SOCIAL RESPONSIBILITY

At MBMR, we have built in a culture of a responsible corporate in the way we conduct our business. We continue to refine our approach with the changing business environment.

WORKPLACE

Our people form the foundation of the success of MBMR. We believe in attracting skilled talents and developing and retaining them as our employees by keeping them engaged and motivated in helping grow our business. We have scheduled training sessions to empower and enhance the skills of our employees; we have regular employee communication such as holding staff assemblies; we organize teambuilding sessions and business retreats to keep our staff engaged, motivated and aligned with the group's strategy for expansion and growth; we support results-driven behaviour and encourage entrepreneurship and creativity; safety at the workplace is of great importance and we continue to target zero injuries in our workplace; we conduct safety awareness campaigns and training to help our employees prevent any future risk of accidents.

MARKETPLACE

We continue to strive to serve our customers with the best service and produce products of the highest quality. We build strong and deep relationships with them and always try to understand their needs and what matters most to them. We actively participate in vendor programmes to support lean production systems in the face of pressure of lowering costs. We continuously develop our relations with our main suppliers to build a strong partnership in ensuring our supply base is supportive of our operations.

ENVIRONMENT

We are constantly creating awareness of the impact of the way we conduct our business has on the environment. We continuously assess energy saving programmes to reduce energy consumption in our operations; we actively explore new methods of carrying out our processes to minimise wastes and where possible, to encourage recycling. Our manufacturing facilities are Environment Management System (EMS) MS ISO 14001 and Occupational Health and Safety Management System (OHSAS 18001) certified.

COMMUNITY

MBMR encourages and provides opportunities for its employees to participate in community service programmes. We support local charities and initiatives in the communities we operate in. As in previous years, we have supported the Pusat Penjagaan Kanak-kanak Cacat Taman Megah, home for special needs children and Rumah Amal Limpahan Kasih orphanage in Puchong. We were sponsors of the Relay for Life event organized by the National Cancer Society Malaysia for the fourth year in a row.

Our subsidiary, AHSB, plays an important role in the automotive industry in making products that help save lives and reducing traffic injuries. Therefore, helping to save lives with the installation of our products in vehicles is our core contribution to our social responsibilities. We also initiate road safety campaigns internally as well as for the public to raise the safety awareness on the roads. We support agencies on road safety such as the Malaysian Institute of Road Safety Research (MIROS) by participating in their programmes and developments on road safety issues.

THE YEAR AT A GLANCE

NEW ADDITIONS TO OUR PRODUCT LINE-UP

March
Volkswagen Golf Mk 7

March
Mitsubishi i-MiEV

March
Mitsubishi Triton Single Cab

March
Perodua S-Series: Viva S, Myvi 1.3 SE and Alza S

May
Mitsubishi ASX Facelift

May
Mitsubishi Triton Heavy Duty

May
Volkswagen Beetle 1.4 TSI

June
Mitsubishi Mirage Sports - Limited Edition

July
Mitsubishi Pajero Sport VGT Euro

August
Volvo V40

August
Volkswagen Golf GTI Mk 7

September
Mitsubishi Triton VGT GS and GL

October
Volkswagen Polo Sedan CKD

November
Mitsubishi Attrage

December
Perodua Myvi 1.5 F.E.M. Special Edition

CORPORATE EVENTS

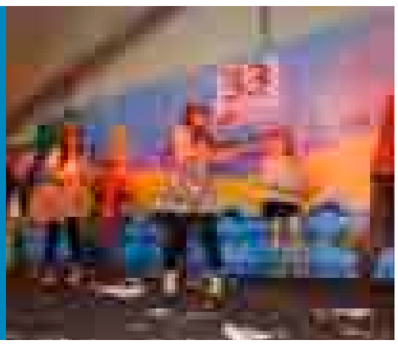
20-21 January
DMM Sales Sdn. Bhd. Sales Advisor Team Building in Bentong

17 March
Autoliv Hirotako Sdn. Bhd. Annual Dinner

27 April
Hirotako Acoustics Annual Dinner

8-13 June
Daihatsu Dealers' Incentive Trip to Kenya

14-16 September
Daihatsu (Malaysia) Sdn. Bhd. Annual Retreat in Penang



15 – 24 November
Federal Auto Holdings Berhad Exhibition at the Kuala Lumpur International Motor Show, Putra World Trade Centre

15 – 24 November
Daihatsu (Malaysia) Sdn. Bhd. Exhibition at the Kuala Lumpur International Motor Show, Putra World Trade Centre

7-8 December
Oriental Metal Industries (M) Sdn. Bhd. Staff Day in Pulau Pangkor

BOARD OF DIRECTORS' PROFILES

Y. BHG. DATO' ABDUL RAHIM ABDUL HALIM

Aged 65, 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. (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 47, 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, heading their Kuala Lumpur office in 1996 to 1997 and was subsequently based in their offices in London and Hong Kong. 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).

MS. WONG FAY LEE

Aged 50, Malaysian
Executive Director
Head of Group Legal, Risk and Compliance Division

Ms. Wong has been Group General Counsel to the MBM Resources Bhd group of companies since 2011. Ms. Wong started her career in 1987 with the Sydney office of Mallesons Stephens Jaques (now King & Wood Mallesons) as a corporate finance lawyer and later joined the South East Asian practice of Mallesons based in Singapore. Her former positions have also included Manager in the Research & Development Division (responsible for bond and derivatives markets) with the Malaysian Securities Commission, Chief Executive/Managing Director of Malaysia Derivatives Clearing House (now known as Bursa Malaysia Derivatives Berhad) and adviser to the Clearing Division of the Hong Kong Exchanges and Clearing Limited. She is also currently an independent director of KFH Asset Management Sdn Bhd since 2008. She has a bachelor's degree in law from the University of Sydney and a Graduate Diploma in Applied Finance and Investments from the Securities Institute of Australia. She is admitted as a solicitor to the NSW Supreme Court and the High Court of Malaya.

