Audit Committee is authorised to seek any information it may require from any director or member of management and it has full and unrestricted access to any information pertaining to the Group.

The Audit Committee shall obtain external professional advice and secure the attendance of outsiders with the relevant experience if deemed necessary, the expense of which will be bourne by the Company.

The Audit Committee shall have direct communication channels and be able to convene meetings with the External Auditors, without the presence of Non-Independent Directors, if deemed necessary.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee are:

1. Financial Reporting

- To review the quarterly and year-end financial statements of the Group and the Company with Management, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions and compliance with applicable approved accounting standards and other legal and regulatory requirements;
- To discuss and note any new financial accounting standards that may be adopted into the financial reporting of the Group for any financial year;
- To prepare the annual Audit Committee Report for inclusion in the Group's Annual Reports; and
- To review the Board's Statements of Compliance with the Malaysian Code of Corporate Governance 2012 for inclusion the Group's Annual Reports.

2. Internal Control and Risk Management Reviews

- To review annually the Group's critical areas of risk, and to ensure that these risks are properly identified, assessed and monitored;
- To ensure that the Group's systems of internal controls have been properly conceived and are in place;
- To ensure that there is proper compliance with the Group's established internal policies and procedures and that exceptions are reported to the Committee; and
- To recommend to the Board of Directors steps to improve the Group's systems of internal control and to minimize critical risks (as well as maximize areas of available opportunities) derived from the findings of the internal and external auditors.

3. Internal Audit

- To review annually the adequacy of the scope, functions and resources of the internal auditors, and ensure that they have the necessary authority to carry out their work;
- To ensure that the importance and necessity of the internal audit functions are communicated effectively throughout the Group;
- To approve any appointment or termination of senior internal auditors; and
- To take cognizance of resignations of internal auditors and provide the opportunity for any resigning audit member to submit his reasons for resigning.

4. Related Party Transactions

- To review recurrent related party transactions entered into by the Company, Group and its subsidiaries; and
- To consider any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that may affect management integrity.

Report On **Audit Committee**

5. External Audit

- To consider the appointment of the External Auditors, the audit fees and any questions of as to their resignation or dismissal;

- To discuss with External Auditors before the audit commences, their audit plan, the nature and scope of their audit;

- To discuss and resolve any problems and reservations arising from the interim and final audit of the Group's financial statements that the External Auditors might have, and discuss any matters the External Auditors may wish to table (in absence of management where necessary), before recommendation to the Board of Directors for their approval;

- To review with External Auditors the Group's Statement of Risk Management and Internal Control before recommendation of the same for inclusion into the Group's Annual Reports; and

- To review the External Auditors' management letters and management's responses.

6. Others

- To have explicit authority to investigate certain matters, with the resources with which it needs to do so, e.g. professional advice, and with full access to information;

- To consider the major findings of any internal investigation and the management's response;

- To promptly report to Bursa Malaysia Securities Berhad on matters reported by it to the Board that have not been satisfactorily resolved that may result in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad; and

- To act on any matter as directed by the Board of Directors.

7. Occupational Safety, Health and Environment Compliance

- To receive regular updates from the Safety and Health Committee regarding compliance with related laws and regulations and monitor such compliance, excluding, however, legal compliance matters subject to the oversight of the Safety and Health Committee.

- To review the measures taken to ensure the occupational safety and health of persons at the workplace and investigate any related matters arising.

- To review the findings of any examination of non-compliance by regulatory authorities and internal auditors' observations relating to occupational safety and health matters.

- The Group's Safety and Health Committee was established on 11 August 2011. It met three times during 2012 and reports on safety, health and related legal requirements were tabled at the Audit Committee for adoption.

SUMMARY OF ACTIVITIES DURING 2012

In 2012, the Audit Committee discharged its duties in accordance to its Terms of Reference and its Responsibilities and Duties.

The Committee met four times during 2012, undertaking the following activities:

1. Financial Reporting

- Reviewed the financial statements and the quarterly announcements to Bursa Malaysia Securities Berhad, with emphasis on significant changes to accounting policies and practices, adjustments arising from audits, compliance with accounting standards and other legal requirements, before presentation of these financial statements and announcements to the Board of Directors for their approval, and subsequent release of the quarterly announcements to Bursa Malaysia Securities Berhad.

- Arranged for Directors to be updated on any new Malaysian and International Financial Reporting Standards that would be adopted into the quarterly and annual financial reports of the Group.

2. Internal Control and Risk Management Reviews

- Reviewed the Group's risk management, especially on those areas where the policies and procedures were in the process of being completed and on where there were previously identified weaknesses.

- Reviewed the reports and recommendations of the internal and external auditors on the Group's risk areas and systems of internal controls and made the appropriate recommendations to the Board of Directors.

- During 2012, an Executive from the Organization & Methods Department was given the task of reviewing the Policies & Procedures Manuals of the Group and its subsidiaries, prioritising those areas where non-compliance to recommended procedures could possibly result in material losses of Group assets. This exercise was carried out in conjunction with the ongoing reviews of the systems of internal controls of the Group and its subsidiaries by the Group's Internal Auditor.

3. Internal Audit

- Discussed with internal auditors on their scope of work, adequacy of resources, management and employee cooperation and co-ordination with external auditors.

- Reviewed the reports prepared by the internal auditors on the state of internal control over the Group's functions and processes and any matters arising there from to ensure that appropriate action has or will be immediately taken to overcome any weaknesses, according to the internal audit recommendations.

4. Related Party Transactions

- Reviewed related party transactions entered into by the Group and its subsidiaries to ensure that they were transacted in accordance with best practices.

5. External Auditors

- Reviewed with the External Auditors the Group's Statement on Risk Management and Internal Control before recommending the same for inclusion in the Group's 2012 Annual Report.

- Reviewed the financial statements together with External Auditors' management letter and management's responses, before recommending approval of the financial statements and reporting the external audit findings to the Board of Directors.

- Reviewed and discussed with External Auditors their audit plan and scope for the year as well as the audit procedures to be utilised.

- Reviewed the external audit findings, focusing on the steps taken and assurances given by employees of the Group to be satisfied that all appropriate steps have been taken.

6. Others

- The Chairman of Audit Committee regularly engaged with the Managing Director, the Group Financial Controller and the Internal Auditors in order to be kept informed of matters with regards to the Group and the Company's affairs in a timely manner.

- An independent consulting firm was appointed to conduct a fair value exercise relating to the recent acquisition of a subsidiary, a report of which was submitted to the Audit Committee.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function is outsourced to a professional service company, Audex Governance Sdn Bhd, and they report directly to the Audit Committee. The principal responsibility of the Group's Internal Auditor is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that these systems are adequate and effective, and continue to operate satisfactorily within the Group. The scope of work of the Group's Internal Auditor is determined and approved by the Audit Committee, and takes into consideration feedback from Executive Management.

The cost incurred for the internal audit function in the financial year 2012 was made up of fees paid to the Internal Auditors amounting to RM213,000.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDITOR DURING 2012

During the financial year ended 31 December 2012, the Group's Internal Auditor's activities were as follows:

- Conducted audits in accordance with the audit plan approved by the Audit Committee. This included follow up reviews to determine the status of implementation of agreed management action plans.

- Presented the results of the audits to the Audit Committee at their quarterly meetings.

Other Information Required by the Listing Requirements of **Bursa Malaysia Securities Berhad**

1. SHARE BUYBACK

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

2. OPTIONS or WARRANTS

During the financial year, 479,000, 466,000, 252,770 and 163,130 options shares of par value RM1.00 were exercised at an issue price of RM2.54, RM2.43, RM1.72 and RM1.654 per share respectively. Total number of unexercised share options that expired on 1 September 2012 was 1,204,100.

On 15 June 2012, The Company issued 73,165,836 warrants. During the financial year, 2,300 warrants were exercised at an exercise price of RM3.20 per warrant. Total number of unexercised warrants as at 31 December 2012 was 73,163,536.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") or GLOBAL DEPOSITORY RECEIPT ("GDR")

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

4. UTILISATION OF PROCEEDS

On 21 June 2012, the Company completed a Rights Issue with Warrants and issued 73,165,836 new ordinary shares with 73,165,836 warrants at an issue price of RM1.42 per share, raising a total cash proceeds of RM103,895,487.

Proceeds from the Rights Issue with Warrants have been utilised as follows:

	Expected time frame for utilisation	Expected utilisation RM'000	Utilisation as at 31 December 2012 RM'000
1. Expansion of retail and service network	Within 24 months	30,000	-
2. Expansion of automotive manufacturing division	Within 24 months	50,000	33,054
3. Repayment of borrowings	Within 6 months	20,000	20,000
4. Working capital and expenses for Bonus Issue and Rights Issue with Warrants	Within 1 month	3,895	3,895
		103,895	56,949

5. 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.

6. NON-AUDIT FEES

The non-audit fees paid to the External Auditors by the Group and by the Company during the year was RM60,000.

7. 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.

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACTS

There have been no material contracts involving Directors and Major Shareholders' interests entered into since the end of previous financial year.

Directors' Responsibilities Statements In Relation to the **Financial Statements**

This statement is prepared as required by the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company 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 adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the requirements of 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.

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 31.12.12 (RM'000)
Proprietor: Daihatsu (Malaysia) Sdn. Bhd.					
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land with building used as workshop	22	Leasehold (expiring on 26.1.2087)	6,640
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land with building used as workshop	20	Leasehold (expiring on 13.3.2074)	1,320
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	20	Freehold	104
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	24	Leasehold (expiring on 12.1.2086)	5,917
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	20	Leasehold (expiring on 26.1.2087)	4,297
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	20	Leasehold (expiring in year 2092)	1,015
Apartment 401 Block 2, Jalan SS18/47 40000 Shah Alam Selangor Darul Ehsan	(66)	3-bedroom apartment used as accommodation for employees when attending training	20	Leasehold (expiring on 29.7.2096)	33
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	19	Leasehold (expiring on 8.3.2081)	594
47, Jalan Tun Abdul Razak (Jalan Maxwell), 30100 Ipoh Perak Darul Ridzuan	3,728 (750)	Land with double-storey building used as showroom and workshop	23	Freehold	1,787
32, Jalan Tun Razak (Jalan Larkin) 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	17	Leasehold (expiring on 21.12.2030)	1,226

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.12 (RM'000)
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	16	Leasehold (expiring on 12.1.2086)	399
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 ½-storey terrace factory used as workshop	19	Leasehold (expiring in year 2092)	990
1, Jalan Memanda 7/1 Ampang Triangle, Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 ½-storey shop lot used as showroom	17	Freehold	1,285
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	16	Freehold	2,183
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	18	Freehold	1,869
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	16	Leasehold (expiring on 6.2.2094)	564
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	16	Leasehold (expiring on 6.2.2094)	748
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	14	Leasehold (expiring in year 2094)	3,892
Lot 48 & 57 Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	18	Freehold	3,491
Units 3, 4, 7 and 8, Level 4 and 5 Block K, Bandar Bukit Beruntung Apartments, Selangor Darul Ehsan	(653)	8 units apartments	18	Freehold	117
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	18	Leasehold (expiring on 12.1.2067)	7,509

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 31.12.12 (RM'000)
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	20	Freehold	1,686
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	21	Freehold	188
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	11	Leasehold (expiring in year 2098)	10,474
No 1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan, Selangor	25,287	Industrial land with 2 ½ semi-detached factory	13	Leasehold (expiring on 7.4.2088)	2,128
Lot 65, Section 22 Kuching Town District Sarawak	3,173	Industrial land with building used as showroom and workshop	10	Leasehold (expiring on 31.12.2090)	2,274
1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,361	Industrial land with building used as showroom, workshop and office	6	Leasehold	10,486
No 57, Jalan BRP 1/4 Bukit Rahman Putra 47000 Sg. Buloh, Selangor	(1,180)	3 ½-storey corner shop	8	Freehold	1,644
No.29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	(632)	3 ½-storey shop lot	6	Leasehold (expiring in16.6.2095)	943
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	5	Leasehold (expiring in 27.4.2068)	8,039
Proprietor: DMM Sales Sdn. Bhd.					
1262, Jalan Baru 13700 Perai Pulau Pinang	10,775	Industrial land with building	14	Freehold	1,317
No 1, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat, Johor	6,787	Industrial land with building	13	Freehold	1,203

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.12 (RM'000)
Lot No. 27140 Bandar Seremban Utama Seremban, Negeri Sembilan	1,740	Industrial land	0	Freehold	93
Proprietor: Federal Auto Holdings Berhad					
Lot 15, Section 95A No 9, Jalan Klang Kuala Lumpur	5,213	Commercial land under development	43	Freehold	7,102
1103TS 910 NED Penang 89-A Sungei Pinang Road, Penang	1,874	Industrial land with building used as showroom, workshop and office	30	Freehold	2,955
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	30	Freehold	2,908
Lot No. 420 Mukim of Tebrau District of Johor Bahru, Johor	10,652	Industrial land with building used as showroom, workshop and office	29	Freehold	3,719
Lot 43, Jalan Pelukis U/46 Seksyen U1, Mukim Damansara Daerah Petaling	7,657	Industrial land with building used as showroom, workshop and office	4	Freehold	23,880
Proprietor: F.A. Serve Sdn. Bhd.					
Lot No. PT 13270 Mukim of Batu District of Kuala Lumpur	2,608	Petrol station	11	Freehold	2,092
Proprietor: KMA Marketing Sdn. Bhd.					
SEDCO/LIKAS Industrial Estate Kolombong, Off Jalan Tuaran 88450 Kota Kinabalu, Sabah	6,235	Industrial land with building used as showroom, workshop and office	30	Leasehold (expiring on 31.12.2034)	461
Units Nos. 2-1-14B and 2-1-15 Level 1, Ground Floor Wawasan Plaza Kota Kinabalu, Sabah	333	Level One (Ground Floor) shop units for rent	14	Leasehold (expiring on 31.12.2086)	2,434

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 31.12.12 (RM'000)
Proprietor: Hirotako Acoustics Sdn. Bhd.					
H.S. (D) 63563, PT No 560 Mukim Damansara Daerah Petaling Negeri Selangor	24,212	Industrial land with building used as manufacturing plant and office	7	Freehold	17,232
Lot 308 & 316 Block 26, Lot 601 Block 30, and Lot 308 & Lot 313 Block 39 Jalan Selayang Satu 27/27A Taman Bunga Negara, Section 27 40400 Shah Alam Selangor Darul Ehsan	(344)	5 units of apartment	16	Freehold	431
Proprietor: Autoliv Hirotako Sdn. Bhd.					
Lot 1989, 4068 & 4069 Mukim Kajang, Daerah Hulu Langat Selangor Darul Ehsan	45,414	Industrial land with building used as manufacturing plant and office	9	Freehold	26,540
Proprietor: Oriental Metal Industries (M) Sdn. Bhd.					
Lot 51 Jalan Utas 15/7 40200 Shah Alam, Selangor	26,756	Industrial land with building used as manufacturing plant and office	28	Leasehold (expiring on 4.5.2074)	17,237
Lot 15017, Seksyen 20 Mukim Serendah Daerah Hulu Selangor	79,920	Industrial land with building used as manufacturing plant and office	4	Leasehold (expiring on 25.10.2098)	70,851
Proprietor: Summit Vehicles Body Works Sdn. Bhd.					
Lot 42684, Jalan Omboh 34/1 Off Jalan Bukit Kemuning, Seksyen 34 40470 Shah Alam, Selangor	13,850 (2,637)	Industrial land with building used as manufacturing plant and office	6	Freehold	6,107
				TOTAL	270,404

Analysis of **Shareholdings**

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2013

Authorised Share Capital	:	500,000,000
Paid-up & Issued Share Capital	:	390,637,453
Type of Shares	:	Ordinary Shares of RM1.00 each
No. of Shareholders	:	3,276
Voting Rights	:	One (1) vote per ordinary share

SIZE OF SHAREHOLDINGS
as at 30 April 2013

	No. of Holders	%	No. of Shares	%
1 - 99	517	15.78	10,849	-
100 - 1,000	249	7.60	138,971	0.04
1,001 - 10,000	1,884	57.51	6,637,655	1.70
10,001 - 100,000	458	13.98	14,530,287	3.72
100,001 - 19,531,871	164	5.01	130,998,351	33.53
19,531,872 and above (*)	4	0.12	238,321,340	61.01
	3,276	100.00	390,637,453	100.00

*5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS
as at 30 April 2013

		Direct Interest		Indirect Interest [a]	
	Name of Shareholders	No. of Shares Held	%	No. of Shares Held	%
1.	Med-Bumikar Mara Sdn. Bhd.	193,504,349	49.54	2,213,402	0.57
2.	Employees Provident Fund Board	54,119,091	13.85	-	-

Notes:

a Include deemed interest by virtue of its shareholding in Central Shore Sdn. Bhd.

Substantial shareholders have an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum of the aggregate of the nominal amounts of all the voting shares in the company.