ENCIK ISKANDER ISMAIL MOHAMED ALI

Aged 64, Malaysian
Senior Independent Non-Executive Director

Encik Iskander was appointed to the Board of MBMR on 8 May 2009 and re-designated Senior Independent Director on 22 August 2013. He is currently Chairman of MBMR's Audit and Risk Management Committee and a member of the Nominating and Remuneration Committee. 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 is an independent director of an asset management company in Malaysia and also sits on the Board of Trustees of a local educational foundation.

BOARD OF DIRECTORS' PROFILES

ENCIK MUSTAPHA MOHAMED

Aged 68, Malaysian
Independent Non-Executive Director

Encik Mustapha was appointed to the Board of MBMR on 25 February 2013 and is currently Chairman of MBMR's Nominating and Remuneration Committee and a member of Audit and Risk Management Committee. 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 55, 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 and Risk Management 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 53, Malaysian
Non-Independent Non-Executive Director

Mr. Low Hin Choong joined the Board on 18 May 2001 and is currently a member of the Nominating and Remuneration Committee and chairs 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.

Notes:

1. *None of the Directors has any family relationship with any Director and/or major shareholder of the Company.*
2. *None of the Directors has any conflict of interest with the Company.*
3. *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

Ms. Wong Fay Lee
Executive Director
Head of Group Legal,
Risk and Compliance Division

Mr. Cheng Seng Fook
Director, Automotive Division

Mr. Poh Chee Kwan
Group General Manager

Mr. Kong Kam Seong
Group Financial Controller

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 Group 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 Group 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 and Risk Management Committee (please refer to the Report on the Audit and Risk Management Committee set out on pages 40 to 45), Nomination Committee, Remuneration Committee (both Nomination Committee and Remuneration Committee are now merged as "Nominating and Remuneration Committee" since 20 February 2014) 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 the Group 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 Group 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

The MBMR Group of companies engages in the wider community through Corporate Social Responsibility programmes 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 page 20 to 21.

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 seven members, five of whom are Non-Executive Directors, two of whom are Independent. No individual or group of individuals dominates the Board's decision-making and the number of Directors fairly reflects the investment of the shareholders.

Details of the members of Board and Board committees are set out on pages 24 to 27.

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 2013, 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 annually 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.

Summary of activities of Nomination Committee

In discharging the duties and responsibilities set out in its Terms of Reference, the Nomination Committee met on 18 February 2013 and 18 November 2013 and undertook the following activities:

1. Review of the Performance of Directors
   - Evaluation and review of the performance of each Director based on an assessment checklist prepared with reference to the recommendations of the MCCG 2012 and Corporate Governance Guide 2nd Edition issued by Bursa Malaysia Securities Berhad
   - Assessment of independent directors in line with the recommendations of the MCCG 2012 and Corporate Governance Guide 2nd Edition issued by Bursa Malaysia Securities Berhad
2. Review of the Composition of the Board
   - Evaluation of the re-appointment of Directors to the Board who retire by rotation
   - Noted the retirement of Tan Sri Lee Lam Thye and resignation of Mr. Wong Wei Khin from the Board
   - Assessment of the appointment of Encik Mustapha Mohamed as Independent Non-Executive Director and Ms. Wong Fay Lee as Executive Director

Board remuneration policies and procedures

During the financial year ended 31 December 2013, 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, Group 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.

STATEMENT ON CORPORATE GOVERNANCE

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 36.

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, who is listed as an Independent Director complies with the relevant criteria for independence set out in the Board Charter.

Tenure of Independent Director not to exceed nine years

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 Group Managing Director

The roles of Chairman and Group 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 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. However, it is a factor that brings his interest into alignment with the interests of 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 (which includes a valuable insight on the Group's operations from his previous stewardship of the Company) 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 committees meetings are set out on page 35.

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 2013, all Directors attended various development and training programmes to further enhance their skill and knowledge in compliance with paragraph 15.08 of the Listing Requirements.

Details of the training attended by directors are set out on page 36.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

On behalf of the Board, the Audit and Risk Management 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 interim and year-end 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 auditors in the absence of management;

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

(c) the engagement of the internal audit firm (as MBMR has an outsourced internal audit undertaking). The Audit and Risk Management 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 audit 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 and Risk Management Committee assists the Board in reviewing 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 and Risk Management 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 auditors.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound risk management framework

MBMR has established policies and procedures for the oversight and management of significant 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 within the risk appetite and tolerance parameters determined by the Board. The risks covered in the procedures and monitored by the Company's Risk Management Unit include operational, market (both business and finance risks), legal and credit risks. The Management and the Board carry out an annual review of the risk profiles affecting the Group's business objectives as well as the effectiveness of the risk management framework.

Internal audit function reporting to the Audit and Risk Management Committee

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

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.

STATEMENT ON CORPORATE GOVERNANCE

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 2013, the Company held formal analysts/fund managers briefings on 23 August 2013 conducted by the Group 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.

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 29 April 2014.

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

	BODM	ARMC	NCM	RCM	AGM
Independent Non-Executive Directors					
Encik Iskander Ismail Mohamed Ali	4/4	5/5	2/2	2/2	1/1
Tan Sri Lee Lam Thye (retired on 20 June 2013)	2/2	3/3	1/1	1/1	
Encik Mustapha Mohamed (appointed on 25 February 2013)	3/3	2/2	1/1	1/1	1/1
Non-Independent Non-Executive Directors					
Dato' Abdul Rahim Abdul Halim	4/4				1/1
Encik Aqil Ahmad Azizuddin	4/4	5/5			1/1
Mr. Low Hin Choong	4/4			2/2	1/1
Mr. Wong Wei Khin (resigned on 1 January 2014)	4/4		2/2		1/1
Non-Independent Executive Directors					
Mr. Looi Kok Loon	4/4				1/1
Ms. Wong Fay Lee (appointed on 1 January 2014)					
Total number of meetings for 2013	4	5	2	2	1

Chairman
Member
Non-member

BODM : Board of Directors' Meeting
ARMC : Audit and Risk Management Committee Meeting
NCM : Nomination Committee Meeting
RCM : Remuneration Committee Meeting
AGM : Annual General Meeting

DIRECTORS' TRAINING

	Director's Name	Seminar Name	Organiser	Date	Duration
1.	Mr. Looi Kok Loon	The Toyota Way	Hino Motors Sales (Malaysia) Sdn. Bhd.	7 May 2013	½ day
2.	Dato' Abdul Rahim Abdul Halim Mr. Looi Kok Loon Encik Iskander Ismail Mohd Ali Encik Aqil Ahmad Azizuddin	Advocacy Session on Corporate Disclosures for Directors	Bursa Malaysia Securities Berhad	21 August 2013	½ day
3.	Mr. Low Hin Choong Mr. Wong Wei Khin	Advocacy Session on Corporate Disclosures for Directors	Bursa Malaysia Securities Berhad	5 September 2013	½ day
4.	Mr. Looi Kok Loon Encik Iskander Ismail Mohd Ali Encik Mustapha Mohamed Mr. Low Hin Choong	The Future of Corporate Reporting	Bursa Malaysia Securities Berhad & ACCA	12 June 2013	½ day
5.	Encik Mustapha Mohamed	The Practice of Liquidation: Latest Developments and Trends	The Malaysian Institute of Certified Public Accountants & The Insolvency Practitioners	10 June 2013	1 day
		National Enterprise Risk Management Conference for Public & Private Sector 2013	Malaysian Institute of Corporate Governance	21 & 22 January 2013	2 days
		National Accountants Conference 2013	Malaysian Institute of Accountants	26 & 27 November 2013	2 days
		The Essential 2014 Tax Guide: Preparing For Change	Federation of Malaysian Manufacturers	6 December 2013	1 day

DIRECTORS' REMUNERATION

Directors	Number of Directors 2013	Number of Directors 2012
Executive Directors:		
RM1,100,001 – RM1,150,000	-	1
RM1,250,001 – RM1,300,000	1	-
Non-Executive Directors:		
RM50,001 – RM100,000	4	4
RM100,001 – RM150,000	1	1
RM400,001 – RM450,000	1	1

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 ("**Bursa Malaysia**")'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" issued by Bursa Malaysia. 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 is responsible for overseeing the establishment and implementation of the risk management and internal controls system for the Group. In carrying out this function, the Board has approved the risk management policies and parameters associated with risk appetite and tolerance for the Group to provide greater assurance towards the achievement of MBMR's strategies and business objectives. To ensure an appropriate focus on risk, the Board has delegated to the Audit and Risk Management Committee ("**ARMC**"), amongst other things, specific responsibility to review the Group's risk management framework and internal controls system, evaluate the Group's risk management policies and to direct the implementation of the Group's risk management policies and processes.

The Board has also delegated responsibility for the implementation of the risk management framework to the Group Managing Director and other senior members of Management who, being responsible for the day-to-day management of the Group's business operations, are accountable to ensure that the risks associated with the Group's business are managed according to the risk appetite and risk tolerance levels determined by the Board.

The Company has set up during the year under review a Risk Management Unit ("**RMU**") that monitors, coordinates, and receives regular reports on, the risk management activities of the Group. The RMU reports directly to the ARMC and the Board on the levels of significant risks faced by the Group, the risk scorecard of each subsidiary, and whether the risks are being managed in accordance with the Group's policies and parameters.

Due to limitations that are inherent in any system of internal controls, these systems are designed to raise awareness of, 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 main features of the Company's risk management framework are as follows:

1. The Company has issued within the Group a Risk Management Policy Statement that explains the risk management philosophy adopted by the Board and the measures in place to manage the significant risks faced by the Group in meeting its strategic and business objectives;

2. The Management is responsible to apply the risk appetite and risk tolerance parameters determined by the Board in the conduct of the Group's business operations and in undertaking new businesses and acquisitions;

3. The Management reviews and deliberates on risk issues and reported incidents at its monthly management meetings and coordinates responses to risk issues with appropriate follow-up actions and updates to be provided at subsequent meetings;

4. The Company has recently changed the manner in which the policies and parameters are to be implemented, monitored and reported through the introduction of a self-assessment process and the establishment of the RMU to coordinate the risk management activities throughout the Group and provide quarterly reports to the ARMC and the Board;

5. Under its latest annual review of the effectiveness of the Group's risk management and internal controls system, the Board has reviewed, updated and approved the implementation of the MBMR's key risks profile comprising a list of the Group's significant risks, existing controls for risk management, risk treatment processes

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

under development and a self-assessment system to be implemented within the Group (these processes are being coordinated by the RMU with the findings and results to be included in the quarterly risk management reports made to the ARMC and the Board);

6. The ARMC and the Board also receive compliance and internal audit reports that includes coverage of the Group's compliance with the internal control system and risk management policies and parameters;

7. 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 MBMR's Board Charter, Risk Management Policy Statement, Code of Conduct, procedures and policies manuals, staff briefings, leadership by example and the Group's remuneration policies.

Except as otherwise indicated, the above risk management processes have been in effect within the Group throughout the financial year under review up to the date of the approval of this Statement. The Board conducts an annual review of its existing risk management policies and practices and the effectiveness of the existing risk management framework to ensure that it is appropriate and continues to remain relevant to the Group's operations. The Management is responsible to review the policies and practices and bring to the Board's attention any policy or practice that may need to be reviewed, updated, amended or added to in the light of changing market, economic and business conditions.

INTERNAL AUDIT FUNCTION

The ARMC evaluates the effectiveness of the internal auditors 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 ARMC and consequently, the Board of Directors. The internal audit plans are developed with inputs from Management into the profiling and rating of risks which exist in the business units and various areas of operations. The results of the audits are presented to the ARMC 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 ARMC at the committee's quarterly meetings.