Analysis of **Shareholders**

CATEGORY OF SHAREHOLDERS

as at 30 April 2013

	Category of Shareholders	No.of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individual	287	2,369	25	7,943,149	38,096,394	295,133	2.03	9.75	0.08
2	Body Corporate									
a.	Banks/ Finance Companies	11	-	2	21,947,820	-	936,300	5.62	-	0.24
b.	Investment Trusts/ Foundation/ Charities	3	-	-	483,832	-	-	0.12	-	-
c.	Other types of Companies	18	66	1	113,359,452	16,267,738	6,132	29.02	4.16	0.00
3	Government Agencies/ Institutions	2	-	-	44,151	-	-	0.01	-	-
4	Nominees	221	209	62	6,688,996	175,146,400	9,421,956	1.71	44.84	2.41
5	Others	-	-	-	-	-	-	-	-	-
	SUB TOTAL	542	2,644	90	150,467,400	229,510,532	10,659,521	38.52	58.75	2.73
	MALAYSIAN TOTAL	3,186			379,977,932			97.27		
	GRAND TOTAL (Malaysian + Foreign)			3,276			390,637,453			100.00

DIRECTORS' SHAREHOLDINGS

as at 30 April 2013

	Name of Shareholders	No. of Shares Held				%
		Direct	Indirect		Total	
1.	Dato' Abdul Rahim Abdul Halim	1,056,276	2,100,000	[1]	3,156,276	0.81%
2.	Mr. Looi Kok Loon	1,250,715	5,318,538	[2]	6,569,253	1.68%
3.	Tan Sri Lee Lam Thye	-	-		-	0.00%
4.	Encik Iskander Ismail Mohamed Ali	-	-		-	0.00%
5.	Encik Aqil Ahmad Azizuddin	504,219	3,003,099	[2]	3,507,318	0.90%
6.	Mr. Low Hin Choong	32,000	1,432,956	[1]	1,464,956	0.38%
7.	Mr. Wong Wei Khin	165,232	864,000	[2]	1,029,232	0.26%
8.	Encik Mustapha Mohamed	-	-		-	0.00%

[1] Deemed interest by virtue of shares held by close family members
[2] Deemed interest by virtue of shares held by close family members and related company

LIST OF TOP 30 SHAREHOLDERS

as at 30 April 2013

No.	Names	Holdings No. of Shares	%
1	MED-BUMIKAR MARA SDN. BHD.	111,204,349	28.47
2	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN. BHD. (SAM)	46,500,000	11.90
3	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	44,816,991	11.47
4	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN. BHD. (PIVB)	35,800,000	9.16
5	LEMBAGA TABUNG HAJI	15,937,800	4.08
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	9,975,500	2.55
7	YAP LIM SEN	6,623,288	1.70
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,955,200	1.01
9	FEDERAL REALTY COMPANY SDN. BHD.	3,596,788	0.92
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	3,594,100	0.92
11	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	3,291,520	0.84
12	LOOI KUM PAK @ LOOI KAM PHAK	3,190,898	0.82
13	ONG CHOO BOO & SONS SDN BERHAD	2,750,233	0.70
14	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. ING INSURANCE BERHAD (INV-IL PAR)	2,708,900	0.69
15	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,440,702	0.62
16	CENTRAL SHORE SDN. BHD.	2,213,402	0.57
17	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	2,200,000	0.56

Analysis of **Shareholders**

LIST OF TOP 30 SHAREHOLDERS
as at 30 April 2013

No.	Names	Holdings	
		No. of Shares	%
18	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	1,946,700	0.50
19	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (CIMB EQUITIES)	1,882,600	0.48
20	ZAHARAH BINTI NORDIN	1,660,000	0.42
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,549,920	0.40
22	LEONG CHEE KIT	1,539,851	0.39
23	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAUZAN (5170)	1,504,700	0.39
24	YAP SIEW CHIN	1,432,956	0.37
25	YAP JEK NAN	1,407,451	0.36
26	LOOI KOK LOON	1,250,715	0.32
27	NGT HOLDINGS SDN. BHD.	1,123,715	0.29
28	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR OSK-UOB EQUITY TRUST (3175)	1,100,000	0.28
29	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MALAYSIAN TRUSTEES BERHAD FOR AMB SMALLCAP TRUST FUND (240165)	1,094,340	0.28
30	ONG CHONG SOO	1,061,860	0.27
	TOTAL	**319,354,479**	**81.75**

Analysis of **Warrant Holdings**

ANALYSIS OF WARRANT HOLDINGS

as at 30 April 2013

No. of warrants in issue	:	73,163,536
Issue date	:	15 June 2012
Expiry date	:	14 June 2017
No. of Warrant holders	:	1,951
Exercise price per warrant	:	RM3.20
Conversion ratio	:	One warrant : One share

SIZE OF WARRANT HOLDINGS

as at 30 April 2013

	No. of Holders	%	No. of Warrants	%
1 - 99	240	12.30	1,314	-
100 - 1,000	660	33.83	357,736	0.49
1,001 - 10,000	705	36.14	2,721,706	3.72
10,001 - 100,000	286	14.66	8,981,933	12.28
100,001 - 3,658,175	56	2.87	17,616,799	24.08
3,658,176 and above (*)	4	0.21	43,484,048	59.43
	1,951	100.01	73,163,536	100.00

*5% and above of issued warrants

DIRECTORS’ WARRANT HOLDINGS

as at 30 April 2013

Name of Warrant Holders	No. of Warrants Held			%
	Direct	Indirect	Total	
1. Dato’ Abdul Rahim Abdul Halim	201,100	405,000 [1]	606,100	0.83%
2. Mr. Looi Kok Loon	1,270,372	998,196 [2]	2,268,568	3.10%
3. Tan Sri Lee Lam Thye	-	-	-	0.00%
4. Encik Iskander Ismail Mohamed Ali	-	-	-	0.00%
5. Encik Aqil Ahmad Azizuddin	132,134	480,280 [2]	612,414	0.84%
6. Mr. Low Hin Choong	6,000	268,679 [1]	274,679	0.38%
7. Mr. Wong Wei Khin	26,900	117,900 [2]	144,800	0.20%
8. Encik Mustapha Mohamed	-	-	-	0.00%

[1] Deemed interest by virtue of shares held by close family members
[2] Deemed interest by virtue of shares held by close family members and related company

Analysis of **Warrant Holders**

CATEGORY OF WARRANT HOLDERS

as at 30 April 2013

Category of Warrant Holders	No.of Holders			No. of Securities			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1 Individual	106	1,469	9	1,729,450	14,634,409	43,820	2.36	20.00	0.06
2 Body Corporate									
a. Banks/ Finance Companies	2	-	-	365,610	-	-	0.50	-	-
b. Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	-	-	-
c. Other types of Companies	5	37	1	23,078,417	2,435,231	1,800	31.54	3.33	0.00
3 Government Agencies/ Institutions	-	-	-	-	-	-	-	-	-
4 Nominees	167	141	14	5,581,955	24,961,824	331,020	7.63	34.12	0.45
5 Others	-	-	-	-	-	-	-	-	-
SUB TOTAL	280	1,647	24	30,755,432	42,031,464	376,640	42.04	57.45	0.51
MALAYSIAN TOTAL	1,927			72,786,896			99.49		
GRAND TOTAL (Malaysian + Foreign)			1,951			73,163,536			100.00

LIST OF TOP 30 WARRANT HOLDERS

as at 30 April 2013

No.	Names	Holdings No. of Warrants	%
1	MED-BUMIKAR MARA SDN. BHD.	22,995,518	31.43
2	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	6,888,529	9.42
3	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN. BHD. (SAM)	6,833,333	9.34
4	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN. BHD. (PIVB)	6,766,668	9.25
5	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE SOON CHEONG	1,980,800	2.71
6	LOOI KOK LOON	1,270,372	1.74
7	YAP LIM SEN	1,245,635	1.70
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	754,000	1.03
9	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW SOW LING @ HO SOW LING (CCTS)	650,000	0.89
10	FEDERAL REALTY COMPANY SDN. BHD.	614,760	0.84
11	LOOI KUM PAK @ LOOI KAM PHAK	600,000	0.82
12	ONG CHOO BOO & SONS SDN BERHAD	515,918	0.71
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TING LEONG HIENG	450,000	0.62
14	CENTRAL SHORE SDN. BHD.	420,000	0.57
15	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOOI	375,000	0.51
16	ECML NOMINEES (TEMPATAN) SDN. BHD VISITOR CHRISTIAN BROTHERS' SCHOOLS MALAYSIA (009)	348,200	0.48
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RAZALI BIN MOHAMMAD	336,200	0.46

Analysis of **Warrant Holders**

LIST OF TOP 30 WARRANT HOLDERS

as at 30 April 2013

No.	Names	Holdings	
		No. of Warrants	%
18	UOBM NOMINEES (TEMPATAN) SDN. BHD. UOB-OSK ASSET MANAGEMENT SDN. BHD. FOR UNI AGGRESSIVE FUND	321,230	0.44
19	LEE CHEN HWA	303,000	0.41
20	AUSPICIOUS ASSETS SDN. BHD.	300,172	0.41
21	ZAHARAH BINTI NORDIN	300,000	0.41
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	290,610	0.40
23	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR OSK-UOB GROWTH AND INCOME FOCUS TRUST (4892)	286,200	0.39
24	SAW KEAN HOCK	280,000	0.38
25	LOK WEI SEONG	274,500	0.38
26	YAP SIEW CHIN	268,679	0.37
27	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR THIN KIM HUAT @ LOH KIM HUAT	265,400	0.36
28	QUEK SWEE CHENG	242,300	0.33
29	LEONG CHEE KIT	241,200	0.33
30	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MALAYSIAN TRUSTEES BERHAD FOR AMB SMALLCAP TRUST FUND (240165)	234,270	0.32
	TOTAL	**56,652,494**	**77.43**

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

for the Year Ended 31st December 2012

Directors' **Report**

MBM RESOURCES BERHAD
(Incorporated in Malaysia)

The directors of **MBM RESOURCES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 50 to the financial statements.

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

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	197,318	49,669
Income tax expense	(21,898)	(8,555)
Profit for the year	175,420	41,114
Profit attributable to:		
Owners of the Company	136,442	41,114
Non-controlling interests	38,978	-
	175,420	41,114

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

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2012 are as follows:

	RM'000
In respect of the financial year ended 31 December 2012:	
First interim single tier dividend of 3% on 390,579,293 ordinary shares, declared on 9 August 2012 and paid on 10 September 2012	11,717
	11,717

On 25 February 2013, the directors declared a second interim single tier dividend of 3% on 390,637,453 ordinary shares amounting to RM11,719,000 in respect of the current financial year ended 31 December 2012.

On 4 March 2013, the directors declared a special single tier dividend of 3% on 390,637,453 ordinary shares amounting to RM11,719,000 in respect of the current financial year ended 31 December 2012.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Directors' **Report**

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM242,942,667 to RM390,637,453 by the issuance of the new ordinary shares as follows:

	RM
Exercise of options under the Employees Share Option Scheme ("ESOS")	
479,000, 466,000, 252,770 and 163,130 new ordinary shares of RM1.00 each at issue prices of RM2.54, RM2.43, RM1.72 and RM1.654 per ordinary share respectively, for cash pursuant to the exercise of options under the Company's ESOS	1,360,900
Bonus issue	
73,165,750 new ordinary shares through the capitalisation of share premium of RM33,230,750 and retained earnings of RM39,935,000	73,165,750
Rights issue with warrants	
Rights issue of 73,165,836 new ordinary shares with 73,165,836 warrants at an issue price of RM1.42 per share	73,165,836
Exercise of warrants	
Exercise of 2,300 warrants at an exercise price of RM3.20 per warrant. The warrant reserve of RM1,403 is transferred to the share premium account	2,300
	147,694,786

The resulting share premium of RM1,698,532 arising from the exercise of ESOS and warrants had been credited to the share premium account.

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

The Company did not issue any debentures during the financial year.

SHARE OPTIONS

(a) 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 ESOS expired on 1 September 2012.

The main features of the ESOS and the movements in the share options for the year ended 31 December 2011 are disclosed in Note 33(b) 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.

(b) Rights issue with warrants

On 21 June 2012, the rights issue with warrants was completed following the listing and quotation for the 73,165,836 Rights Shares together with 73,165,836 warrants on the Main Market of Bursa Malaysia Securities Berhad. The issue price of the Rights Shares was fixed at RM1.42 per Rights Share and the exercise price of the warrants was fixed at RM3.20 per warrant.

The main features of the warrants and the movements in the warrant options are disclosed in Note 33(c) to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' **Report**

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year other than as disclosed in Note 47 to the financial statements.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Abdul Rahim bin Abdul Halim
Looi Kok Loon
Tan Sri Lee Lam Thye
Iskander bin Ismail Mohamed Ali
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin
Low Hin Choong
Wong Wei Khin
Mustapha bin Mohamed (Appointed on 25 February 2013)

In accordance with Article 78 of the Company's Articles of Association, Mr Looi Kok Loon and Tan Sri Lee Lam Thye retire by rotation at the forthcoming Annual General Meeting of the Company and, only Mr Looi Kok Loon being eligible, offers himself for re-election.

Encik Mustapha bin Mohamed, who was appointed to the Board since the last Annual General Meeting, retires under Article 85 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company and in the related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Number of Ordinary Shares of RM1 each			
	As of 1.1.2012	Bought	Sold	As of 31.12.2012
Shares in the Company				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	657,828	398,448	-	1,056,276
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	560,066	264,153	(320,000)	504,219
Looi Kok Loon	443,243	807,472	-	1,250,715
Low Hin Choong	20,000	12,000	-	32,000
Wong Wei Khin	576,333	116,899	(528,000)	165,232
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	1,350,000	810,000	-	2,160,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,038,559	2,568,760	(2,604,220)	3,003,099
Looi Kok Loon	3,248,080	3,550,458	(800,000)	5,998,538
Low Hin Choong	895,598	537,358	-	1,432,956
Wong Wei Khin	866,438	973,591	(833,829)	1,006,200
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	5,686,650	309,228	(3,831,282)	2,164,596
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	1,000,000	166,667	-	1,166,667
Wong Wei Khin	1,023,489	170,581	-	1,194,070
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	2,430,065	4,889,330	-	7,319,395
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	5,799,853	966,642	-	6,766,495
Looi Kok Loon	5,882,856	980,476	-	6,863,332
Wong Wei Khin	4,544,565	757,428	-	5,301,993

(Forward)

Directors' **Report**

	Number of Warrants			
	As of 21.6.2012*	Bought	Sold	As of 31.12.2012
Warrants in the Company				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	197,348	3,752	-	201,100
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	132,019	115	-	132,134
Looi Kok Loon	135,072	678,328	(150,000)	663,400
Low Hin Choong	6,000	-	-	6,000
Wong Wei Khin	39,999	36,901	(50,000)	26,900
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	405,000	-	-	405,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	548,879	105,701	(165,300)	489,280
Looi Kok Loon	995,390	1,759,778	(1,150,000)	1,605,168
Low Hin Choong	268,679	-	-	268,679
Wong Wei Khin	266,991	43,609	(192,700)	117,900

* On 21 June 2012, the rights issue with warrants was completed following the listing and quotation for the 73,165,836 Rights Shares together with 73,165,836 warrants on the Main Market of Bursa Malaysia Securities Berhad.

By virtue of the above directors' interest in the shares of the Company and of the holding company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company and the holding company have an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements or the fixed salaries of full-time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as disclosed above.

HOLDING COMPANY

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

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 46 to the financial statements.

SUBSEQUENT EVENTS

The significant events subsequent to the end of financial year are disclosed in Note 47 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

____
ISKANDER BIN ISMAIL MOHAMED ALI

____
LOOI KOK LOON

Kuala Lumpur
18 April 2013

Statement By **Directors**

MBM RESOURCES BERHAD
(Incorporated in Malaysia)

The directors of **MBM RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of the results of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 52 to the financial statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with
a resolution of the Directors,

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ISKANDER BIN ISMAIL MOHAMED ALI

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LOOI KOK LOON

Kuala Lumpur
18 April 2013

MBM RESOURCES BERHAD
(Incorporated in Malaysia)

Declaration By the Officer Primarily Responsible for the Financial Management of **The Company**

I, **KONG KAM SEONG**, the officer primarily responsible for the financial management of **MBM RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

KONG KAM SEONG

Subscribed and solemnly declared by the abovenamed **KONG KAM SEONG** at **PETALING JAYA** this 18th day of April, 2013.

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report to the Members of **MBM RESOURCES BERHAD** (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **MBM RESOURCES BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 75 to 175.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

(Forward)

Report on Other Legal and Regulatory Requirements

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

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, as disclosed in Note 50 to the financial statements, being accounts that have been included in the financial statements of the Group.