OTHER KEY FEATURES OF THE INTERNAL CONTROLS

The risk management framework is part of the Group's internal controls system that is designed to ensure the presence of adequate controls and procedures within the Group's operations and optimise the achievement of the Group's strategic and business objectives. In addition to the risk management policies and processes, the following controls are in place within the Group:

1. The Group's internal control policies and procedures are clearly documented in the Standard Operating Procedures and other procedures manuals applicable to the Group's operations. The Company has in place authority limits and approvals processes at the various levels of operations and business decision-making. Further details of the Group's financial risk management policies are set out in Note 47 to the financial statements.

2. The Board receives and reviews regular reports from the management on key operating statistics, internal control issues, incidents resulting from lapses in controls, risk management reports, 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 ARMC, 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 ARMC conducts annual reviews on the adequacy of the internal audit function's scope of work and resources.

5. The ARMC, 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. The Group's standard operating procedures and policies manuals developed, reviewed and updated under the oversight of the ARMC are communicated and provided to the relevant operating departments for implementation and follow-up. The Group Compliance Unit, formed in the last quarter of 2013, receives regular reports from the subsidiaries on implementation of updated procedures and the subsidiaries' compliance with the procedures manuals.

8. While the Company has no control over or involvement in the management of associates, the Company is represented on the boards of directors and some of the board committees of 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.

Some other lapses in internal controls within the Group's operations were reported or identified for the year under review but these are not deemed material and have not been reported in this Statement, as these lapses/incidents have not materially affected the business, objectives or financial position of the Group. Nevertheless, the lapses have been investigated, taken action on and the internal control weaknesses have been or are being addressed.

REVIEW AND CONCLUSION

Throughout the financial year 2013, 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 believing 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 Group 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 29 April 2014.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

MEMBERSHIP OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AND ATTENDANCE

Chairman
Encik Iskander Ismail Mohamed Ali
Senior Independent Non-Executive Director

Members
Encik Mustapha Mohamed
Independent Non-Executive Director (appointed 29 May 2013)

Tan Sri Lee Lam Thye
Independent Non-Executive Director (retired 20 June 2013)

Encik Aqil Ahmad Azizuddin
Non-Independent Non-Executive Director

Committee Members	Number of ARMC meetings held during members' tenure in office	Number of meetings attended by members
Encik Iskander Ismail Mohamed Ali	5	5
Encik Mustapha Mohamed	2	2
Tan Sri Lee Lam Thye	3	3
Encik Aqil Ahmad Azizuddin	5	5

The Audit Committee was re-designated as the Audit and Risk Management Committee ("ARMC") by the Board of Directors on 22 August 2013.

The ARMC met on 18 February 2013, 19 February 2013, 27 May 2013, 19 August 2013 and 18 November 2013, and was fully attended by all members standing as of these dates. The Group Managing Director, the Executive Director, the Group General Manager, the Group Financial Controller and the Internal Auditor were invited to the meetings to brief the ARMC on the activities involving their areas of responsibilities. At the appropriate instances, the external auditors and other members of management were invited to attend the ARMC meetings.

COMPOSITION AND TERMS OF REFERENCE

1. *Members*

The ARMC 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 ARMC have a working familiarity with basic finance and accounting practices, and two of its Independent Non-Executive members are members of the Malaysian Institute of Accountants.

No Alternate Director shall be appointed as a member of the ARMC. The Board of Directors shall review the terms of office and performance of its members at least 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 ARMC 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 months from the date of the vacancy.

2. *Chairman*

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

3. *Meetings*

The ARMC meets at least four times a year, or more frequently, as required. The Group Managing Director, the Executive Director, the Group General Manager, the Group Financial Controller, the Internal Auditor 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 ARMC.

However, the ARMC 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 ARMC and shall appear before it when required to do so by the ARMC.

The Company Secretary shall be Secretary of the ARMC.

4. Quorum

A quorum shall be two (2) Independent members, one of whom shall be the Chairman of the ARMC.

5. Authority

The ARMC is authorised by the Board of Directors to review any activity within its terms of reference. The ARMC 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 ARMC shall obtain external professional advice and secure the attendance of outsiders with the relevant experience if deemed necessary, the expense of which will be borne by the Company.

The ARMC 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 ARMC 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, and recommend the quarterly and year-end financial statements to the Board for adoption for purpose of reporting to Bursa Malaysia Securities Berhad.

- 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 ARMC Report for inclusion in the Group's Annual Reports.

- 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 policies and parameters proposed by the management for the key risks profile/register, risk-return profile, risk factors, risk appetite, risk tolerance and risk ratings and overall risk strategy linking to value creation and the strategic objectives of the Group.

- To develop and review the risk management framework, risk management policies and procedures, system of internal controls and reporting system proposed by the management; and recommend to the Board for approval.

- To direct the implementation of the risk management framework, policies and procedures, system of internal controls and reporting system approved by the Board.

- To direct the development of a risk culture throughout the Group and develop policies and processes to monitor the level of risk awareness and risk attitude within the Group.

- To review the effectiveness of the MBMR Group's risk management framework and system of internal controls in relation to the core strategic objectives of the Group.

- To review regular risk management reports from management which enable the Committee to consider the process established by the Board for risk identification and management, assess the risks involved in the group's businesses and how they are controlled and monitored by management.

- To monitor and review the effectiveness of the risk management function, and to seek such assurance as it may deem appropriate that the function is adequately resourced and has appropriate standing within the group.

- To consider the risks associated with proposed strategic acquisitions or disposals.

- To review treasury policies from time to time.

- To review regularly the process for monitoring the Group's compliance with the Group's Standard Operating Procedures.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

- To review the Group's procedures for handling allegations from whistleblowers from time to time.
- To review the Group's procedures concerning the prevention and detection of fraud and financial crime.
- To review the Group's arrangements for regulatory compliance and consider any material findings from regulatory reviews.
- To ensure that there is proper compliance with the Group's established internal policies and procedures and that exceptions are reported to the Committee.