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

(a) As stated in Note 2 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as of 31 December 2011 and 1 January 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

(Forward)

Independent Auditors' Report to the Members of **MBM RESOURCES BERHAD** (Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 52 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/14 (J)
Chartered Accountant

18 April 2013

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Statements of **Comprehensive Income**
for the Year Ended 31 December 2012

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
Revenue	5	2,267,658	1,705,573	76,933	60,634
Cost of sales	6	(2,077,772)	(1,573,381)	-	-
Gross profit		189,886	132,192	76,933	60,634
Other income		50,012	33,177	-	-
Administrative and other expenses		(84,532)	(70,715)	(7,548)	(11,483)
Selling and marketing expenses		(63,437)	(52,652)		
Finance costs	7	(25,235)	(2,129)	(21,262)	(543)
Interest income	8	5,303	2,826	1,546	1,940
Share of results of associates		125,321	107,892	-	-
Profit before tax	9	197,318	150,591	49,669	50,548
Income tax expense	12	(21,898)	(12,520)	(8,555)	(3,864)
PROFIT FOR THE YEAR		175,420	138,071	41,114	46,684
Other comprehensive income/(loss)					
Changes in fair value of available-for-sale financial assets		417	-	-	-
Share of revaluation surplus arising from fair value adjustments of assets in an associate		283	-	-	-
Net loss on cash flow hedges of an associate		(1,357)	-	-	-
Other comprehensive loss for the year		(657)	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		174,763	138,071	41,114	46,684

(Forward)

Statements of **Comprehensive Income**
for the Year Ended 31 December 2012

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
Profit for the year attributable to:					
Owners of the Company		136,442	121,237	41,114	46,684
Non-controlling interests		38,978	16,834	-	-
		175,420	138,071	41,114	46,684
Total comprehensive income attributable to:					
Owners of the Company		135,847	121,237	41,114	46,684
Non-controlling interests		38,916	16,834	-	-
		174,763	138,071	41,114	46,684
Earnings per share	13				
Basic (sen per share)		38.3	34.6		
Diluted (sen per share)		37.1	34.6		
Net dividends per ordinary share (sen)	14	3.00	14.00		

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

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

Statements of **Financial Position**
as of 31 December 2012

	Note	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	15	308,984	220,622	133,039
Investment properties	16	14,849	15,060	12,703
Prepaid land lease payments	17	39,060	39,574	39,596
Investment in associates	19	818,345	742,229	619,783
Other investments	20	1,417	7,614	1,000
Deferred tax assets	22	2,155	3,702	-
Intangible assets	23	5,951	2,321	-
Goodwill on consolidation	24	227,380	224,325	11,435
Total Non-Current Assets		1,418,141	1,255,447	817,556
Current Assets				
Property development costs	25	44,399	21,205	-
Inventories	26	393,693	261,687	199,032
Trade receivables	27	237,923	163,972	94,577
Other receivables and prepaid expenses	28	47,754	51,676	40,574
Tax recoverable		10,317	6,765	6,059
Amount owing by associates	30	67	-	-
Cash and bank balances	31	291,271	253,034	182,818
		1,025,424	758,339	523,060
Non-current assets classified as held for sale	32	-	6,103	6,103
Total Current Assets		1,025,424	764,442	529,163
Total Assets		2,443,565	2,019,889	1,346,719

(Forward)

Statements of **Financial Position**
as of 31 December 2012

	Note	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	33	390,637	242,943	242,677
Reserves	34	948,320	864,929	775,545
Equity attributable to owners of the Company		1,338,957	1,107,872	1,018,222
Non-controlling interests		221,064	200,827	145,782
Total Equity		1,560,021	1,308,699	1,164,004
Non-Current and Deferred Liabilities				
Long-term borrowings	35	316,521	332,845	21,199
Deferred tax liabilities	22	2,148	3,620	136
Provision for retirement benefits	36	2,151	1,867	1,619
Hire purchase payables - non current portion	37	23	41	56
Total Non-Current and Deferred Liabilities		320,843	338,373	23,010
Current Liabilities				
Non-cumulative redeemable preference shares	38	-	928	-
Provision for liabilities	39	5,980	9,334	3,751
Short term borrowings	35	235,532	95,301	17,483
Trade payables	40	226,630	141,619	98,208
Other payables and accrued expenses	41	93,562	122,016	38,034
Amount owing to holding company	42	205	462	646
Hire purchase payables - current portion	37	17	16	15
Tax liabilities		775	3,141	1,568
Total Current Liabilities		562,701	372,817	159,705
Total Liabilities		883,544	711,190	182,715
Total Equity and Liabilities		2,443,565	2,019,889	1,346,719

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

	Note	The Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	15	822	185	374
Investment in subsidiaries	18	514,067	485,843	104,132
Investment in associates	19	207,043	173,989	173,989
Total Non-Current Assets		721,932	660,017	278,495
Current Assets				
Other receivables and prepaid expenses	28	237	70	123
Tax recoverable		1,644	1,834	1,631
Amount owing by subsidiaries	29	97,335	84,347	57,594
Amount owing by associates	30	67	-	-
Cash and bank balances	31	68,710	33,965	84,512
Total Current Assets		167,993	120,216	143,860
Total Assets		889,925	780,233	422,355
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	33	390,637	242,943	242,677
Reserves	34	178,864	190,206	177,122
Total Equity		569,501	433,149	419,799
Non-Current and Deferred Liabilities				
Long-term borrowings	35	237,861	299,161	-
Provision for retirement benefits	36	2,095	1,775	1,535
Total Non-Current and Deferred Liabilities		239,956	300,936	1,535
Current Liabilities				
Short term borrowings	35	79,646	39,065	-
Other payables and accrued expenses	41	617	6,621	375
Amount owing to holding company	42	205	462	646
Total Current Liabilities		80,468	46,148	1,021
Total Liabilities		320,424	347,084	2,556
Total Equity and Liabilities		889,925	780,233	422,355

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

Statements of **Changes in Equity**
for the Year Ended 31 December 2012

The Group	Note	Share capital RM'000	Non-distributable reserves Share premium RM'000	Non-distributable reserves Revaluation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2011		242,677	31,433	443	743,669	1,018,222	145,782	1,164,004
Dividends distributed to owners of the Company	14	-	-	-	(33,994)	(33,994)	-	(33,994)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	(5,788)	(5,788)
Total comprehensive income for the year		-	-	-	121,237	121,237	16,834	138,071
Effect of acquisition of subsidiaries		-	-	-	-	-	54,564	54,564
Acquisition of non-controlling interests		-	-	-	1,747	1,747	(10,565)	(8,818)
Exercise of ESOS	33	266	394	-	-	660	-	660
As of 31 December 2011		242,943	31,827	443	832,659	1,107,872	200,827	1,308,699

(Forward)

The Group	Note	Share capital RM'000	Share premium RM'000 (Non-distributable reserve)	Warrant reserve RM'000 (Non-distributable reserve)	Fair value reserve RM'000 (Non-distributable reserve)	Revaluation reserve RM'000 (Non-distributable reserve)	Hedging reserve RM'000 (Non-distributable reserve)	Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2012		242,943	31,827	-	-	443	-	832,659	1,107,872	200,827	1,308,699
Dividends distributed to owners of the Company	14	-	-	-	-	-	-	(11,717)	(11,717)	-	(11,717)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(18,686)	(18,686)
Profit for the year		-	-	-	-	-	-	136,442	136,442	38,978	175,420
Other comprehensinve income		-	-	-	417	268	(1,280)	-	(595)	(62)	(657)
Total comprehensive income for the year		-	-	-	417	268	(1,280)	136,442	135,847	38,916	174,763
Issue of shares:	33										
Bonus issue		73,165	(33,231)	-	-	-	-	(39,934)	-	-	-
Rights issue with warrants		73,166	-	44,631	-	-	-	(13,902)	103,895	-	103,895
Exercise of ESOS		1,361	1,692	-	-	-	-	-	3,053	-	3,053
Exercise of warrants		2	6	(1)	-	-	-	-	7	-	7
Warrants exercised in a subsidiary*		-	-	-	-	-	-	-	-	7	7
As of 31 December 2012		390,637	294	44,630	417	711	(1,280)	903,548	1,338,957	221,064	1,560,021

* During the financial year, 7,156 ordinary shares of a subsidiary, Hirotako Holdings Berhad were issued from the exercise of its existing warrants at RM0.92 per share.

(Forward)

Statements of **Changes in Equity**
for the Year Ended 31 December 2012

The Company	Note	Share capital RM'000	Non-distributable reserve Share premium RM'000	Non-distributable reserve Warrant reserve RM'000	Distributable reserve - Retained earnings RM'000	Total equity RM'000
As of 1 January 2011		242,677	31,433	-	145,689	419,799
Dividends	14	-	-	-	(33,994)	(33,994)
Total comprehensive income for the year		-	-	-	46,684	46,684
Exercise of ESOS	33	266	394	-	-	660
As of 31 December 2011		242,943	31,827	-	158,379	433,149
As of 1 January 2012		242,943	31,827	-	158,379	433,149
Dividends	14	-	-	-	(11,717)	(11,717)
Total comprehensive income for the year		-	-	-	41,114	41,114
Issue of shares:	33					
Bonus issue		73,165	(33,231)	-	(39,934)	-
Rights issue with warrants		73,166	-	44,631	(13,902)	103,895
Exercise of ESOS		1,361	1,692	-	-	3,053
Exercise of warrants		2	6	(1)	-	7
As of 31 December 2012		390,637	294	44,630	133,940	569,501

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

Statements of **Cash Flows**
for the Year Ended 31 December 2012

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	175,420	138,071	41,114	46,684
Adjustments for:				
Finance costs	25,235	2,129	21,262	543
Income tax expense	21,898	12,520	8,555	3,864
Depreciation of:				
Property, plant and equipment	19,295	8,123	105	44
Investment properties	211	145	-	-
Impairment losses on quoted shares	2,117	-	-	-
Provision/(Reversal of provision) for:				
Service maintenance	1,475	1,078	-	-
Warranty	878	(1,628)	-	-
Claims for compensation	(204)	-	-	-
Amortisation of development costs	923	-	-	-
Provision for:				
Defined benefit plans	651	534	-	-
Retirement gratuity	320	240	320	240
Allowance for doubtful debts:				
Trade receivables	543	2,096	-	-
Other receivables	445	-	-	-
Amortisation of prepaid land lease payments	514	519	-	-
Loss on disposal of quoted shares	492	-	-	-
Property, plant and equipment written off	422	42	2	2
Allowance for slow-moving inventories	42	522	-	-
Inventories written down	14	-	-	-
Share of results of associates	(125,321)	(107,892)	-	-
Interest income	(5,303)	(2,826)	(1,539)	(1,526)
Interest income on amount owing by subsidiaries	-	-	(7)	(414)

(Forward)

Statements of **Cash Flows**
for the Year Ended 31 December 2012

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2012 RM'000
Gain on disposal of:				
Non-current assets classified as held for sale	(4,811)	-	-	-
Property, plant and equipment	(475)	(320)	-	-
Allowance for doubtful debts no longer required:				
Trade receivables	(815)	(636)	-	-
Hire purchase receivables	-	(5)	-	-
Dividend income	-	-	(76,374)	(59,966)
Operating Profit/(Loss) Before Working Capital Changes	113,966	52,712	(6,562)	(10,529)
Movements in working capital:				
(Increase)/Decrease in:				
Property development costs	(23,194)	(10,205)	-	-
Receivables	(70,202)	(21,218)	(167)	53
Inventories	(132,062)	(36,881)	-	-
Net changes in related company balances	(324)	(184)	(13,312)	(26,937)
Increase/(Decrease) in:				
Payables	56,557	20,014	(6,004)	459
Provisions	(6,190)	(1,261)	-	-
Cash (Used In)/Generated From Operations	(61,449)	2,977	(26,045)	(36,954)
Income tax refunded	-	1,275	-	-
Income tax paid	(27,741)	(13,674)	(166)	-
Net Cash Used In Operating Activities	(89,190)	(9,422)	(26,211)	(36,954)

(Forward)

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	24,599	12,202
Associates	54,072	52,559	43,576	43,697
Interest received	5,303	2,826	1,539	1,526
Interest income on amount owing by subsidiaries	-	-	7	414
Proceeds from disposal of:				
Property, plant and equipment	780	1,384	5	149
Non-current assets classified as held for sale	10,914	-	-	-
Quoted shares	4,005	-	-	-
Net cash outflow from acquisition of subsidiaries (Note 18)	-	(295,791)	-	-
Decrease/(increase) in fixed deposits pledged with licensed banks	25,690	(27,954)	25,690	(27,954)
Purchase of:				
Property, plant and equipment	(84,326)	(25,739)	(749)	(6)
Intangible assets	(4,553)	-	-	-
Acquisition of non-controlling interests	-	(8,818)	-	-
Purchase of investment in:				
Subsidiaries	-	-	(28,224)	(381,711)
Associates	(33,054)	-	(33,054)	-
Net Cash (Used In)/From Investing Activities	(21,169)	(301,533)	33,389	(351,683)

(Forward)

Statements of **Cash Flows**
for the Year Ended 31 December 2012

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from:					
Issue of shares		106,955	660	106,955	660
Warrants exercised in a subsidiary		7	-	-	-
Proceeds from term loans		66,222	370,274	19,503	343,540
Net increase of other borrowings		99,507	39,253	-	-
Repayment of:					
Term loans		(41,927)	(14,151)	(40,222)	-
Hire purchase payables		(17)	(35)	-	-
Finance costs paid		(25,235)	(2,404)	(21,262)	(70)
Dividends paid to non-controlling interests of subsidiaries		(18,686)	(5,788)	-	-
Dividends paid		(11,717)	(33,994)	(11,717)	(33,994)
Redemption of non-cumulative redeemable preference shares		(928)	-	-	-
Net Cash From Financing Activities		174,181	353,815	53,257	310,136
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		63,822	42,860	60,435	(78,501)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		224,236	181,376	6,011	84,512
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	31	288,058	224,236	66,446	6,011

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

Notes to the **Financial Statements**
for the Year Ended 31 December 2012

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 50.

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

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia) and the principal place of business of the Company is located at No. 1-6, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 18 April 2013.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

Adoption of Malaysian Financial Reporting Standards

The Group's and the Company's financial statements for the financial year ended 31 December 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1: *First-time Adoption of Malaysian Financial Reporting Standards*, with 1 January 2011 as the date of transition. The adoption of MFRSs has not affected the amounts reported in the financial statements of the Group and of the Company.

Notes to the **Financial Statements**
for the Year Ended 31 December 2012

Standards and IC Interpretations in Issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and IC Interpretations which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 7	Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)][1]
MFRS 7	Financial Instruments: Disclosures (Amendment relating to Disclosures – Offsetting Financial Assets and Liabilities)[2]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2009)[3]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2010)[3]
MFRS 10	Consolidated Financial Statements[2]
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)[2]
MFRS 11	Joint Arrangements[2]
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance)[2]
MFRS 12	Disclosure of Interests in Other Entities[2]
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance)[2]
MFRS 13	Fair Value Measurement[2]
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)[4]
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)[2]
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)[2]
MFRS 128	Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)[2]
MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[5]
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[2]

Amendments to MFRSs contained in the document entitled Annual Improvements 2009-2011 cycle[2]

1 Effective immediately on issuance date of 1 March 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on 1 March 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2014

The directors anticipate that the abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as disclosed below.

Amendments to MFRS 7 and MFRS 132: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to MFRS 132 clarify existing application issues relating to the offset of the financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to MFRS 7 introduce new disclosure requirements relating to rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. Both MFRS 132 and MFRS 7 require retrospective application upon adoption.

To date, the Group has not entered into any such agreements or similar arrangements However, the directors anticipate that the application of these amendments to MFRS 132 and MFRS 7 may result in more disclosures being made with regard to offsetting financial statements and financial liabilities in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention other than as disclosed in the summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income of the Group from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant MFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investment in Subsidiaries

A subsidiary is an entity over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investment in subsidiaries, which is eliminated on consolidation, is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment in associates is stated at cost less impairment losses, if any, in the Company's separate financial statements.

Goodwill on Consolidation

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described above.

Non-Current Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, assets (other than deferred tax assets, employee benefit assets, financial assets and inventories) are measured in accordance with MFRS 5 that is the lower of carrying amount and fair value less cost to sell. Any differences are included in profit or loss.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of Goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of the goods.

(ii) Revenue from Services

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

(iii) Dividend Income

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

(iv) Interest Income

Interest income from hire purchase transactions is recognised by calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. When an account becomes non-performing, interest is suspended until it is realised on cash basis. Hire purchase accounts are deemed to be non-performing when repayments are in arrears for more than six months.

(v) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Foreign Currency

(i) Functional and Presentation Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purposes of the consolidated financial statements, the results and the financial position of each group entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies other than the entity's functional currency (i.e. foreign currencies) are recorded at the rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss in the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss in the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, paid annual leaves, 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 and of the Company. 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 Plan

The Company and certain subsidiaries make statutory contributions to approved provident fund and the contributions are charged to profit or loss for the period. The approved provident fund is a defined contribution plan. Once the contributions have been paid, there are no further payment obligations.

(iii) Retirement Benefits

The Company operates an unfunded scheme for its eligible employees based on certain terms of the employment contract. The Company's net obligations in respect of the plan are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Contributions relating to the plan are charged to the profit or loss when incurred.

Daihatsu (Malaysia) Sdn. Bhd. and its subsidiaries ("Daihatsu Group") operate a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. 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 services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The amounts recognised in the statements of financial position represent the present value of the defined benefit obligations for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets for Daihatsu Group and full provision for eligible employees for the Company.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense for the year comprises current and deferred tax.

Current 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 or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax

Deferred tax is accounted for, using the "liability" method, on temporary differences at the end of the reporting period 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 future 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 from the initial recognition of an assets or liabilities in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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 by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to 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.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes by same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, Plant and Equipment

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Freehold land and building under construction are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write down the cost of the various property, plant and equipment to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% - 5%
Plant and machinery	5% - 33 1/3%
Renovations and leasehold improvements	10% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implement	5% - 33 1/3%
Motor vehicles	20% - 25%

The residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Investment Properties

Investment properties, comprising certain freehold land and buildings and leasehold buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Freehold land within investment properties is not depreciated. Freehold buildings and leasehold buildings are depreciated on the straight-line method at an annual rates of 1% - 5%.

Property Development Activities

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Development properties on which development activities have commenced or where it can be demonstrated that the development activities can be completed within the normal operating cycle are classified as current assets.

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyer based on the following key considerations:-

(i) the risks and rewards of the properties under development passes to the buyer on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;

(ii) the Group maintains control over the properties under development during the construction period, i.e. the Group retains the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group;

(iii) the Sale and Purchase Agreement does not give the right to the buyer to take over the work in progress during construction;

(iv) the buyers have limited ability to influence the design of the property; and

(v) title passes to buyers on vacant possession.

Any expected loss on development project is recognised as an expense immediately, including costs to be incurred over the defect liability period.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

Intangible Assets

(a) **Research and Development Expenditures**

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

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

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

(b) **Subsequent Expenditures**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(c) **Amortisation**

Amortisation is based on the cost of an asset less its residual value. Amortisation commences from the date that the asset is available for use and is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets at the following annual rates:

Capitalised development costs	2 - 5 years

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

Impairment of Non-financial Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Lease - the Group as Lessee

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair value 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 statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicits in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reductions of the outstanding liability. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are recognised in the profit of loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(iii) Operating Lease - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land and buildings elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and is amortised on a straight-line basis over the lease term.

Leasehold land recognised as prepaid land lease payments are amortised in equal instalments over their lease periods ranging from 31 years to 99 years.

Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises cost of purchase plus the cost of bringing the inventories to their present location. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of overheads based on normal operating capacity.

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation by the end of the reporting period, and are discounted to present value where the effect is material.

Provisions for estimated expenses related to policy and product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims. Revision to the provisions for estimated policy and products warranties is made when necessary, based on changes in these factors. We actively study trends of claims and take action to improve product quality and minimise claims.

At the end of each reporting period, provisions are reviewed by the Directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial Assets

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the profit or loss.

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Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

<u>Derecognition of financial assets</u>

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) Allowance for doubtful debts

Allowance for doubtful debts is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140: *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on annual basis. This requires an estimation of the value in use of the cash generating units ("CGU") to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as of 31 December 2012 is RM227,380,000 (2011: RM224,325,000). Further details are disclosed in Note 24.

(d) Deferred tax assets

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. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of property, plant and equipment and investment properties

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the property, plant and equipment and investment properties. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment and investment properties of the Group as at 31 December 2012 are disclosed in Notes 15 and 16 respectively.

(g) Provision of warranties

Reviews are made periodically by management on historical claims experience arising during the period of warranty. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the provision of warranties.

(h) Purchase price allocation

As disclosed in Note 18, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiaries' identifiable assets and liabilities acquired in the previous financial year pursuant to the requirement of MFRS 3: *Business Combinations*. Significant management judgement was involved in determining the fair value of these identifiable assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions.

5. REVENUE

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods and services	2,267,545	1,705,389	-	-
Property and car rental income	113	103	-	-
Interest income from hire purchase receivables	-	81	-	-
Gross dividends from:				
Subsidiaries	-	-	32,798	16,269
Associates	-	-	43,576	43,697
Management fee receivable from subsidiaries	-	-	559	668
	2,267,658	1,705,573	76,933	60,634

6. COST OF SALES

Cost of sales of the Group represents cost of goods sold and services rendered during the financial year.

7. FINANCE COSTS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on borrowings	25,235	2,129	21,262	543

8. INTEREST INCOME

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income on:				
Bank deposits	5,303	2,826	1,539	1,526
Amount owing by subsidiaries	-	-	7	414
	5,303	2,826	1,546	1,940

Notes to the **Financial Statements**
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9. PROFIT BEFORE TAX

Profit before tax is arrived at after the following charges/(credits):

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Employee benefits expense (Note 10)	80,083	44,335	2,607	2,548
Depreciation of:				
Property, plant and equipment (Note 15)	19,295	8,123	105	44
Investment properties (Note 16)	211	145	-	-
Rental expenses	4,593	2,476	226	142
Royalty expenses	2,992	668	-	-
Directors' remuneration (Note 11)	2,845	2,140	1,206	1,103
Allowance for doubtful debts:				
Trade receivables (Note 27)	543	2,096	-	-
Other receivables (Note 28)	445	-	-	-
Impairment losses on quoted shares	2,117	-	-	-
Provision/(Reversal of provision) for:				
Service maintenance (Note 39)	1,475	1,078	-	-
Warranty (Note 39)	878	(1,628)	-	-
Claims for compensation (Note 39)	(204)	-	-	-
Amortisation of development costs (Note 23)	923	-	-	-
Amortisation of prepaid land lease payments (Note 17)	514	519	-	-
Loss on disposal of quoted shares	492	-	-	-
Property, plant and equipment written off (Note 15)	422	42	2	2
Auditors' remuneration:				
Auditors of the Company:				
Statutory audit	399	304	72	55
Non-audit services	60	2	60	2
Other auditors:				
Statutory audit	143	20	-	-
Non-audit services	46	-	-	-
Provision for retirement gratuity (Note 36)	320	240	320	240
Allowance for slow-moving inventories	42	522	-	-
Inventories written down	14	-	-	-
Incentives from suppliers	(19,229)	(12,621)	-	-
Gain on disposal of:				
Non-current assets classified as held for sale	(4,811)	-	-	-
Property, plant and equipment	(475)	(320)	-	-
Realised gain on foreign exchange	(2,206)	(21)	-	-
Rental income from land and buildings	(1,988)	(2,092)	-	-
Allowance for doubtful debts no longer required:				
Trade receivables (Note 27)	(815)	(636)	-	-
Hire purchase receivables (Note 21)	-	(5)	-	-
Bad debts recovered	(36)	-	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	66,093	33,622	2,309	2,290
Pension costs:				
Defined contribution plans	8,186	4,967	283	243
Defined benefit plans (Note 36)	651	534	-	-
Social security costs	572	501	9	7
Other benefits	4,581	4,711	6	8
	80,083	44,335	2,607	2,548

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	884	600	639	564
Bonus	243	215	243	215
	1,127	815	882	779
Non-Executive:				
Salaries and other emoluments	362	-	-	-
Fees	463	403	324	324
	825	403	324	324
	1,952	1,218	1,206	1,103
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,134	776	-	-
Non-Executive:				
Fees	121	146	-	-
	1,255	922	-	-
	3,207	2,140	1,206	1,103

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

	Number of Directors	
	2012	2011
Executive Directors:		
RM800,001 - RM850,000	-	1
RM1,100,001 - RM1,150,000	1	-
Non-Executive Directors:		
Below RM50,000	-	1
RM50,001 - RM100,000	4	5
RM100,001 - RM150,000	1	-
RM400,001 - RM450,000	1	-

12. INCOME TAX EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax expense comprises:				
Income tax expense:				
Current year	20,502	13,059	8,140	3,818
(Over)/Underprovision in prior years	1,321	(191)	415	46
	21,823	12,868	8,555	3,864
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	1,995	(112)	-	-
Overprovision in prior years	(1,920)	(236)	-	-
	75	(348)	-	-
	21,898	12,520	8,555	3,864

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	197,318	150,591	49,669	50,548
Taxation at statutory tax rate of 25%	49,330	37,648	12,417	12,637
Tax effect on share of results of associates	(31,330)	(26,973)	-	-
Tax effects of:				
Non-deductible expenses	5,099	4,202	6,617	2,105
Non-taxable income	(535)	(375)	(10,894)	(10,924)
Utilisation of reinvestment allowances	(423)	(175)	-	-
Realisation of deferred tax assets previously not recognised	(196)	(1,544)	-	-
Deferred tax assets not recognised	552	164	-	-
(Over)/Underprovision in prior years:				
Current tax	1,321	(191)	415	46
Deferred tax	(1,920)	(236)	-	-
	21,898	12,520	8,555	3,864

13. EARNINGS PER SHARE

(a) Basic

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

	The Group	
	2012 RM'000	**2011 RM'000**
Profit for the year attributable to owners of the Company	136,442	121,237
	2012 '000	**2011 '000**
Weighted average number of ordinary shares:		
Number of shares issued at beginning of year	242,943	242,677
Effects of weighted average number of ordinary shares in respect of:		
Exercise of rights issue with warrants	38,888	-
Exercise of ESOS	918	187
Exercise of warrants	1	-
	282,750	242,864
Effect of bonus issue	73,165	73,165
Restrospective adjustment in relation to righs issue with warrants for the previous financial year	-	34,161
	355,915	350,190
	2012	**2011**
Basic EPS (sen)	38.3	49.9
Basic EPS (sen) - restated	N/A	34.6

The restated basic EPS for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS 133: *Earnings per Share* arising from the Company's bonus issue of 73,165,750 ordinary shares and exercise of rights issue with warrants of 73,165,836 which were completed during the financial year.

(b) Diluted earnings per share

Fully diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of share options granted to employees and the warrants.

	The Group	
	2012 RM'000	2011 RM'000
Profit for the year attributable to owners of the Company	136,442	121,237
	2012 **'000**	**2011** **'000**
Weighted average number of ordinary shares in issue	355,915	350,190
Adjustments for:		
Assumed exercise of ESOS	-	510
Assumed exercise of warrants	11,687	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	367,602	350,700
	2012	**2011**
Diluted EPS (sen)	37.1	49.4
Diluted EPS (sen) - restated	N/A	34.6

The restated diluted EPS for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS 133: *Earnings per Share* arising from the Company's bonus issue of 73,165,750 ordinary shares and exercise of rights issue with warrants of 73,165,836 which were completed during the financial year.

14. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividends per Ordinary Share	
	2012 RM'000	2011 RM'000	2012 Sen	2011 Sen
In respect of the financial year ended 31 December 2010:				
Second interim and special single tier dividend of 8%	-	19,421	-	8.00
In respect of the financial year ended 31 December 2011:				
First interim single tier dividend of 6%	-	14,573	-	6.00
In respect of the financial year ended 31 December 2012:				
First interim single tier dividend of 3%	11,717	-	3.00	-
	11,717	33,994	3.00	14.00

On 25 February 2013, the directors declared a second interim single tier dividend of 3% on 390,637,453 ordinary shares amounting to RM11,719,000 in respect of the current financial year ended 31 December 2012.

On 4 March 2013, the directors declared a special single tier dividend of 3% on 390,637,453 ordinary shares amounting to RM11,719,000 in respect of the current financial year ended 31 December 2012.

15. PROPERTY, PLANT AND EQUIPMENT

The Group 2012	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implement RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 January 2012	48,448	124,490	5,840	116,948	40,106	82,490	6,408	424,730
Additions	-	948	58,943	6,026	8,305	7,380	2,724	84,326
Disposals	-	(220)	-	(65)	-	(181)	(1,119)	(1,585)
Write-offs	-	-	-	(1,123)	(1,013)	(2,545)	(283)	(4,964)
Reclassifications	-	-	(5,769)	907	5,769	(907)	-	-
Effect of purchase price allocation (Note 18)	6,952	7,018	-	10,088	-	-	-	24,058
At 31 December 2012	55,400	132,236	59,014	132,781	53,167	86,237	7,730	526,565
Accumulated depreciation								
At 1 January 2012	-	20,065	-	91,482	19,667	68,782	4,112	204,108
Depreciation charge for the year	-	3,321	-	6,655	2,570	5,470	1,279	19,295
Disposals	-	(99)	-	(65)	-	(94)	(1,022)	(1,280)
Write-offs	-	-	-	(1,149)	(717)	(2,385)	(291)	(4,542)
At 31 December 2012	-	23,287	-	96,923	21,520	71,773	4,078	217,581
Net book value								
At 31 December 2012	55,400	108,949	59,014	35,858	31,647	14,464	3,652	308,984

(Forward)

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The Group 2011	Freehold land RM'000	Buildings RM'000	Building under construction RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implement RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 January 2011	28,866	96,399	8,467	66,759	21,901	37,054	6,982	266,428
Additions	-	9,800	7,132	507	5,019	3,768	261	26,487
Disposals	-	-	-	-	(2,886)	(2,624)	(3,215)	(8,725)
Write-offs	-	-	-	-	(53)	(116)	-	(169)
Effect of acquisition of subsidiaries (Note 18)	22,181	26,152	-	49,712	6,366	44,378	2,380	151,169
Transfer to property development costs (Note 25)	(2,599)	(7,861)	-	-	-	-	-	(10,460)
Reclassifications	-	-	(9,759)	(30)	9,759	30	-	-
At 31 December 2011	48,448	124,490	5,840	116,948	40,106	82,490	6,408	424,730
Accumulated depreciation								
At 1 January 2011	-	18,044	-	62,709	17,696	31,395	3,545	133,389
Depreciation charge for the year	-	1,679	-	959	2,577	1,987	921	8,123
Disposals	-	-	-	-	(2,826)	(2,594)	(2,241)	(7,661)
Write-offs	-	-	-	-	(13)	(114)	-	(127)
Effect of acquisition of subsidiaries (Note 18)	-	3,700	-	27,814	2,233	38,108	1,887	73,742
Transfer to property development costs (Note 25)	-	(3,358)	-	-	-	-	-	(3,358)
At 31 December 2011	-	20,065	-	91,482	19,667	68,782	4,112	204,108
Net book value								
At 31 December 2011	48,448	104,425	5,840	25,466	20,439	13,708	2,296	220,622
At 1 January 2011	28,866	78,355	8,467	4,050	4,205	5,659	3,437	133,039

(Forward)

The Company	Renovations RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2012	257	170	-	427
Additions	468	31	250	749
Disposal	-	(5)	-	(5)
Write-off	-	(8)	-	(8)
At 31 December 2012	725	188	250	1,163
Accumulated depreciation				
At 1 January 2012	93	149	-	242
Depreciation charge for the year	59	17	29	105
Write-offs	-	(6)	-	(6)
At 31 December 2012	152	160	29	341
Cost				
At 1 January 2011	257	280	308	845
Addition	-	6	-	6
Disposal	-	-	(308)	(308)
Write-off	-	(116)	-	(116)
At 31 December 2011	257	170	-	427
Accumulated depreciation				
At 1 January 2011	67	245	159	471
Depreciation charge for the year	26	18	-	44
Disposals	-	-	(159)	(159)
Write-offs	-	(114)	-	(114)
At 31 December 2011	93	149	-	242
Net book value				
At 31 December 2012	573	28	221	822
At 31 December 2011	164	21	-	185
At 1 January 2011	190	35	149	374

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(a) The net book values of property, plant and equipment charged for borrowings as disclosed in Note 35 are as follows:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Freehold land	16,749	16,749	16,749
Freehold building	53,165	20,717	2,732
	69,914	37,466	19,481

(b) Included in additions to building under construction of the Group is interest expense capitalised amounting to RM1,106,000 (31 December 2011: RM748,000; 1 January 2011: RM666,000).

16. INVESTMENT PROPERTIES

	The Group	
	2012 RM'000	2011 RM'000
Cost		
At 1 January	17,584	14,241
Effect of acquisition of subsidiaries (Note 18)	-	3,343
At 31 December	17,584	17,584
Accumulated Depreciation		
At 1 January	2,524	1,538
Depreciation charge for the year	211	145
Effect of acquisition of subsidiaries (Note 18)	-	841
At 31 December	2,735	2,524
Carrying Amount	14,849	15,060

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Carrying Amount	14,849	15,060	12,703
Representing:			
Freehold land	2,284	2,284	2,284
Freehold buildings	3,856	4,053	1,682
Leasehold land and building	8,709	8,723	8,737
	14,849	15,060	12,703

Rental income earned by the Group from the investment properties, all of which are leased out under operating leases, amounted to RM1,479,000 (31 December 2011: RM1,506,000; 1 January 2011: RM1,405,000). Direct operating expenses incurred in respect of the investment properties amounted to RM105,000 (31 December 2011: RM149,300; 1 January 2011: RM210,300).

Fair value of the investment properties of the Group as at 31 December 2012 is estimated at RM18,561,000 (31 December 2011: RM18,561,000; 1 January 2011: RM13,079,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

17. PREPAID LAND LEASE PAYMENTS

	The Group	
	2012 RM'000	2011 RM'000
At 1 January	39,574	39,596
Effect of acquisition of subsidiaries (Note 18)	-	497
Amortisation for the year (Note 9)	(514)	(519)
At 31 December	39,060	39,574

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Analysed as:			
Long term leasehold land	37,619	38,065	38,550
Short term leasehold land	1,441	1,509	1,046
	39,060	39,574	39,596

As at 31 December 2012, the unexpired lease periods are as follows:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Within 1 to 30 years	461	484	-
Within 31 to 60 years	980	1,025	1,046
Within 61 to 99 years	37,619	38,065	38,550
	39,060	39,574	39,596

18. INVESTMENT IN SUBSIDIARIES

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares	515,984	106,049	106,049
Quoted shares	-	381,711	-
	515,984	487,760	106,049
Less: Accumulated impairment losses	(1,917)	(1,917)	(1,917)
Net	514,067	485,843	104,132
Market value of quoted shares	-	386,703	-

Details of the subsidiaries are disclosed in Note 50.

The Company's investment in Hirotako Holdings Berhad ("HHB") with carrying value amounting to RM409,934,000 (2011: RM381,711,000) has been pledged as a collateral to a local bank for term loan and other credit facilities granted to the Company as disclosed in Note 35.

Acquisition of subsidiaries

(a) The Group completed the acquisition of the entire equity interests and 70.01% equity interests in Lion Motor Sdn. Bhd. ("LMSB") and Kinabalu Motor Assembly Sendiran Berhad ("KMASB") on 28 February 2011 and 3 June 2011 respectively. Consequently thereupon, LMSB and KMASB became subsidiaries of the Group.

The said acquisition will provide the opportunity for the Group to expand its automotive business in marketing and distribution of motor vehicles, spare parts and providing ancillary services.

(b) The Group completed the acquisition of 92.12% equity interests in HHB on 20 December 2011. Consequently thereupon, HHB and its subsidiaries became subsidiaries of the Group.

On 3 January 2012, the Company announced that the Take-Over offer has closed with the level of acceptance for HHB Shares at 95.99% and for Warrants at 53.47%. The Company has proceeded to compulsory acquire the oustanding HHB Shares for which valid acceptance have not been received.

Consequently, HHB was delisted from the Main Market of the Bursa Malaysia Securities Berhad on 19 January 2012.

The Group aspires to be a complete automotive group and is continually looking for opportunities to expand its automotive manufacturing division. The said acquisition is in line with the Group's business expansion plan and is undertaken with the objective to enable the Group to expand its automotive manufacturing division.

The said acquisition enables the Group to strengthen its automotive manufacturing division in Malaysia and is expected to enable the Group to fast track its business expansion by acquiring an existing matured business rather than via organic growth. HHB is principally involved in the manufacture and sale of automative components which includes, amongst others, airbag modules, seat belts, steering wheels, noise and heat reduction materials as well as insulator parts. HHB's business will complement the existing automotive manufacturing division of the Group and its subsidiaries.

The said acquisition is also expected to enable the sharing of common resources between the Group and HHB to have better co-ordination of business planning and resources deployment. As a result, it may give rise to potential operational cost efficiency and cost savings. This in turn is expected to contribute positively to the Group's financial performance in the future.