3. *Internal Audit*

- To review the internal audit charter to ensure the appropriate company structures, authority, access and reporting arrangements are in place.
- To advise the Board on the appointment of the head of internal audit (in the case of an in-house function) and/or recommending a specific appointment (outsourced/co-sourced).
- To ensure that the internal audit function is adequately resourced and enjoys appropriate standing within the company.
- To assist the Board to ensure that senior management establishes and maintains adequate and effective internal controls.
- To ensure adequate monitoring and review of the effectiveness of the systems established by management to identify, assess, manage and monitor the various risks arising from the Company's activities.
- To review the internal audit coverage and annual work plan, and monitoring progress of the work plan as well as fees or costs associated with the internal audit function.
- To advise the Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
- To oversee the coordination of audit programmes conducted by the internal audit function.
- To review all internal audit reports and advising the CEO (or his equivalent) and the Board on significant issues identified in internal audit reports and the action taken on the issues raised, including the identification and dissemination of best practices.
- To monitor management's implementation of internal audit recommendations.
- To assist the Board to ensure that appropriate controls are in place for monitoring compliance with laws, regulations and supervisory requirements and relevant internal policies.
- To periodically review the performance of the internal audit function.
- To act as a forum for communication between the Board, senior management and internal audit function.

4. *Related Party Transactions*

- To review recurrent related party transactions entered into by the Company, Group and its subsidiaries.
- 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.

5. *External Audit*

- To recommend to the Board on the appointment, reappointment and removal of the Company's external auditors, ensure there is a formal process to evaluate the effectiveness and efficiency of the external auditors.
- To ensure the independence and impartiality of the external auditors, taking into consideration relevant regulatory requirements.
- To establish a formal mechanism to ensure there is frank and candid dialogue with the external auditors.
- To review with the external auditors, the audit plan.
- To study and evaluate the audit plan, especially the approach to be deployed by the external auditors. The audit plan should include the following:
  - scope of the audit, timing of the audit and reporting deadlines;
  - audit team;
  - key areas of business risk and significant transactions for the group, as appropriate;
  - major accounting systems and systems of internal control to be reviewed;
  - extent of planned testing of controls;
  - areas where contention may arise;
  - nature and extent of audit procedures to be performed, including materiality level;

  - identification or anticipation of significant changes for the financial report as a result of new or revised accounting policies and/or regulatory requirements;
  - locations to be visited and audit procedures to be undertaken in respect of those locations not visited;
  - liaison with subsidiaries' auditors on consolidation of financial statements;
  - coordination with internal audit to avoid duplication of efforts and to optimise audit efficiency;
  - the extent to which the planned audit scope can be relied upon to detect errors or irregularities (i.e. fraud); and
  - frequency of meetings with the ARMC and any reports or other deliverables the ARMC and management are likely to receive.

- To review with the external auditors, the firm's evaluation of the system of internal controls.
- To review with the external auditors, the audit report.
- To review the assistance given by the employees of the listed issuer to the external auditors.
- To discuss with the external auditors before the audit commences, the nature and scope of the audit, including the terms as detailed in the external auditors' engagement letter.
- To obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- 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 on Risk Management and Internal Control before recommendation of the same for inclusion into the Group's Annual Reports.
- To review the external auditors' management letters and management's responses.
- To review any letter of resignation from the external auditors of the Company.
- To review whether there is reason (supported by grounds) to believe that the listed issuer's external auditors is not suitable for re-appointment.
- To consider the appointment of the external auditors, the audit fees charged and the circumstances with regards to their resignation or dismissal if this event should occur.

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.
- To report its activities, including how it has discharged its responsibilities, to the Board on a regular basis and promptly provide to the Board copies of the minutes of meetings of the ARMC.
- To undertake other duties as requested by the Board from time to time.
- To annually review these terms of reference and monitor and evaluate the performance of the ARMC and make recommendations to the Board with regard to any adjustments that are deemed necessary.

7. *Occupational Safety, Health and Environment Compliance*

- The Group's Safety and Health Committee met four times during 2013 and reports on safety, health and related legal requirements were tabled at the ARMC for adoption.
- To receive regular updates from the Safety and Health Committee regarding compliance with related laws and regulations and provide oversight on such compliance.
- To review the measures taken to ensure the occupational safety and health of persons at the workplace and 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.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

SUMMARY OF ACTIVITIES DURING 2013

In 2013, the ARMC discharged its duties in accordance to its Terms of Reference and its Responsibilities and Duties.

The Committee met four times during 2013, 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 procedures, specifically prioritising the establishment of a risk management framework at the Board of Directors, Committee and management levels, taking into consideration regulatory requirements.
- Reviewed the reports of Management and 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 2013, priority was also given to the completion of a documentation of the Group's and subsidiaries' policies and procedures manuals. The Group Internal Auditors were directed by the ARMC to assist Management in this documentation exercise. We expect this task to be completed by the end of 2014.

3. *Internal Audit*

- Reviewed and approved the internal audit plan.
- 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 of Risk Management and Internal Control before recommending the same for inclusion in the Group's 2013 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.
- Reviewed the independence and the performance of the External Auditors.

6. *Others*

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

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 ARMC. The principal responsibility of the Group's Internal Auditors 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 Auditors is determined and approved by the ARMC, and takes into consideration feedback from Executive Management.

The cost incurred for the internal audit function in the financial year 2013 was made up of fees paid to the Internal Auditors amounting to RM369,000.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDITOR DURING 2013

During the financial year ended 31 December 2013, the Group's Internal Auditors' activities were as follows:

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

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

- Assisted Management in documenting the operating procedures of certain subsidiaries.

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, 73,300 warrants were exercised at an exercise price of RM3.20 per warrant. Total number of unexercised warrants as at 31 December 2013 was 73,090,236.

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

The Company raised a total cash proceeds of RM103,895,487 upon completion of a Rights Issue with Warrants on 21 June 2012.