The effects of the abovementioned acquisitions on the financial results of the Group from the dates of acquisition to 31 December 2011 are as follows:

	The Group 2011 RM'000
Revenue	6,645
Cost of sales	(4,608)
Gross profit	2,037
Other income	617
Administrative and other expenses	(3,144)
Selling and marketing expenses	(282)
Finance costs	(2)
Loss before tax	(774)
Income tax credit	15
Loss for the year	(759)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(759)

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Had the abovementioned acquisitions been effected at 1 January 2011, the revenue and the profit for the year of the Group would have been RM1,993,686,000 and RM184,112,000 respectively. The directors of the Group consider these 'pro-forma' numbers represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

The effects of these acquisitions on the financial position of the Group as of 31 December 2011 are as follows:

	The Group 2011 RM'000
Property, plant and equipment	77,839
Investment properties	2,502
Prepaid land lease payments	484
Investment in associates	67,113
Other investments	6,614
Deferred tax assets	2,295
Intangible assets	2,321
Goodwill on consolidation	2,379
Inventories	25,267
Trade and other receivables	63,943
Tax recoverable	2,131
Cash and bank balances	86,339
Deferred tax liabilities	(2,410)
Non-cumulative redeemable preference shares	(928)
Provision for liabilities	(6,868)
Trade and other payables	(56,574)
Amount owing to immediate holding company	(16,000)
Amount owing to intermediate holding company	(428)
Amount owing to related companies	(261)
Tax liabilities	(2,529)
Net assets	253,229

The carrying amounts of identifiable assets acquired and liabilities assumed from the acquisition of the subsidiaries as of the dates of acquisition are as follows:

	The Group 2011 RM'000
Cash considerations paid to acquire subsidiaries	409,935
Amount of non-controlling interests	54,564
	464,499
Property, plant and equipment (Note 15)	77,427
Investment properties (Note 16)	2,502
Prepaid land lease payments (Note 17)	497
Investment in associates	67,113
Other investments	6,614
Deferred tax assets (Note 22)	2,295
Intangible assets (Note 23)	2,321
Goodwill on consolidation (Note 24)	2,379
Inventories	26,296
Trade and other receivables	64,632
Tax recoverable	2,131
Cash and bank balances	85,920
Deferred tax liabilities (Note 22)	(2,425)
Non-cumulative redeemable preference shares (Note 38)	(928)
Provision for liabilities (Note 39)	(6,868)
Trade and other payables	(57,368)
Amount owing to immediate holding company	(16,000)
Hire purchase payables	(21)
Tax liabilities	(2,529)
	253,988
Provisional goodwill arising from acquisition (Note 24)	210,511
Net cash outflow from acquisition:	
Cash and cash equivalents of subsidiaries acquired	85,920
Total purchase consideration	(409,935)
Less: Amount payable in compulsory acquisition (Note 41)	28,224
	(381,711)
Cash outflow on acquisition, net of cash acquired	(295,791)

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As of 31 December 2011, the Company was undergoing an exercise to determine the fair values to be assigned to the above subsidiaries' identifiable assets, liabilities and contingent liabilities (if any) pursuant to the requirements on MFRS 3: *Business Combinations.*

During the financial year, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiaries' identifiable assets and liabilities acquired in the previous financial year pursuant to the requirements of MFRS 3: *Business Combinations.* Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

The Group	Fair value RM'000	Provisional fair value RM'000	Fair value adjustments RM'000
Cash considerations paid to acquire subsidiaries	409,935	409,935	-
Amount of non-controlling interests	54,564	54,564	-
	464,499	464,499	-
Property, plant and equipment (Note 15)	101,485	77,427	24,058
Investment properties (Note 16)	2,502	2,502	-
Prepaid land lease payments (Note 17)	497	497	-
Investment in associates	40,000	67,113	(27,113)
Other investments	6,614	6,614	-
Deferred tax assets (Note 22)	2,295	2,295	-
Intangible assets (Note 23)	2,321	2,321	-
Goodwill on consolidation (Note 24)	2,379	2,379	-
Inventories	26,296	26,296	-
Trade and other receivables	64,632	64,632	-
Tax recoverable	2,131	2,131	-
Cash and bank balances	85,920	85,920	-
Deferred tax liabilities (Note 22)	(2,425)	(2,425)	-
Non-cumulative redeemable preference shares (Note 38)	(928)	(928)	-
Provision for liabilities (Note 39)	(6,868)	(6,868)	-
Trade and other payables	(57,368)	(57,368)	-
Amount owing to immediate holding company	(16,000)	(16,000)	-
Hire purchase payables	(21)	(21)	-
Tax liabilities	(2,529)	(2,529)	-
Net assets and liabilities	250,933	253,988	(3,055)
Goodwill/Provisional goodwill arising from acquisition (Note 24)	213,566	210,511	3,055

Significant management judgement was involved in determining the fair value of these identifiable assets and liabilities based on acceptable valuation procedures and practices that rely on the use of numerous reasonable assumptions.

19. INVESTMENT IN ASSOCIATES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
In Malaysia:			
Unquoted shares, at cost	254,043	248,102	180,989
Share of post-acquisition reserves	564,302	494,127	438,794
	818,345	742,229	619,783
Represented by:			
Share of net assets	843,762	740,533	613,760
Goodwill on acquisition	(25,417)	1,696	6,023
	818,345	742,229	619,783

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares in Malaysia, at cost	207,043	173,989	173,989

Details of the associates are disclosed in Note 51.

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The summarised financial information of the associates are as follows:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Non-current assets	2,086,384	2,018,750
Current assets	2,423,037	2,126,478
Total assets	4,509,421	4,145,228
Non-current liabilities	2,759	3,318
Current liabilities	1,236,007	1,210,276
Total liabilities	1,238,766	1,213,594
Net assets	3,270,655	2,931,634
Group's share of net assets	843,762	740,533
Results		
Revenue	9,681,424	8,799,389
Profit for the period	491,863	424,492
Group's share of profit of associates	125,321	107,892

The financial year ends of the associates are coterminous with the financial year end of the Group, except for Hino Motors Sales (Malaysia) Sdn. Bhd. [formerly known as Hino Motors (Malaysia) Sdn. Bhd.] and Hino Motors Manufacturing (Malaysia) Sdn. Bhd. which have a financial year end of 31 March. For the purpose of applying the equity method of accounting, the share of results of associate is arrived at based on the audited financial statements except for the results of Hino Motors Sales (Malaysia) Sdn. Bhd. and Hino Motors Manufacturing (Malaysia) Sdn. Bhd. which are arrived at based on management financial statements.

20. OTHER INVESTMENTS

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Available-for-sale investments			
At fair value:			
Quoted shares	417	6,614	-
Held-to-maturity investments			
At amortised cost:			
Structured income fund (a)	1,000	1,000	1,000
Unquoted bonds, at cost (b)	2,360	2,360	2,360
	3,360	3,360	3,360
Less: Accumulated impairment losses	(2,360)	(2,360)	(2,360)
	1,000	1,000	1,000
Total	1,417	7,614	1,000
Market value of quoted shares	417	6,614	-

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Held-to-maturity investments			
At amortised cost:			
Unquoted bonds, at cost (b)	2,360	2,360	2,360
Less: Accumulated impairment losses	(2,360)	(2,360)	(2,360)
Net	-	-	-

(a) The structured income fund is a close-ended fund managed by a local financial institution which provides coupon rates of 3.30% per annum for the first five years and 5.3% per annum thereafter until its maturity of 10 years.

(b) The unquoted bonds matured on 28 December 2007. Full provision for impairment loss has been made as the directors are of the opinion that the carrying amount is unlikely to be recovered.

21. HIRE PURCHASE RECEIVABLES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Minimum hire purchase receivables:			
Not later than 1 year	1,131	1,135	1,139
Later than 1 year and not later than 2 years	-	-	36
	1,131	1,135	1,175
Less: Future finance charges	-	(1)	(1)
Present value of hire purchase receivables	1,131	1,134	1,174
Less: Allowance for doubtful debts	(1,113)	(1,113)	(1,118)
	18	21	56
Analysed as:			
Due within 12 months (Note 27)	18	21	56
Due after 12 months	-	-	-
	18	21	56

The effective interest rate at the end of the reporting period is 9.20% (31 December 2011: 9.2%; 1 January 2011: 9.20%) per annum.

The hire purchase receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Interest is charged on hire purchase receivables on the overdue outstanding balance. The Group has recognised an allowance for doubtful debts of 100% against all hire purchase receivables over 6 months because historical experience has been that hire purchase receivables that are past due beyond 6 months are not recoverable.

The Group has not accepted any new customer since the Group ceased the provision of hire purchase financing in prior years. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers contracted in prior years.

<u>Movement in allowance of doubtful debts</u>

	The Group	
	2012 RM'000	2011 RM'000
At beginning of year	1,113	1,118
No longer required (Note 9)	-	(5)
At end of year	1,113	1,113

22. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2012 RM'000	2011 RM'000
At 1 January	82	(136)
Transfer from/(to) profit or loss (Note 12):		
Property, plant and equipment	831	(630)
Provisions	360	978
Others	(1,266)	-
	(75)	348
Effect of acquisition of subsidiaries (Note 18)	-	(130)
At 31 December	7	82

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the statements of financial position purposes:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets	2,155	3,702	-
Deferred tax liabilities	(2,148)	(3,620)	(136)
	7	82	(136)

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Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets			
Temporary differences arising from:			
Property, plant and equipment	16	-	-
Provisions	7,751	7,391	1,010
	7,767	7,391	1,010
Offsetting	(5,612)	(3,689)	(1,010)
Deferred tax assets (after offsetting)	2,155	3,702	-
Deferred tax liabilities			
Temporary differences arising from:			
Property, plant and equipment	(6,344)	(7,159)	(1,146)
Others	(1,416)	(150)	-
	(7,760)	(7,309)	(1,146)
Offsetting	5,612	3,689	1,010
Deferred tax liabilities (after offsetting)	(2,148)	(3,620)	(136)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2012, the estimated amount of deductible temporary differences, unused tax losses, unabsorbed capital allowances, for which the net deferred tax assets is not recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Unused tax losses and unabsorbed capital allowances	50,450	48,922
Temporary differences arising from others	13,271	13,375
	63,721	62,297

The unused tax losses and unabsorbed capital allowances, subject to the agreement by the tax authorities, are available for offset against future chargeable income.

23. INTANGIBLE ASSETS

	The Group	
	2012 RM'000	2011 RM'000
Development costs		
Cost:		
At 1 January	29,341	-
Effect of acquisition of subsidiaries (Note 18)	-	29,341
Additions	4,553	-
Write off	(1,388)	-
At 31 December	32,506	29,341
Accumulated amortisation:		
At 1 January	27,020	-
Effect of acquisition of subsidiaries (Note 18)	-	27,020
Amortisation for the year	923	-
Write off	(1,388)	-
At 31 December	26,555	27,020

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Net book value	5,951	2,321	-

24. GOODWILL ON CONSOLIDATION

	The Group	
	2012 RM'000	2011 RM'000
Cost:		
At 1 January	224,325	11,435
Effect of purchase price allocation (Note 18)	3,055	-
Effect of acquisition of subsidiaries (Note 18)	-	212,890
At 31 December	227,380	224,325

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Impairment test for goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to the particular business segment as follows:

		The Group			
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	Discount rate
Manufacturing of seat belts, car airbag modules and steering wheels	(a)	213,896	210,841	-	11.0%
Manufacturing of automotive components	(b)	10,767	10,767	10,767	11.0%
Trading of motor vehicles, spare parts and other related activities	(b)	2,717	2,717	668	11.0%
		227,380	224,325	11,435	

(a) The recoverable amount of CGU is determined based on value in use calculations applying a discounted cash flow model based on financial budgets approved by management covering a ten-year period. Cash flows beyond the ten-year period are projected based on the assumptions that the 10th year operating cash flow will be generated by the respective CGUs based on an estimated growth rate of 5.0%. Discount rate used is based on the pre-tax weighted average cost of capital.

(b) The recoverable amount of CGU is determined based on value in use calculations applying a discounted cash flow model based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are projected based on the assumptions that the 5th year operating cash flow will be generated by the respective CGUs based on an estimated growth rate of 5.0%. Discount rate used is based on the pre-tax weighted average cost of capital.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

If the estimated pre-tax discount rate applied to the discounted cash flows had been 13% instead of 11% as of 31 December 2012, the goodwill would not be impacted.

As disclosed in Note 18, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiaries' identifiable assets and liabilities acquired in the previous financial year pursuant to the requirement of MFRS 3: *Business Combinations*. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as disclosed above.

25. PROPERTY DEVELOPMENT COSTS

	The Group	
	2012 RM'000	2011 RM'000
At 1 January	21,205	-
Transfer from prepaid expenses	-	3,898
Transfer from property, plant and equipment (Note 15)	-	7,102
Development costs incurred during the financial year	23,194	10,205
At 31 December	44,399	21,205

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Included in the property development costs are as follows:			
Land costs	7,102	7,102	-
Development costs	37,297	14,103	-
	44,399	21,205	-

26. INVENTORIES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Completed vehicles	342,338	209,011	167,312
Raw materials	24,720	25,865	12,071
Goods-in-transit	143	451	179
Work in progress	2,393	3,140	1,962
Parts and consumables	19,228	17,299	16,287
Finished goods	4,871	5,816	629
Accessories and merchandise	-	105	592
	393,693	261,687	199,032

Costs of inventories recognised as expenses of the Group amounting to RM2,036,536,000 (31 December 2011: RM1,552,364,000; 1 January 2011: RM1,328,256,000).

27. TRADE RECEIVABLES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	241,051	167,390	96,500
Hire purchase receivables (Note 21)	18	21	56
	241,069	167,411	96,556
Less: Allowance for doubtful debts	(3,146)	(3,439)	(1,979)
Net	237,923	163,972	94,577

Trade receivables disclosed above are classified as loans and receivables and therefore measured at amortised cost.

The normal credit period on sales of goods ranges from 14 days to 120 days (31 December 2011: 14 days to 120 days; 1 January 2011: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. Allowance for doubtful debts is recognised against trade receivables between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Included in trade receivables of the Group is an amount of RM14,792,000 (31 December 2011: RM17,307,000; 1 January 2011: RM2,173,000) due from an associate of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the financial year but against which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Neither past due nor impaired	156,611	136,844	45,616
Past due but not impaired	81,294	27,107	48,905
Past due and impaired	3,146	3,439	1,979
	241,051	167,390	96,500
Ageing of past due but not impaired			
30 days to 60 days	37,907	8,184	38,817
60 days to 90 days	9,335	4,677	6,465
90 days to 120 days	21,581	9,211	2,213
More than 120 days	12,471	5,035	1,410
	81,294	27,107	48,905
Ageing of past due and impaired			
30 days to 60 days	-	-	-
60 days to 90 days	-	-	-
90 days to 120 days	-	-	-
More than 120 days	3,146	3,439	1,979
	3,146	3,439	1,979

Movement in allowance of doubtful debts

	The Group	
	2012 RM'000	2011 RM'000
At 1 January	3,439	1,979
Amount recognised	543	2,096
No longer required	(815)	(636)
Write off	(21)	-
At 31 December	3,146	3,439

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Analysis of currency exposure profile of trade receivables is as follows:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Ringgit Malaysia	239,426	166,285	96,500
United States Dollar	1,625	1,105	-
	241,051	167,390	96,500

28. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits and advances paid	6,381	16,420	4,281
Incentive due from suppliers	24,461	17,210	5,971
Prepayments	8,063	12,432	21,163
Sundry receivables	9,331	5,651	9,196
	48,236	51,713	40,611
Less: Allowance for doubtful debts	(482)	(37)	(37)
	47,754	51,676	40,574

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits and advances paid	45	45	45
Prepayments	189	5	78
Sundry receivables	40	57	37
	274	107	160
Less: Allowance for doubtful debts	(37)	(37)	(37)
	237	70	123

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

Included in incentive due from suppliers is an amount of RM10,247,000 (31 December 2011: RM11,243,000; 1 January 2011: RM5,971,000) due from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

Included in prepayments is an amount of advance payment of RMNil (31 December 2011: RM9,332,000; 1 January 2011: RM15,990,000) for the purchase of vehicles inventories.

Movement in allowance of doubtful debts

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	37	37	37	37
Amount recognised	445	-	-	-
At 31 December	482	37	37	37

29. AMOUNT OWING BY SUBSIDIARIES

Analysis of amount owing by subsidiaries is as follows:

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Interest free	83,748	78,972	52,470
Bear interest at 8% per annum	-	5,375	5,124
Bear interest at 5% per annum	13,587	-	-
	97,335	84,347	57,594

The amount owing by subsidiaries, which arose from non-trade transactions, are unsecured and repayable on demand.

30. AMOUNT OWING BY ASSOCIATES

The amount owing by associates, which arose from non-trade transactions, are unsecured, interest-free and repayable on demand.

Notes to the **Financial Statements**
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31. CASH AND CASH EQUIVALENTS

	The Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Cash on hand and at banks	136,550	91,388	58,738
Deposits with licensed banks	154,721	161,646	124,080
Cash and bank balances	291,271	253,034	182,818
Less: Bank overdrafts (Note 35)	(937)	(832)	(1,430)
Less: Fixed deposits pledged with licensed banks (Note 35)	(2,276)	(27,966)	(12)
	288,058	224,236	181,376

	The Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Cash on hand and at banks	7,209	3,816	2,950
Deposits with licensed banks	61,501	30,149	81,562
Cash and bank balances	68,710	33,965	84,512
Less: Fixed deposits pledged with licensed banks (Note 35)	(2,264)	(27,954)	-
	66,446	6,011	84,512

The effective interest rates of deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 1.8% to 3.15% (31 December 2011: 1.85% to 2.81%; 1 January 2011: 1.90% to 3.40%) per annum.

The average maturities of deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 5 days to 150 days (31 December 2011: 5 days to 150 days; 1 January 2011: 7 days to 150 days).

32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Net carrying amount upon classification as held for sale:			
Long term leasehold land	-	6,103	6,103

This represented a piece of long term leasehold land in Port Klang, Selangor Darul Ehsan, which had been previously revalued by an independent professional valuer based on open market value.

A subsidiary entered into a conditional sale and purchase agreement with a third party to dispose of the abovementioned land. The said third party paid a deposit amounting to RM749,232 and created a caveat on the said leasehold land. However, the purchaser failed to meet certain terms and conditions set out in the conditional sale and purchase agreement. As such, the subsidiary notified the purchaser on the forfeiture of the deposit received. The purchaser subsequently took legal action against the subsidiary to recover the deposit paid. On 14 February 2011, the purchaser received a court order to remove the caveat placed on the said leasehold land.

On 15 September 2011, the subsidiary entered into a new conditional sale and purchase agreement with a third party to dispose the said piece of long term leasehold land for a total cash consideration of RM11,151,360 and the subsidiary received a deposit amounting to RM1,115,135. The said disposal was completed on 17 January 2012.

33. SHARE CAPITAL

	The Group and The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Authorised:			
At 1 January/31 December	500,000	500,000	500,000
Issued and fully paid:			
At 1 January	242,943	242,677	242,073
Bonus shares	73,165	-	-
Rights issue with warrants	73,166	-	-
Exercise of warrants	2	-	-
Exercise of ESOS	1,361	266	604
At 31 December	390,637	242,943	242,677

(a) During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM242,942,667 to RM390,637,453 by the issuance of the new ordinary shares as follows:

	RM
Exercise of options under the Employees Share Option Scheme ("ESOS")	
479,000, 466,000, 252,770 and 163,130 new ordinary shares of RM1.00 each at issue prices of RM2.54, RM2.43, RM1.72 and RM1.65 per ordinary share respectively, for cash pursuant to the exercise of options under the Company's ESOS	1,360,900
Bonus issue	
73,165,750 new ordinary shares through the capitalisation of share premium of RM33,230,750 and retained earnings of RM39,935,000	73,165,750
Rights issue with warrants	
Rights issue of 73,165,836 new ordinary shares with 73,165,836 warrants at an issue price of RM1.42 per share	73,165,836
Exercise of warrants	
Exercise of 2,300 warrants at an exercise price of RM3.20 per warrant. The warrant reserve of RM1,403 is transferred to the share premium account	2,300
	147,694,786

The resulting share premium of RM1,698,532 arising from the exercise of ESOS and warrants had been credited to the share premium account.

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

(b) 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 expired on 1 September 2012.

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 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.

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The movements in the number of share options during the financial year are as follows:

	Exercise price RM	Number of Share Options At 1 January 2012 '000	Exercised '000	Expired '000	At 31 December 2012 '000
Grant date					
September 2002	2.54/1.72	1,496	(732)	(764)	-
October 2005	2.43/1.65	1,069	(629)	(440)	-
		2,565	(1,361)	(1,204)	-

	Exercise price RM	Number of Share Options At 1 January 2011 '000	Exercised '000	At 31 December 2011 '000
Grant date				
September 2002	2.54	1,617	(121)	1,496
October 2005	2.43	1,214	(145)	1,069
		2,831	(266)	2,565

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

Period Exercised	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Considerations received RM'000
2012				
January to December 2012	2.54	3.81	479	1,217
January to December 2012	2.43	3.81	466	1,132
January to December 2012	1.72	3.81	253	435
January to December 2012	1.65	3.81	163	269
				3,053
Less: Par value of ordinary shares				(1,361)
Share premium				1,692

(c) Warrants

On 21 June 2012, the rights issue with warrants was completed following the listing and quotation for the 73,165,836 rights shares together with 73,165,836 warrants on the Main Market of Bursa Malaysia Securities Berhad. The issue price of the rights shares was fixed at RM1.42 per Rights Share and the exercise price of the warrants was fixed at RM3.20 per warrant.

The main features of the warrants are as follows:

(i) Each warrant shall entitle the holder of the warrants to subscribe for a new ordinary share in the Company.

(ii) The warrants can be exercised at any time within a period of 5 years commencing from the date of issue of the warrants.

(iii) The holders of the warrants shall not be entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company.

(iv) The new shares to be issued arising from the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares, except that the new shares to be issued arising from the exercise of warrants shall not be entitled to any distributable income, voting rights, allotment and/or other distribution, the entitlement date of which precedes the date of allotment and issue of the new shares to be issued arising from the exercise of warrants.

(v) The warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn. Bhd.

The movements in the number of warrants during the financial year are as follows:

	Exercise price RM	At 21 June 2012 '000	Exercised '000	At 31 December 2012 '000
Listing date				
21 June 2012	3.20	73,166	(2)	73,164

Notes to the **Financial Statements**
for the Year Ended 31 December 2012

34. RESERVES

	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-distributable:			
Share premium	294	31,827	31,433
Revaluation reserve	711	443	443
Warrant reserve	44,630	-	-
Fair value reserve	417	-	-
Hedging reserve	(1,280)	-	-
Distributable:			
Retained earnings	903,548	832,659	743,669
	948,320	864,929	775,545

	The Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-distributable:			
Share premium	294	31,827	31,433
Warrant reserve	44,630	-	-
Distributable:			
Retained earnings	133,940	158,379	145,689
	178,864	190,206	177,122

(a) Share premium

Share premium arose from the issuance of ordinary shares at a premium.

(b) Revaluation reserve

Revaluation reserve arose from fair value adjustments relating to property, plant and equipment of an associate.

(c) Warrant reserve

Warrant reserve arose from the issue of free warrants in connection with the rights issue during the financial year. The warrant reserve was arrived at based on the theoretical fair value of RM0.61 per warrant, using the Black Scholes option pricing model based on the input date.

(d) Fair value reserve

Fair value reserve represents fair value gain on revaluation of available-for-sale financial assets.

(e) Hedging reserve

The hedging reserve represents the cumulative portion of losses on hedging instruments deemed effective in cash flow hedges of an associate.

(f) Retained earnings

The Company has elected to switch to the single tier income tax system. Accordingly, the retained earnings of the Company is available for the distribution of single tier dividend.

Notes to the **Financial Statements**
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35. BORROWINGS

	The Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current			
- at amortised cost			
Secured:			
Term loans	82,892	42,273	1,953
Transaction costs (net of annual amortisation)	(1,157)	(1,157)	-
	81,735	41,116	1,953
Bankers' acceptances	142,860	43,353	13,016
Revolving credits	10,000	10,000	-
Bank overdrafts (Note 31)	937	832	1,430
Trust receipts	-	-	1,084
	235,532	95,301	17,483
Non-current			
- at amortised cost			
Secured:			
Term loans	319,994	337,475	21,199
Transaction costs (net of annual amortisation)	(3,473)	(4,630)	-
	316,521	332,845	21,199
Total borrowings			
Term loans	402,886	379,748	23,152
Transaction costs (net of annual amortisation)	(4,630)	(5,787)	-
Net	398,256	373,961	23,152
Bankers' acceptances	142,860	43,353	13,016
Revolving credits	10,000	10,000	-
Bank overdrafts	937	832	1,430
Trust receipts	-	-	1,084
	552,053	428,146	38,682

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current			
- at amortised cost			
Secured:			
Term loans	80,803	40,222	-
Transaction costs (net of annual amortisation)	(1,157)	(1,157)	-
	79,646	39,065	-
Non-current			
- at amortised cost			
Secured:			
Term loans	241,334	303,791	-
Transaction costs (net of annual amortisation)	(3,473)	(4,630)	-
	237,861	299,161	-
Total borrowings			
Term loans	322,137	344,013	-
Transaction costs (net of annual amortisation)	(4,630)	(5,787)	-
Net	317,507	338,226	-

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Borrowings are repayable as follows:			
Current	236,689	96,458	17,483
Non-current:			
More than 1 year and less than 2 years	88,303	82,531	2,173
More than 2 years and less than 5 years	195,856	229,798	5,308
More than 5 years	35,835	25,146	13,718
	556,683	433,933	38,682

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	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Borrowings are repayable as follows:			
Current	80,803	40,222	-
Non-current:			
More than 1 year and less than 2 years	80,444	80,444	-
More than 2 years and less than 5 years	160,890	223,347	-
	322,137	344,013	-

(a) The secured bank borrowings are secured by the following:

(i) first legal charge on freehold land and building of certain subsidiaries as disclosed in Note 15;

(ii) a deed of assignment cum loan agreement over freehold land owned by a subsidiary as disclosed in Note 15;

(iii) a debenture incorporating a fixed and floating charge over the assets of subsidiaries, both present and future;

(iv) assignment of contract proceeds from certain receivables;

(v) corporate guarantees by the Company, holding company and a subsidiary;

(vi) A first party memorandum of deposit of shares on the pledge of the Company's shareholding in Hirotako Holdings Berhad as disclosed in Note 18;

(vii) A third party memorandum of deposit of fixed deposits belonging to the Company as disclosed in Note 31; and

(viii) A first legal charge over Security Account and Debt Service Reserve Account.

(b) The average effective interest rates per annum of the borrowings are as follows:

	The Group		
	31.12.2012 %	31.12.2011 %	1.1.2011 %
Term loans	6.1	6.1	7.8
Bankers' acceptances	4.1	4.1	4.1
Revolving credits	4.5	4.5	-
Bank overdrafts	7.8	7.8	7.8
Trust receipts	-	-	6.8

	The Company		
	31.12.2012 %	31.12.2011 %	1.1.2011 %
Term loans	5.9	5.9	-

Notes to the **Financial Statements**
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36. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	1,867	1,619	1,775	1,535
Provision during the year:				
Defined benefit plans (Note 10)	651	534	-	-
Retirement gratuity (Note 9)	320	240	320	240
Contribution paid during the year	(687)	(526)	-	-
At 31 December	2,151	1,867	2,095	1,775

Daihatsu Group operates a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. The Company operates an unfunded Scheme for the eligible employees and directors. 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 statements of financial position are determined as follows:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Provision for unfunded retirement gratuity	2,095	1,775	1,535
Present value of funded defined benefit obligations	4,569	4,565	4,686
Fair value of plan assets	(3,843)	(3,862)	(4,778)
	726	703	(92)
Unrecognised actuarial (losses)/gains	(670)	(611)	176
	56	92	84
Total	2,151	1,867	1,619

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Provision for unfunded retirement gratuity	2,095	1,775	1,535

The amounts recognised in the profit or loss are as follows:

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Defined benefit plans			
Current service cost	552	540	500
Interest cost	509	532	481
Expected return on Scheme assets	(410)	(538)	(486)
Total, included in employee benefits expense (Note 10)	651	534	495
Retirement gratuity			
Current service cost	320	240	240
Total	971	774	735

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Retirement gratuity			
Current service cost	320	240	240

The actual return on the plan assets of the Group was RM224,000 (31 December 2011: RM285,000; 1 January 2011: RM272,000).

Principal actuarial assumptions used are as follows:

	The Group		
	31.12.2012 %	31.12.2011 %	1.1.2011 %
Discount rate	6.00	6.00	6.25
Average salary increase	5.00	5.00	5.00
Expected rate of return on plan assets	6.00	6.00	6.00

37. HIRE PURCHASE PAYABLES

	The Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Minimum hire purchase payments:			
Within one year	19	19	19
In the second to fifth years inclusive	25	45	63
	44	64	82
Less: Future finance charges	(4)	(7)	(11)
Present value of hire purchase payables	40	57	71
Analysed as:			
Due within one year	17	16	15
Due in the second to fifth years inclusive	23	41	56
	40	57	71

The effective interest rates range from 6.54% to 7.10% (31 December 2011: 6.54% to 7.10%; 1 January 2011: 6.54% to 7.10%) per annum. Interest rates are fixed at the inception of the hire purchase arrangements.

38. NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES

	The Group	
	2012 RM'000	**2011 RM'000**
Non-Cumulative Redeemable Preference Shares of RM0.01 each, issued at an issue price of RM1.00 each		
At 1 January	928	-
Interest expense	52	
Redeemed during the year	(980)	-
Effect of acquisition of subsidiaries (Note 18)	-	928
At 31 December	-	928

The Non-Cumulative Redeemable Preference Shares ("NCRPS") of RM0.01 each were issued by Hirotako Holdings Berhad's ("HHB") subsidiaries at RM1.00 each to an affiliated corporation. The redemption price shall be at nominal value of the NCRPS together with an amount equal to the premium paid on the NCRPS upon issue and any dividends declared thereon and remaining unpaid. The dividends of NCRPS are paid, as and when declared by the Board of Directors of the said subsidiaries. The NCRPS do not have any voting rights at any general meeting except on the matters set out in Section 148(2) of the Companies Act, 1965.

The NCRPS had been redeemed during the financial year.

39. PROVISION FOR LIABILITIES

The Group	Warranty RM'000	Service maintenance RM'000	Claims for compensation RM'000	Total RM'000
At 1 January 2011	1,628	1,593	530	3,751
Additional provision during the year	-	1,078	-	1,078
Utilisation during the year	-	(701)	(34)	(735)
Reversal during the year	(1,628)	-	-	(1,628)
Effect of acquisition of subsidiaries (Note 18)	6,868	-	-	6,868
At 31 December 2011	6,868	1,970	496	9,334
At 1 January 2012	6,868	1,970	496	9,334
Additional provision during the year	878	1,475	-	2,353
Utilisation during the year	(3,783)	(1,720)	-	(5,503)
Reversal during the year	-	-	(204)	(204)
At 31 December 2012	3,963	1,725	292	5,980

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

Provision for service maintenance is made for the estimated liability for service maintenance under warranty. A provision for service maintenance is recognised for service maintenance under warranty at the end of the reporting period based on the number of cars sold.

Provision for claims for compensation is made based on the estimated liability for industrial relations and civil cases. A provision is recognised for industrial relations and civil cases at the end of the reporting period based on an assessment as to the likelihood of such claims crystallising.

40. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (31 December 2011: 2 days to 90 days; 1 January 2011: 2 days to 90 days).

Included in trade payables of the Group are the amounts of RM49,575,000 (31 December 2011: RM34,535,000; 1 January 2011: RM33,216,000) and RM1,088,000 (31 December 2011: RM3,190,000; 1 January 2011: RM395,000) due to a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. and Hino Motors (Malaysia) Sdn. Bhd. respectively, associates of the Group.

Analysis of currency exposure profile of trade payables is as follows:

	The Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Ringgit Malaysia	202,835	123,976	97,916
United States Dollar	15,593	12,616	220
Thai Baht	1,488	2,545	-
Euro	6,571	1,795	-
Japanese Yen	143	79	72
Swedish Kroner	-	412	-
Singapore Dollar	-	196	-
	226,630	141,619	98,208

41. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Accruals	33,097	71,485	10,673
Deposits received from customers	25,614	24,280	16,587
Sundry payables	32,832	22,930	7,263
Advances from other shareholders	1,407	2,700	2,700
Accruals for dealers and salesmen incentives	583	589	654
Amount due for insurance premium on vehicles sold	29	32	157
	93,562	122,016	38,034

	The Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Accruals	617	6,621	375

Included in accruals of the Group in 2011 was an amount of RM28,224,000 representing accruals for purchase consideration to be paid to the non-controlling shareholders of Hirotako Holdings Berhad ("HHB") in the compulsory acquisition of the remaining shareholdings in HHB not owned by the Group as of 31 December 2011.

42. AMOUNT OWING TO HOLDING COMPANY

The amount owing to the holding company arose mainly from advances and payment made on behalf which is unsecured, interest-free and repayable on demand.

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43. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year, which were determined based on negotiation agreed between the parties:

	The Group	
	2012 RM'000	2011 RM'000
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	797,026	791,896
Purchases from Hino Motor Sales (Malaysia) Sdn. Bhd.	64,036	44,103
Purchases from Toyota Tsusho Co., its subsidiaries and associates	8,825	14,993
Sales to an associate of Perodua	(103,789)	(23,714)
Sales to a subsidiary of Perodua	(2,483)	-
Sales to Toyota Tsusho Co., its subsidiaries and associates	(3,312)	(2,865)
Central Motor Wheels Co:		
Royalty fee payable	470	668
Development expenses	19	11
Technical fee payable	-	20
Affiliated companies of Autoliv AB Sweden:		
Purchases	35,214	-
Royalty payable	2,522	-
Development expenditure and tooling cost	1,075	-
Information technology expenditure	95	-
Sales	(6,579)	-
Testing fee receivable	(420)	-

	The Company	
	2012 RM'000	2011 RM'000
Gross dividends from:		
Subsidiaries	(32,798)	(16,269)
Associates	(43,576)	(43,697)
Management fee from subsidiaries	(559)	(668)

Related parties and the relationships are described as follows:

Related Parties	Nature of Relationship
Toyota Tsusho Co. ("TT")	TT is a corporate shareholder of Oriental Metal Industries (M) Sdn. Bhd. ("OMISB"), a subsidiary of the Company.
Central Motor Wheels Co. ("CMW")	CMW is a corporate shareholder of OMISB.
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	Perodua is an associate of the Company.
Hino Motor Sales (Malaysia) Sdn. Bhd. ("Hino Motor")	Hino Motor is an associate of the Company.
Autoliv AB Sweden ("Autoliv AB")	Autoliv AB is a corporate shareholder of Autoliv Hirotako Sdn. Bhd., a subsidiary of the Company.

(b) Compensation of key management personnel are as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	1,964	1,392	768	684
Employees Provident Fund	261	163	114	95
Other benefits	36	36	-	-
Total compensation of key management personnel	2,261	1,591	882	779
Consist of amount paid to:				
Directors of the Company	1,127	815	882	779
Directors of subsidiaries	1,134	776	-	-
	2,261	1,591	882	779

44. CAPITAL COMMITMENT

As of 31 December 2012, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2012 RM'000	2011 RM'000
Approved and contracted for	36,062	89,062
Approved but not contracted for	22,113	25,574
	58,175	114,636

45. CONTINGENT LIABILITIES

(a) Corporate Guarantees

The Company is contingently liable to financial institutions for corporate guarantee given to the financial institutions for credit facilities granted to certain subsidiaries. As of 31 December 2012, the credit facilities obtained by the subsidiaries are secured and amounted to RM47,432,000 (2011: RM26,346,000).

(b) Industrial Relations

The Company's indirect 100% owned subsidiary, Federal Auto Holdings Berhad ("FAHB") has litigations in relation to constructive dismissal of employees and product liability claims. Provisions of RM292,000 (2011: RM496,000) has been recognised for expected claims arising from these litigations. The directors of FAHB are of the opinion that the possibility of these claims exceeding the amount provided is remote.