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 2013 RM'000
1. Expansion of retail and service network	Within 24 months	30,000	21,828
2. Expansion of automotive manufacturing division	Within 24 months	50,000	39,487
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	85,210

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

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

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 31.12.2013 (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	23	Leasehold (expiring on 26.1.2087)	6,748
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land with building used as workshop	21	Leasehold (expiring on 13.3.2074)	1,302
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	21	Freehold	99
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	25	Leasehold (expiring on 12.1.2086)	8,732
Lot 2A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as showroom and workshop	21	Leasehold (expiring on 26.1.2087)	4,846
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	21	Leasehold (expiring in year 2092)	1,003
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	21	Leasehold (expiring on 29.7.2096)	32
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	270 (1,080)	4-storey shop lot used as showroom and workshop	20	Leasehold (expiring on 8.3.2081)	585
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	25	Freehold	2,168
32, Jalan Tun Razak (Jalan Larkin) 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	19	Leasehold (expiring on 21.12.2030)	1,169
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	18	Leasehold (expiring on 12.1.2086)	394

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.2013 (RM'000)
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 ½-storey terrace factory used as workshop	20	Leasehold (expiring in year 2092)	976
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	18	Freehold	1,239
2, Jalan 19/36, 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	17	Freehold	2,119
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	19	Freehold	1,835
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	17	Leasehold (expiring on 6.2.2094)	557
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	17	Leasehold (expiring on 6.2.2094)	739
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	15	Leasehold (expiring in year 2094)	3,844
Lot 48 & 57 Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	19	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	19	Freehold	111
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	19	Leasehold (expiring on 12.1.2067)	7,417
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	21	Freehold	1,671
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	22	Freehold	188
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	12	Leasehold (expiring in year 2098)	10,355

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 31.12.2013 (RM'000)
No 1, Jalan 7/3, Kawasan Perindustrian Sri Kembangan Selangor Darul Ehsan	25,287	Industrial land with 2 ½ semi detached factory	14	Leasehold (expiring on 7.4.2088)	2,104
Lot 65, Section 22 Kuching Town District, Sarawak	3,173	Industrial land with building used as showroom and workshop	11	Leasehold (expiring on 31.12.2090)	2,249
1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,361	Industrial land with building used as showroom, workshop and office	7	Leasehold	13,217
No 57, Jalan BRP 1/4 Bukit Rahman Putra, 47000 Sg. Buloh Selangor Darul Ehsan	3,803	3 ½-storey corner shop	9	Freehold	1,605
No.29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	(1,944)	3 ½-storey shop lot	7	Leasehold (expiring in16.6.2095)	933
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Industrial land with building used as workshop and office	6	Leasehold (expiring in 27.4.2068)	16,302
Proprietor: DMM Sales Sdn Bhd					
1262, Jalan Baru, 13700 Perai Pulau Pinang	10,775	Industrial land with building	15	Freehold	1,281
No 1, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat, Johor Darul Takzim	6,787	Industrial land with building	14	Freehold	2,101
Lot No. 27140 Bandar Seremban Utama, Seremban Negeri Sembilan Darul Khusus	1,740	Industrial land	1	Freehold	968
Proprietor: Federal Auto Holdings Berhad					
Lot 15, Section 95A No 9, Jalan Klang Kuala Lumpur	5,213	Commercial land under development	44	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	31	Freehold	2,915
Lot 4297, Mukim of Kuala Kinta District of Kinta, 127, Jalan Kuala Kangsar Ipoh, Perak Darul Ridzuan	8,465	Industrial land with building used as showroom, workshop and office	31	Freehold	2,863

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.2013 (RM'000)
Lot No. 420, Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	10,652	Industrial land with building used as showroom, workshop and office	30	Freehold	11,204
Lot 43, Jalan Pelukis U/46 Seksyen U1, Mukim Damansara Daerah Petaling	7,657	Industrial land with building used as showroom, workshop and office	5	Freehold	27,717
Proprietor: F.A. Serve Sdn Bhd					
Lot No. PT 13270, Mukim of Batu District of Kuala Lumpur	2,608	Petrol station	12	Freehold	2,076
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	31	Leasehold (expiring on 31.12.2034)	844
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	15	Leasehold (expiring on 31.12.2086)	2,368
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	8	Freehold	17,045
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	17	Freehold	420
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	10	Freehold	26,209
Proprietor: Oriental Metal Industries (M) Sdn Bhd					
Lot 51, Jalan Utas 15/7 40200 Shah Alam Selangor Darul Ehsan	26,756	Industrial land with building used as manufacturing plant and office	29	Leasehold (expiring on 4.5.2074)	16,887
Lot 15017, Seksyen 20 Mukim Serendah Daerah Hulu Selangor	79,920	Industrial land with building used as manufacturing plant and office	5	Leasehold (expiring on 25.10.2098)	71,013

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 31.12.2013 (RM'000)
Proprietor: Summit Vehicles Body Works Sdn Bhd					
Lot 42684, Jalan Omboh 34/1 Off Jalan Bukit Kemuning, Seksyen 34 40470 Shah Alam Selangor Darul Ehsan	13,850 (2,637)	Industrial land with building used as manufacturing plant and office	7	Freehold	6,107
Proprietor: MBMR Properties Sdn Bhd					
LG1, LG2, LG3 & LG5 B-G-1, B-G-2, B1-1, B-1-2 The Signature @ Desa Sri Hartamas Kuala Lumpur	3,791	8 units commercial lots (construction in progress)	0	Freehold	16,995
PT 6389, PT 6390, PT 6391 and PT6392 Bandar Sri Sendayan District of Seremban Negeri Sembilan Darul Khusus	82,005	Vacant land	0	Freehold	20,033
PT 24997, PT 249948, and PT 249949 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	12,685	Vacant land	0	Freehold	6,828
				TOTAL	**340,966**

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2014

Authorised Share Capital	:	500,000,000
Paid-up & Issued Share Capital	:	390,710,753
Type of Shares	:	Ordinary Shares of RM1.00 each
No. of Shareholders	:	3,216
Voting Rights	:	One (1) vote per ordinary share

SIZE OF SHAREHOLDINGS
AS AT 30 APRIL 2014

	No. of Holders	%	No. of Shares	%
1 - 99	519	16.14	10,561	-
100 - 1,000	276	8.58	158,681	0.04
1,001 - 10,000	1,858	57.77	6,637,894	1.70
10,001 - 100,000	412	12.81	12,377,764	3.17
100,001 - 19,535,536	147	4.57	125,890,613	32.22
19,535,537 and above (*)	4	0.13	245,635,240	62.87
	3,216	100.00	390,710,753	100.00

*5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS
AS AT 30 APRIL 2014

		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	49.53	2,213,402	0.57
2.	Employees Provident Fund Board	63,096,791	16.15	-	-

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 2014

	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	279	2,353	23	7,916,483	35,336,388	283,743	2.03	9.04	0.07
2	Body Corporate									
a.	Banks/ Finance Companies	16	2	-	13,317,120	1,671,300	-	3.41	0.43	-
b.	Investment Trusts/ Foundation/ Charities	1	-	-	1,700	-	-	0.00	-	-
c.	Other types of Companies	19	61	1	113,018,012	15,079,438	6,132	28.93	3.86	0.00
3	Government Agencies/ Institutions	2	-	-	1,029,851	-	-	0.26	-	-
4	Nominees	193	201	65	4,919,662	186,284,258	11,846,666	1.26	47.68	3.03
5	Others	-	-	-	-	-	-	-	-	-
	SUB TOTAL	510	2,617	89	140,202,828	238,371,384	12,136,541	35.88	61.01	3.11
	MALAYSIAN TOTAL	3,127			378,574,212			96.89		
	GRAND TOTAL (Malaysian + Foreign)		**3,216**			**390,710,753**				**100.00**

DIRECTORS' SHAREHOLDINGS

AS AT 30 APRIL 2014

	Name of Directors	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	1,300,715	5,442,138 [2]	6,742,853	1.73%
3.	Ms. Wong Fay Lee	-	174,000 [3]	174,000	0.05%
4.	Encik Aqil Ahmad Azizuddin	724,219	3,003,099 [2]	3,727,318	0.96%
5.	Mr. Low Hin Choong	32,000	1,432,956 [1]	1,464,956	0.37%
6.	Encik Iskander Ismail Mohamed Ali	-	-	-	0.00%
7.	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
[3] Deemed interest by virtue of shares held by related company

LIST OF TOP 30 SHAREHOLDERS

AS AT 30 APRIL 2014

No.	Names	Holdings	
		No. of Shares	%
1	MED-BUMIKAR MARA SDN BHD	111,204,349	28.46
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	52,130,891	13.34
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	46,500,000	11.90
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	35,800,000	9.16
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	17,382,200	4.45
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	9,000,000	2.30
7	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	5,233,300	1.34
8	YAP LIM SEN	5,205,888	1.33
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	4,245,920	1.09
10	FEDERAL REALTY COMPANY SDN BHD	3,596,788	0.92
11	LOOI KUM PAK @ LOOI KAM PHAK	3,314,498	0.85
12	ONG CHOO BOO & SONS SDN BERHAD	2,750,233	0.70
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,500,302	0.64
14	PM NOMINEES (TEMPATAN) SDN BHD FOR BANK KERJASAMA RAKYAT MALAYSIA BERHAD	2,375,400	0.61
15	CENTRAL SHORE SDN BHD	2,213,402	0.57
16	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	1,788,580	0.46

ANALYSIS OF SHAREHOLDERS

LIST OF TOP 30 SHAREHOLDERS
AS AT 30 APRIL 2014

No.	Names	Holdings No. of Shares	%
17	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	1,677,000	0.43
18	ZAHARAH BINTI NORDIN	1,660,000	0.42
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	1,632,400	0.42
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,549,920	0.40
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAUZAN (5170)	1,504,700	0.39
22	EMPLOYEES PROVIDENT FUND BOARD	1,500,000	0.38
23	YAP SIEW CHIN	1,432,956	0.37
24	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	1,351,600	0.35
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD CORSTON-SMITH ASSET MANAGEMENT SDN BHD FOR CORSTON-SMITH ASEAN CORPORATE GOVERNANCE FUND	1,350,000	0.35
26	YAP JEK NAN	1,340,000	0.34
27	LOOI KOK LOON	1,300,715	0.33
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (NOMURA)	1,260,000	0.32
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,208,295	0.31
30	LEMBAGA TABUNG HAJI	1,167,900	0.30
	TOTAL	**325,177,237**	**83.23**

ANALYSIS OF WARRANT HOLDINGS

ANALYSIS OF WARRANT HOLDINGS
AS AT 30 APRIL 2014

No. of warrants in issue	:	73,163,536
Issue date	:	15 June 2012
Expiry date	:	14 June 2017
No. of Warrant holders	:	1,756
Exercise price per warrant	:	RM3.20
Conversion ratio	:	One warrant : One share

SIZE OF WARRANT HOLDINGS
AS AT 30 APRIL 2014

	No. of Holders	%	No. of Warrants	%
1 - 99	243	13.84	1,323	-
100 - 1,000	575	32.74	315,095	0.43
1,001 - 10,000	610	34.74	2,403,482	3.29
10,001 - 100,000	267	15.20	8,400,939	11.49
100,001 - 3,654,510	57	3.25	18,557,849	25.39
3,654,511 and above (*)	4	0.23	43,411,548	59.40
	1,756	100.00	73,090,236	100.00

*5% and above of issued warrants

ANALYSIS OF WARRANT HOLDERS

CATEGORY OF WARRANT HOLDERS

AS AT 30 APRIL 2014

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	88	1,355	7	1,485,150	15,324,076	109,820	2.03	20.97	0.15
2 Body Corporate									
a. Banks/ Finance Companies	4	-	-	2,696,810	-	-	3.69	-	-
b. Investment Trusts/ Foundation/ Charities	1	-	-	400	-	-	0.00	-	-
c. Other types of Companies	5	39	1	23,078,417	2,578,631	1,800	31.58	3.53	0.00
3 Government Agencies/ Institutions	-	-	-	-	-	-	-	-	-
4 Nominees	130	114	12	2,843,427	24,805,685	166,020	3.89	33.94	0.23
5 Others	-	-	-	-	-	-	-	-	-
SUB TOTAL	228	1,508	20	30,104,204	42,708,392	277,640	41.19	58.43	0.38
MALAYSIAN TOTAL	1,736			72,812,596			99.62		
GRAND TOTAL (Malaysian + Foreign)			**1,756**		**73,090,236**				**100.00**