46. SIGNIFICANT EVENTS

(a) On 3 January 2012, the Company announced that the Take-Over offer to acquire all voting shares of RM0.25 each in Hirotako Holdings Berhad ("HHB") (Excluding Treasure Shares)("HHB Shares"), all new HHB Shares which may be issued arising from the exercise of outstanding Warrants 2012/2016 in HHB ("Warrants") and all outstanding Warrants in HHB not held by the Company ("Take-Over") which the Company undertook on 27 October 2011, has closed with the level of acceptance for HHB Shares at 95.99% and for Warrants at 53.47%. The Company has proceeded to compulsory acquire the outstanding HHB Shares for which valid acceptance have not been received.

Consequently, HHB was delisted from the Main Market of the Bursa Malaysia Securities Berhad on 19 January 2012.

On 27 February 2012, the Company completed the compulsory acquisition of the outstanding Offer Shares.

(b) On 16 February 2012, FAHB terminated the Conditional Purchase Agreement dated 15 March 2012 with Kiara Seleksi Sdn Bhd ("KSSB") to purchase a property held under HS(D) 116293 PT 8361 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan for a consideration of RM20,000,000.

The purchase of the said property was undertaken by MBMR Properties Sdn. Bhd. ("MPSB") (formerly known as Summer Gallery Sdn. Bhd.), a wholly-owned subsidiary of the Company, for which a new purchase agreement was entered into between KSSB and MPSB for a consideration of RM25,499,998.

(c) On 24 February 2012, the Company proposed to undertake the following:

(i) a bonus issue of up to 73,652,300 new ordinary shares of RM1.00 each in the Company ("Shares") ("Bonus Shares"), to be credited as fully paid-up, on the basis of three (3) Bonus Shares for every ten (10) existing Shares held by the entitled shareholders of the Company ("Proposed Bonus Issue"); and

(ii) a renounceable rights issue of up to 73,652,300 new Shares ("Rights Shares") together with up to 73,652,300 new free detachable warrants ("Warrants") on the basis of three (3) Rights Shares with three (3) Warrants for every ten (10) existing Shares held by the entitled shareholders of the Company ("Proposed Rights Issue with Warrants").

On 24 May 2012, the Proposed Bonus Issue was completed following the listing and quotation for the 73,165,750 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad.

On 21 June 2012, the Proposed Rights Issue with Warrants was completed following the listing of and quotation for the 73,165,836 Rights Shares together with 73,165,836 Warrants on the Main Market of Bursa Malaysia Securities Berhad. The issue price of the Rights Shares was fixed at RM1.42 per Rights Share and the exercise price of the Warrants was fixed at RM3.20 per Warrant.

(d) On 28 September 2012, the Company entered into a Joint Venture Agreement ("JVA") with Hino Motors, Ltd ("HML") for the purpose of forming a mutual partnership in assembling, manufacturing and selling of trucks and buses of Hino Motors brand within Malaysia. The initial capital of the Joint Venture Company ("JVC") is RM78,700,000 comprising 78,700,000 ordinary shares of RM1 each whilst HML and the Company hold 58% and 42% equity interest in the JVC respectively.

The JVC shall have a Board of Directors comprising eight (8) members, of which five (5) shall be nominated by HML and three (3) shall be nominated by the Company.

On 16 October 2012, a JVC was incorporated in accordance with the provisions of the JVA. The parties to the JVA, HML and the Company, agreed to use the Company's existing wholly-owned subsidiary, MBMR Manufacturing Sdn. Bhd. to be converted into the JVC under a new name Hino Motors Manufacturing (Malaysia) Sdn. Bhd. ("HMM"). Consequent thereupon, HMM became an associate of the Company.

47. SUBSEQUENT EVENTS

(a) On 27 February 2013, the Company entered into a Share Sale and Purchase Agreement with Mitsui & Co., Ltd ("Mitsui"), a corporate shareholder of Daihatsu (Malaysia) Sdn. Bhd. ("DMSB"), a subsidiary of the Company with the intention of increasing Mitsui's equity participation in DMSB via an acquisition of 4,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital in DMSB by Mitsui from the Company for a cash consideration of RM83,264,000.

On 4 March 2013, the Company completed the disposal of 20% equity interest of DMSB to Mitsui. Consequently, the Company's equity interest in DMSB and its subsidiaries decreased from 71.5% to 51.5%.

The said disposal is expected to give rise to a gain of approximately RM68,024,000 to the Company and it is not expected to have a significant effect on the profit or loss to the Group.

(b) On 12 April 2013, Federal Auto Holdings Berhad, an indirect subsidiary of the Company entered into a Memorandum of Undertanding ("MOU") with SAIC Motor Corporation Limited, a public company incorporated under the laws of the People's Republic of China, with the intention of introducing MG vehicles in Malaysia and the development of facilities for the assembly of Complete Knocked Down ("CKD") MG vehicles. The said MOU shall continue to be effective for a period of 12 months from the date of MOU and can be extended as mutually agreed by both parties.

48. SEGMENT INFORMATION

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is specifically focused on the business segments as follows:

(i) Motor vehicles: Marketing and distribution of motor vehicles, spare parts and provision of related services.

(ii) Automotive components: Manufacturing of automotive parts and components, seat belts, car airbag modules, steel wheels and discs, and provision of tyre assembly services.

(iii) Vehicles body building: Manufacturing and fabrication of vehicles body and provision of related services.

(iv) Property development

(v) All others: Investment holding, corporate headquarters and other dormant companies.

Information regarding the Group's reportable segments is presented below.

Year ended 31 December 2012

	Motor vehicles RM'000	Automotive components RM'000	Vehicle body building RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenues from external customers	1,854,480	406,868	6,310	-	-	2,267,658
Operating profits/(loss) for reportable segments	29,951	70,340	(448)	(338)	(7,576)	91,929
Share of results of associates	121,803	3,518	-	-	-	125,321
Finance costs	(3,625)	(70)	(278)	-	(21,262)	(25,235)
Interest income	1,232	2,494	-	38	1,539	5,303
Depreciation and amortisations	(8,018)	(11,653)	(156)	(88)	(105)	(20,020)
Other significant non-cash items:						
Provisions	(2,126)	(878)	-	-	(320)	(3,324)
Reversal of provisions	204	-	-	-	-	204
Capital expenditure	14,565	68,809	203	-	749	84,326
Segment assets	808,505	677,280	8,134	59,718	71,583	1,625,220
Investment in associates	775,480	42,865	-	-	-	818,345
Segment liabilities	(387,067)	(129,514)	(4,907)	(34,467)	(327,589)	(883,544)

Year ended 31 December 2011

	Motor vehicles RM'000	Automotive components RM'000	Vehicle body building RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenues from external customers	1,599,560	90,561	15,452	-	-	1,705,573
Operating profits/(loss) for reportable segments	39,149	15,006	(299)	(316)	(11,538)	42,002
Share of results of associates	107,892	-	-	-	-	107,892
Finance costs	(1,218)	(37)	(331)	-	(543)	(2,129)
Interest income	722	546	-	32	1,526	2,826
Depreciation and amortisations	(6,419)	(2,095)	(143)	(86)	(44)	(8,787)
Other significant non-cash items:						
Provisions	(1,612)	-	-	-	(240)	(1,852)
Reversal of provisions	1,128	500	-	-	-	1,628
Capital expenditure	24,872	1,509	92	8	6	26,487
Segment assets	626,723	577,555	13,650	26,110	33,622	1,277,660
Investment in associates	675,116	67,113	-	-	-	742,229
Segment liabilities	(231,624)	(81,782)	(10,336)	(19,169)	(368,279)	(711,190)

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Reconciliations of reportable operating segment revenue, profit or loss, assets and liabilities are as follows:

	The Group	
	2012 RM'000	2011 RM'000
Revenue		
Total revenue for the Group's reportable segments	2,267,658	1,705,573
Elimination of inter-segment revenues	-	-
Revenue, as reported	2,267,658	1,705,573
Profit or Loss		
Total profit for the Group's reportable segments, including finance costs and interest income	99,296	53,254
All others	(27,299)	(10,555)
Share of results of associates	125,321	107,892
Profit before tax, as reported	197,318	150,591
Assets		
Total assets for the Group's reportable segments	1,553,637	1,244,038
All others	71,583	33,622
Investment in associates	818,345	742,229
Total assets, as reported	2,443,565	2,019,889
Liabilities		
Total liabilities for the Group's reportable segments	555,955	342,911
All others	327,589	368,279
Total liabilities, as reported	883,544	711,190

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

No analysis of geographical segment is presented as the Group operates principally in Malaysia.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of account payables and accruals.

Investment in associates: Income from associates is allocated as they are specifically attributable to business segments, and correspondingly investment in associates is included as segment assets of the Group.

49. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2011.

The capital structure of the Group consists of debts and equity of the Group.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Debts	556,723	433,990	322,137	344,013
Equity	1,560,021	1,308,699	569,501	433,149
Debt to equity ratio	35.7%	33.2%	56.6%	79.4%

Debts are defined as borrowings and hire purchase payables as disclosed in Notes 35 and 37 respectively.

Equity includes capital, reserves and non-controlling interests.

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Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Categories of financial instruments

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Available-for-sale investment	417	6,614	-	-
Held-to-maturity investment	1,000	1,000	-	-
Loan and receivables:				
Hire purchase receivables	18	21	-	-
Trade receivables	237,905	163,951	-	-
Other receivables	39,691	39,244	48	65
Amount owing by subsidiaries	-	-	97,335	84,347
Amount owing by associates	67	-	67	-
Cash and bank balances	291,271	253,034	68,710	33,965
Financial liabilities				
At amortised cost:				
Hire purchase payables	40	57	-	-
Borrowings	556,683	433,933	322,137	344,013
Non-cumulative redeemable preference shares	-	928	-	-
Trade payables	226,630	141,619	-	-
Other payables and accrued expenses	67,948	97,736	617	6,621
Amount owing to holding company	205	462	205	462

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's financial risk management principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the foreign currencies of United States Dollar, Euro and Thai Baht.

The following table details the Group's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the profit or loss, the balances below would be negative.

	The Group	
	2012 RM'000	2011 RM'000
United States Dollar	1,397	1,151
Euro	657	180
Japanese Yen	14	8
Thai Baht	149	255
Swedish Kroner	-	41
Singapore Dollar	-	20

The Group's sensitivity to foreign currency is mainly attributable to the exposure of outstanding receivables and payables, which are denominated in foreign currencies at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group is exposed to credit risk mainly from trade receivables and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade and other receivables, should all its customers fail to perform their obligations as of 31 December 2012, is the carrying amount of these receivables as disclosed in statements of financial position.

The Group places its short-term deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics at the end of the reporting period. The Group defines counterparties having similar characteristics if they are related entities.

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing fixed deposits, short-term and long-term borrowings. The Group has in place prudent investment policies whereby excess funds are only invested in repurchase agreements or placed as fixed deposits with reputable commercial banks. The Group does not at anytime make placements in non-guaranteed, fluctuating, commercial papers and the like.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit for the year ended 31 December 2012 would be decrease/increase as a result of the following:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Decrease/Increase in interest expense on:				
Term loans	2,014	1,899	1,611	1,720
Bankers' acceptances	714	217	-	-
Revolving credits	50	50	-	-
Bank overdrafts	5	4	-	-
	2,783	2,170	1,611	1,720

No sensitivity analysis is prepared by management as interest rate for hire purchase payables is fixed at the inception of the financing arrangement.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

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When the amount payable is not fixed, the amount disclosed has been determined by reference to the fair value as of the end of the reporting period.

The Group	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2012					
Financial liabilities					
Non-interest bearing:					
Trade payables	226,630	-	-	-	226,630
Other payables and accrued expenses	67,948	-	-	-	67,948
Amount owing to holding company	205	-	-	-	205
	294,783	-	-	-	294,783
Interest bearing:					
Term loans	104,157	104,790	215,038	54,196	478,181
Bankers' acceptances	142,860	-	-	-	142,860
Revolving credits	10,000	-	-	-	10,000
Bank overdrafts	937	-	-	-	937
Hire purchase payables	19	25	-	-	44
	257,973	104,815	215,038	54,196	632,022
	552,756	104,815	215,038	54,196	926,805
2011					
Financial liabilities					
Non-interest bearing:					
Trade payables	141,619	-	-	-	141,619
Other payables and accrued expenses	97,736	-	-	-	97,736
Amount owing to holding company	462	-	-	-	462
	239,817	-	-	-	239,817
Interest bearing:					
Non-cumulative redeemable preference shares	928	-	-	-	928
Term loans	63,164	102,210	265,733	41,104	472,211
Bankers' acceptances	43,353	-	-	-	43,353
Revolving credits	10,000	-	-	-	10,000
Bank overdrafts	832	-	-	-	832
Hire purchase payables	19	19	26	-	64
	118,296	102,229	265,759	41,104	527,388
	358,113	102,229	265,759	41,104	767,205

The Company	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2012					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses	617	-	-	-	617
Amount owing to holding company	205	-	-	-	205
	822	-	-	-	822
Interest bearing:					
Term loans	99,648	94,562	175,007	-	369,217
	100,470	94,562	175,007	-	370,039
2011					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses	6,621	-	-	-	6,621
Amount owing to holding company	462	-	-	-	462
	7,083	-	-	-	7,083
Interest bearing:					
Term loans	60,347	99,393	257,281	-	417,021
	67,430	99,393	257,281	-	424,104

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Fair Values

The carrying amounts of the financial assets and financial liabilities of the Group and the Company at the end of the reporting period approximate their fair values due to the relatively short term maturities of these financial instruments except for the following:

	The Group			The Company		
	Carrying amount RM'000	Fair value RM'000		Carrying amount RM'000	Fair value RM'000	
Financial assets						
At 31 December 2012						
Available-for-sale investment	417	417	^	-	-	
Held-to-maturity investment	1,000	1,009	^	-	-	
At 31 December 2011						
Available-for-sale investment	6,614	6,614	^	-	-	
Held-to-maturity investment	1,000	1,010	^	-	-	
Financial liabilities						
At 31 December 2012						
Borrowings	556,683	574,273	#	322,137	340,982	
Hire purchase payables	40	40	#	-	-	
At 31 December 2011						
Borrowings	433,933	442,470	#	344,013	352,075	#
Hire purchase payables	57	57	#	-	-	
Non-cumulative redeemable preference shares ("NCRPS")	928	928	*	-	-	

Valuation techniques and assumptions applied for the purposes of measuring fair value

^ The fair values of available-for-sale investment and held-to-maturity investment are determined with reference to quoted market prices at the end of the reporting period.

The fair values of these financial instruments are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

* The fair values of NCRPS was estimated using discounted cash flow analysis based on 5.5%.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2012				
Financial Assets				
Available-for-sale investment	417	-	-	417
2011				
Financial Assets				
Available-for-sale investment	6,614	-	-	6,614

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50. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	71.50	71.50	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services.
Galaxy Waves Sdn. Bhd.	Malaysia	100	100	Investment holding.
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	100	100	Vehicles body building, and general engineering works.
Oriental Extrusions Sdn. Bhd.	Malaysia	100	100	Investment holding.
MBMR Properties Sdn. Bhd. (Formerly known as Summer Gallery Sdn. Bhd.)	Malaysia	100	100	Investment holding.
Inai Benua Sdn. Bhd.	Malaysia	70	70	Property development.
Hirotako Holdings Berhad	Malaysia	99.9	95.5	Investment holding and the provision of management services.
Indirect Subsidiaries				
DMM Sales Sdn. Bhd.	Malaysia	71.5	71.5	Marketing and distribution of motor vehicles, related spare parts and other related activities.
DMM Engineering Sdn. Bhd.	Malaysia	71.5	71.5	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 Credit Sdn. Bhd.	Malaysia	71.5	71.5	Provision of hire purchase facilities.
DMM Assembly Services Sdn. Bhd.	Malaysia	71.5	71.5	Dormant.
Federal Auto Holdings Berhad	Malaysia	100	100	Investment holding, letting, maintenance and management of properties and provision of management services.
Federal Auto Cars Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services.

(Forward)

Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Fadara Properties Sdn. Bhd.	Malaysia	100	100	Rental and management of properties.
Fadara Trading Sdn. Bhd.	Malaysia	100	100	Non-operating.
Federal Auto Cars Retail Sdn. Bhd.	Malaysia	100	100	Investment holding.
FAST Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicle accessories.
F.A. Wagen Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services.
F.A. Serve Sdn. Bhd.	Malaysia	100	100	Operating petrol station and providing workshop services.
F.A. Leasing and Credit Sdn. Bhd.	Malaysia	100	100	Non-operating.
Liberty Car Rental Sdn. Bhd.	Malaysia	100	100	Non-operating.
F.A. Automobiles Sdn. Bhd.	Malaysia	100	100	Investment holding.
F.A. Automobiles (Ipoh) Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services.
F.A. Autoprima Sdn. Bhd.	Malaysia	100	100	Non-operating.
F.A. Autosoft Sdn. Bhd.	Malaysia	100	100	Non-operating.
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	78	78	Manufacturing of steel wheel rims for motor vehicles and related activities.
OMI Alloy (M) Sdn. Bhd.	Malaysia	78	78	Manufacturing of alloy wheels for motor vehicles and related activities. Inactive as of year end.
F.A. Truck Sdn. Bhd. (formerly known as Lion Motor Sdn. Bhd.)	Malaysia	100	100	Trading of motor vehicles.
Kinabalu Motor Assembly Sendirian Berhad	Malaysia	70	70	Trading of motor vehicles.
KMA Marketing Sdn. Bhd.	Malaysia	70	70	Trading of motor vehicles and spare parts and providing ancillary services.

(Forward)

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Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Autoliv Hirotako Sdn. Bhd.*	Malaysia	51	48.7	Investment holding.
Autoliv Hirotako Safety Sdn. Bhd.*	Malaysia	51	48.7	Manufacture and sale of seat belts for motor vehicles.
Autoliv Hirotako SRS Sdn. Bhd.*	Malaysia	51	48.7	Manufacture and sale of car airbag modules and steering wheels.
Autobelt Sdn. Bhd.*	Malaysia	51	48.7	Dormant.
Airbag Systems (Malaysia) Sdn. Bhd.*^	Malaysia	51	48.7	Dormant.
Hirotako Acoustics Sdn. Bhd.*	Malaysia	99.9	95.5	Manufacture and sale of noise and heat reduction material as well as insulator parts for motor vehicles.
PC Ventures Sdn. Bhd.*	Malaysia	99.9	95.5	Investment holding.
Hirotako Kein Hing Sdn. Bhd.*	Malaysia	99.9	95.5	Dormant.
Hirotako Marketing Sdn. Bhd.*	Malaysia	99.9	95.5	Dormant.
Hirotako Ventures Sdn. Bhd.*	Malaysia	99.9	95.5	Dormant.
Duralux Sdn. Bhd.*	Malaysia	99.9	95.5	Dormant.
Hirotani Philippines Incorporated*	Philippines	99.9	95.5	Dormant.

* Audited by a firm other than Deloitte KassimChan.

^ Member's Voluntary Winding-up commenced on 12 December 2008 and accordingly, the principal activity has ceased.

51. ASSOCIATE COMPANIES

Name of Company	Country of Incorporation	Equity Interests Held		Principal Activities
		2012 %	2011 %	
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	23.6	23.6	Investment holding, provision for management and administration services, marketing and distribution of motor vehicles and related spare parts.
Hino Motors Sales (Malaysia) Sdn. Bhd. [formerly known as Hino Motors (Malaysia) Sdn. Bhd.]*	Malaysia	42	42	Marketing and servicing of commercial vehicles and related spare parts.
Teck See Plastic Sdn. Bhd.*	Malaysia	22.1	21.1	Manufacture and distribution of plastic articles and products.
Hino Motors Manufacturing (Malaysia) Sdn. Bhd.*	Malaysia	42	-	Assemble, manufacturing and distribution trucks and buses of Hino Motors brand.

* Audited by a firm other than Deloitte KassimChan.

52. SUPPLEMENTARY INFORMATION

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2012 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group	
	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	600,767	565,593
Unrealised	(8,124)	(11,119)
	592,643	554,474
Total retained earnings of associates		
Realised	587,932	516,683
Unrealised	(23,630)	(22,556)
	564,302	494,127
Less: Consolidation adjustments	(253,397)	(215,942)
Total retained earnings as per statements of financial position	903,548	832,659

	The Company	
	2012 RM'000	2011 RM'000
Total retained earnings		
Realised	136,035	160,154
Unrealised	(2,095)	(1,775)
Total retained earnings as per statements of financial position	133,940	158,379

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and is not made for any other purposes.

Notice Of Nineteenth (19th) Annual General Meeting

MBM RESOURCES BERHAD (284496 V)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at the Grand Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Thursday, 20 June 2013 at 10.30 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 2)**

2. To re-elect Mr Looi Kok Loon who retires pursuant to Article 78 of the Company's Articles of Association. **(Resolution 1)**

3. To re-elect Encik Mustapha Bin Mohamed who retires pursuant to Article 85 of the Company's Articles of Association. **(Resolution 2)**

4. To approve the payment of Directors' fees for the financial year ended 31 December 2012. **(Resolution 3)**

5. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications, as Special Resolution of the Company:-

6. **SPECIAL RESOLUTION** **(Resolution 5)**
   PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

   "THAT the amendments to the Company's Articles of Association as set out in **Appendix I** be and is hereby approved and adopted."

7. To consider any other business which due notice shall be given in accordance with the Companies Act, 1965.

By Order of the Board
WONG PEIR CHYUN (MAICSA 7018710)
WONG WAI FOONG (MAICSA 7001358)
Company Secretaries
Kuala Lumpur
28 May 2013

NOTES:-

1. **Appointment of Proxy**

(a) A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

(b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

(c) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings and that the provisions of Section 149(1)(c) of the Act shall apply. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(f) Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar office of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

(h) Only the members whose names appear on the Record of Depositors as at 13 June 2013 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

2. **Audited Financial Statements for the financial year ended 31 December 2012**
   The Audited Financial Statement in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders.

3. **Retirement of Director**
   Y. Bhg. Tan Sri Lee Lam Thye JP who will be retiring pursuant to Article 78 of the Company's Articles of Association at the Nineteenth Annual General Meeting, has indicated that he does not wish to seek re-election as a Director of the Company at the Nineteenth Annual General Meeting. Therefore, Y. Bhg. Tan Sri Lee Lam Thye JP shall retire from the Board at the conclusion of the Nineteenth Annual General Meeting.

4. **Explanatory Notes on Special Business**

Resolution 5
Special Resolution - Proposed Amendments to the Articles of Association

The proposed amendments to the Articles of Association of the Company are to comply with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and for facilitating some administration issues.

APPENDIX I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF MBM RESOURCES BERHAD

The existing Articles of Association ("Articles") of the Company are proposed to be amended as set out in the third column below:-

Article No.	Existing Provision	Amended Provision
2	Interpretation Approved Market Place – A stock exchange which is specified to be an approved market place pursuant to an exemption order made under Section 62A of the Central Depositories Act.	Interpretation Deleted
2.	Interpretation Deposited Security – Shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991.	Interpretation Deposited Security – a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.
2	No provision	Interpretation Listing Requirements – Main Market Listing Requirements of Bursa Malaysia Securities Berhad as amended from time to time.
2.	Interpretation Member – Unless otherwise express to the contrary, includes a depositor who shall be treated as if he was a member pursuant to Section 35 of the Securities Industry (Central Depositories) Act but excludes the Central Depository in its capacity as a bare trustee member.	Interpretation Member – Unless otherwise expressed to the contrary, includes a Depositor who shall be treated as if he was a member pursuant to Section 35 of the Central Depositories Act but excludes the Depository in its capacity as a bare trustee member.
2	Interpretation Securities Account – Account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.	Interpretation Securities Account – Account established by the Depository for a Depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the Depositor.
4A	Subject to the provisions of the Act and other applicable laws, the Company may purchase its own shares or give financial assistance to any person for the purpose of purchasing its shares.	Subject to and in accordance with the provisions of the Act, the rules, regulations and orders made pursuant to the Act, these Articles, the Listing Requirements and any other relevant laws, the Company may purchase its own shares and make payments in respect of the purchase of its own shares. Shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the Listing Requirements, any other relevant laws and these Articles.
13 (1)	The Company must ensure that all new issues of shares for which listing is sought are made by way of crediting the securities accounts of the allottees with such shares save and except where it is specifically exempted from compliance with the Central Depositories Act, in which it shall so similarly be exempted from compliance with the Exchange Listing Requirements. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees.	Subject to the provisions of the Act, the Central Depositories Act and the Rules of the Depository, the Company must ensure that all new issues of shares for which listing is sought are made by way of crediting the Securities Accounts of the allottees with such shares save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with these requirements. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees.

Article No.	Existing Provision	Amended Provision
27	The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof.	Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of a Deposited Security), the instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Record of Depositors in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.
29	The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give the Exchange prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be twelve (12) clear market days or such number of days as may be prescribed by the Exchange. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.	The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least ten (10) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules of the Depository to issue the appropriate Record of Depositors.
30	The transfer of any securities or class of securities of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Act but subject to 107C(2) of the Act, and any exemption that may be made from compliance with 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.	The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules of the Depository, notwithstanding Sections 103 and 104 of the Act but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.
35 (1)	Where:- (a) the securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories)(Amendment) Act, 1998, as the case may be, under the Rules of the Depository in respect of such securities, such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities,	Where:- (a) the securities of a company are listed on another stock exchange; and (b) such company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities, such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.
35 (2)	For avoidance of doubt, no company which fulfils the requirements of subparagraphs 1(a) and 1(b) above shall allow any transmission of securities from the Malaysian register into the Foreign Register.	Deleted

APPENDIX I

Article No.	Existing Provision	Amended Provision
49	Subject to any direction to the contrary that may be given by the Company in general meeting any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall from time to time to be created shall before they are issued offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meeting in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and, after the expiration of that time, or on the receipt of and intimation from the person to whom the offer of those offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.	Subject to any direction to the contrary that may be given by the Company in general meeting all new shares or other convertible securities shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meeting in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and, after the expiration of that time, or on the receipt of and intimation from the person to whom the offer of those offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.
56(1)	Subject to the provisions of the Act relating to convening meetings to pass special resolution, the notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all members at least fourteen (14) days before the meeting or at least twenty (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.	Subject to the provisions of the Act relating to convening meetings to pass special resolutions, the notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.
56(2)	The Company shall request the Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.	The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.
56(3)	The Company shall also request the Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicably which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").	The Company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicably which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").

<table>
<tr><th>Article No.</th><th>Existing Provision</th><th>Amended Provision</th></tr>
<tr><td>57</td><td>Subject always to the provision of Section 151 of the Act, no business shall be transacted at an extraordinary general meeting except business of which has been in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notices has been given aforesaid, <u>with the exception of declaring of a dividend, the consideration of the accounts, balance-sheet, and the report of the Directors and auditors, the election of directors in place of those retiring, the appointment and fixing of the remuneration of the auditors.</u></td><td>Subject always to the provisions of Section 151 of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid. All business shall be deemed special that is transacted at any extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of receipts and consideration of the profit and loss accounts, balance sheets and the report of the Directors and Auditors, the declaration of dividend, the appointment and election of Directors, fixing of remuneration and fees of Directors and the appointment and fixing of the remuneration of Auditors.</td></tr>
<tr><td>58</td><td>In every notice calling a meeting of a Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint <u>one or more proxies</u> to attend and vote instead of him, and that a proxy need not also be a member.</td><td>In every notice calling a general meeting of the Company, there shall appear with reasonable prominence, a statement that a member entitled to attend and vote is entitled to appoint not more than 2 proxies to attend and vote in his stead, and that a proxy may, but need not be a member of the Company or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints 2 proxies, he shall specify the proportion of his holdings to be represented by each proxy.</td></tr>
<tr><td>67(4)</td><td>Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint <u>at least one proxy</u> in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</td><td>(a) Where a Member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

(b) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

(c) Where the authorized nominee appoints two (2) proxies, or where an exempt authorized nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.</td></tr>
<tr><td>72</td><td>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of and officer or attorney duly authorised. A proxy may but need not a member of the Company The instrument appointing a proxy shall be deemed to confer authority to be demand or joint in demanding a poll.</td><td>The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's Seal or under the hand of an officer or an attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.</td></tr>
</table>

APPENDIX I

Article No.	Existing Provision	Amended Provision
73	The instrument appointing a proxy shall be in the following form with such variation as circumstances may require or the statutes permit or in such other form as the Exchange may approve: **MBM RESOURCES BERHAD** Proxy Form I/We, ……………………………………………………………………… of ……………………………………… being a member/members of the above named Company, hereby appoint ……………………… of ……………………………………………………… or failing whom, ………………………… of ………………………………… as my/our proxy to vote for me and on my/our behalf at the Annual/ Extraordinary* General Meeting of the Company, to be held on the ……………. day of ………………………… 19 ……….. and at any adjournment thereof for/ against* the resolution (s) to be proposed thereat. As Witness my/our hand/s this ………. day of ………………….. 19 …………… ============================ * Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.) Note: A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid this form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(4)(c) of the Act area complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointor is the corporation, this form must be executed under its Common Seal or under the hand of its attorney.	The instrument appointing a proxy shall be in the following form with such variation as circumstances may require or the statutes permit or in such other form as the Board may approve: **MBM RESOURCES BERHAD** Proxy Form I/We, ……………………………………………………………………… of ……………………………………… being a member/members of the above named Company, hereby appoint ……………………… of ……………………………………………………… or failing whom, ………………………… of …………………………………………… or failing whom, the Chairman of the meeting as my/our proxy to vote for me and on my/our behalf at the Annual/ Extraordinary* General Meeting of the Company, to be held on the ……………. day of ………………………… 19 ……….. and at any adjournment thereof for/ against* the resolution (s) to be proposed thereat. As Witness my/our hand/s this ………. day of ………………….. 19 …………… ============================ * Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit.) Note: A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid this form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A member shall be entitled to appoint not more than two proxies to attend and vote at the same meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointor is the corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Article No.	Existing Provision	Amended Provision
89	The office of a Director shall become vacant if the Director:- (a) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally during the term of his office; (b) become prohibited from being a director by reason of any order made under the Act or contravenes Section 130 of the Act; (c) ceases to be a director by virtue of the Act; (d) become of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during the term of his office; (e) resigns from his office by notice in writing to the Company and deposited at the Office; (f) is removed from his office of director by resolution of the Company in general meeting of which special notice has been given; (g) is absent from more than 50% of the total board of Directors' meetings held during a financial year.	The office of a Director shall become vacant if the Director:- (a) has a Receiving Order in Bankruptcy made against him or makes any arrangement or composition with his creditors generally during the term of his office; (b) becomes prohibited from being a director by reason of any order made under the Act or contravenes Section 130 of the Act; (c) ceases to be a director by virtue of the Act; (d) become of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during the term of his office; (e) resigns from his office by notice in writing to the Company and deposited at the Office; (f) is removed from his office of director by resolution of the Company in general meeting of which special notice has been given; (g) Deleted.
101(A)	No provision	If consented to by all the Directors, the Directors may meet either in person or by telephone, audio visual link or using any other technology that enables each Director who participates to hear each of the other participating Directors addressing the meeting, and if he so wishes, to address all the other Directors simultaneously. The consent may be a standing one. Any meeting held in such manner shall be deemed to have been held at such time and place from where the Chairman of the meeting participates.The minutes of the proceedings of such meeting are sufficient evidence of the proceedings to which it relates.
119(A)	No provision	A resolution in writing signed or approved by letter or telefax or other electronic means by the members of a Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may be executed in any number of counterparts, each signed by one or more members of the Committee all of which taken together and when delivered to the secretary of the Committee, shall constitute as one and the same resolution.
127	The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term, at such remuneration and upon such conditions as they think fit, and the Directors may from time to time appoint a temporary substitute for the Secretary or Secretaries who shall be deemed to be the Secretary during the term of his appointment.	(1) The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term, at such remuneration and upon such conditions as they think fit, and the Directors may from time to time appoint a temporary substitute for the Secretary or Secretaries who shall be deemed to be the Secretary during the term of his appointment. (2) The office of the Secretary shall be vacated if the secretary resigns by notice in writing to the company, left at the Office and copies sent to all the directors for the time being at their last known residential addresses. Where a Secretary gives notice of resignation to the directors, the Secretary shall cease to act as Secretary with immediate effect, and unless provided in the terms of engagement, within the stipulated time.

APPENDIX I

Article No.	Existing Provision	Amended Provision
130	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss account, balance sheet and report as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of accounts relating to it shall not exceed six (6) months. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and auditors' reports shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days before the date of the meeting (or such shorter period as may be) be sent to every member or, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such documents may be required by the Stock Exchange upon which the Company's shares may be listed shall at the time be likewise sent to each Stock Exchange Provided that this Article does not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Company's registered office.	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in that section. The interval between the close of a financial year of the Company and the issuance of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months. The Company must within six (6) months from its financial year end, issue an annual report to its members. A copy of each such document in printed form or in CD-ROM form or in such other form of electronic media, shall not less than twenty-one (21) days before the date of the meeting, be sent to every member of the Company under the provision of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange and any other stock exchange upon which the Company is listed, shall likewise be sent to the Exchange and relevant stock exchange. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office of the Company.
141	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the member or paid by electronic transfer of remittance or such other mode of electronic means (subject to the provision of the Act, the Central Depositories Act and the Rules of the Depository, the Listing Requirements and any other relevant laws) to the bank account of the holders whose name appear in the Register or Record of Depositors or to such person and to such address the holder may in writing direct. Every such cheque or warrant or electronic transfer of remittance shall be made payable to the order of the person to whom it is sent, or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant or by such electronic means shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or of any discrepancy given by the member in the details of the bank account(s). Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
151	On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by members.	On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by members. The amount of such payment shall be notified to all members at least 7 days before the meeting at which the commission or fee is to be considered.

MBM RESOURCES BERHAD
(284496 - V) (Incorporated in Malaysia)

Proxy **Form**

No of shares held	CDS Account No.

I/We ______________________________ NRIC No. ______________________________

of ______________________________

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

NRIC No. ______________________________ of ______________________________

or failing him/her, ______________________________ NRIC No. ______________________________

of ______________________________

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 19th Annual General Meeting of the Company, to be held at the Grand Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Thursday, 20 June 2013 at 10.30 a.m. and, at every adjournment thereof *for/against the resolution(s) to be proposed thereat.

Item	AGENDA	Resolution	For	Against
1.	**Ordinary Business** Receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Mr Looi Kok Loon as Director of the Company pursuant to Article 78 of the Company's Articles of Association.	1		
3.	Re-election of Encik Mustapha Bin Mohamed as Director of the Company pursuant to Article 85 of the Company's Articles of Association.	2		
4.	Approval of Directors' fees for the financial year ended 31 December 2012.	3		
5.	Re-appointment of Messrs Deloitte KassimChan as Auditor.	4		
6.	**Special Business** Proposed Amendment to the Articles of Association.	5		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

As witness my hand, this................day of............................

....
Signature or Common Seal of Member(s)

**Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit)*

NOTES:

i. A member entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

ii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's Seal or under the hand of an officer or attorney duly authorised.

iii. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meetings and that the provisions of Section 149(1)(c) of the Act shall apply. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.

iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

v. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

vi. Where the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

vii. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the share registrar office of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

viii. Only the members whose names appear on the Record of Depositors as at 13 June 2013 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

Fold this flap for sealing

AFFIX
STAMP

MBM RESOURCES BERHAD
The Share Registrar
Level 17, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

2nd fold line

1st fold line

OUR FUTURE TODAY

Network Expansion **RM75m**

HIROTAKO Acquisition **RM410m**

PERODUA's Second Manufacturing Plant **RM790m**

Manufacturing Plant Joint Venture with HINO **RM140m**

OMI Alloy Wheel Plant **RM103m**

MBM Resources Berhad

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