DIRECTORS' WARRANT HOLDINGS

AS AT 30 APRIL 2014

Name of Directors	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	1,098,196 [2]	2,368,568	3.24%
3. Ms. Wong Fay Lee	-	27,900 [3]	27,900	0.05%
4. Encik Aqil Ahmad Azizuddin	132,134	480,280 [2]	612,414	0.84%
5. Mr. Low Hin Choong	6,000	268,679 [1]	274,679	0.38%
6. Encik Iskander Ismail Mohamed Ali	-	-	-	0.00%
7. 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
[3] Deemed interest by virtue of shares held by related company

LIST OF TOP 30 WARRANT HOLDERS

AS AT 30 APRIL 2014

No.	Names	Holdings	
		No. of Warrants	%
1	MED-BUMIKAR MARA SDN BHD	22,995,518	31.46
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	6,833,333	9.35
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,816,029	9.33
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	6,766,668	9.26
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	1,341,300	1.84
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 AIA BHD.	1,132,600	1.55
9	LAM YEE FOON	1,131,000	1.55
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	989,900	1.35
11	LOOI KUM PAK @ LOOI KAM PHAK	700,000	0.96
12	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SOW LING @ HO SOW LING (CCTS)	650,000	0.89
13	FEDERAL REALTY COMPANY SDN BHD	614,760	0.84
14	ONG CHOO BOO & SONS SDN BERHAD	515,918	0.71
15	CENTRAL SHORE SDN BHD	420,000	0.57
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ERWIN SELVARAJAH A/L PETER SELVARAJAH (M53001)	420,000	0.57
17	BEH BOON SIAN	352,000	0.48

ANALYSIS OF WARRANT HOLDERS

LIST OF TOP 30 WARRANT HOLDERS

AS AT 30 APRIL 2014

No.	Names	Holdings	
		No. of Warrants	%
18	AUSPICIOUS ASSETS SDN. BHD.	300,172	0.41
19	ZAHARAH BINTI NORDIN	300,000	0.41
20	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THIN KIM HUAT @ LOH KIM HUAT	298,200	0.41
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	290,610	0.40
22	NG TEIK CHONG	290,000	0.40
23	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB-OSK GROWTH AND INCOME FOCUS TRUST (4892)	286,200	0.39
24	YAP SIEW CHIN	268,679	0.37
25	YAU HOW KAW	250,000	0.34
26	LOO SAH NEE	247,600	0.34
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD FOR AMB SMALLCAP TRUST FUND (240165)	234,270	0.32
28	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO YIN HOE	214,000	0.29
29	NGT HOLDINGS SDN BHD	210,696	0.29
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW VOON TAH (029)	205,000	0.28
	TOTAL	**57,590,460**	**78.79**

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2013

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 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are as disclosed in Note 48 and Note 49 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	194,162	136,772
Income tax (expense)/credit	(17,680)	1,368
Profit for the year	176,482	138,140
Profit attributable to:		
Owners of the Company	137,693	138,140
Non-controlling interests	38,789	-
	176,482	138,140

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 other than the gain on disposal of partial equity interest in a subsidiary as stated in Note 9.

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2013 are as follows:

	RM'000
In respect of the financial year ended 31 December 2012:	
Second interim single tier dividend of 3% on 390,637,453 ordinary shares, declared on 25 February 2013 and paid on 19 April 2013	11,719
Special single tier dividend of 3% on 390,637,453 ordinary shares, declared on 4 March 2013 and paid on 19 April 2013	11,719
In respect of the financial year ended 31 December 2013:	
First interim single tier dividend of 3% on 390,710,753 ordinary shares, declared on 26 August 2013 and paid on 23 September 2013	11,722
	35,160

On 28 February 2014, the directors declared a second interim single tier dividend of 3% on 390,710,753 ordinary shares amounting to RM11,722,000 in respect of the current financial year ended 31 December 2013 which was paid on 28 March 2014.

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 RM390,637,453 to RM390,710,753 by the issuance of new ordinary shares as follows:

	RM
Exercise of warrants	
Exercise of 73,300 warrants at an exercise price of RM3.20 per warrant. The warrant reserve of RM44,713 is transferred to the share premium account	73,300

The resulting share premium of RM205,973 arising from the exercise of warrants has 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

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

Rights issue with warrants

The Company's warrants were issued on 21 June 2012 together with the listing and quotation for the Rights Shares on the Main Market of Bursa Malaysia Securities Berhad. 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 32(a) to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other 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.

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.

DIRECTORS' REPORT

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
Iskander bin Ismail Mohamed Ali
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin
Low Hin Choong
Mustapha bin Mohamed
Wong Fay Lee (Appointed on 1 January 2014)
Tan Sri Lee Lam Thye (Retired on 20 June 2013)
Wong Wei Khin (Resigned on 1 January 2014)

In accordance with Article 78 of the Company's Articles of Association, Encik Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin and Mr. Low Hin Choong retire by rotation at the forthcoming Annual General Meeting of the Company and, both being eligible, offer themselves for re-election.

Ms. Wong Fay Lee, 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 herself 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 1.1.2013	Bought	Sold	As of 31.12.2013
Shares in the Company				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	1,056,276	-	-	1,056,276
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	504,219	220,000	-	724,219
Looi Kok Loon	1,250,715	100,000	(50,000)	1,300,715
Low Hin Choong	32,000	-	-	32,000
Wong Wei Khin	165,232	-	-	165,232
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	2,160,000	-	(60,000)	2,100,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,003,099	-	-	3,003,099
Looi Kok Loon	5,998,538	-	(580,000)	5,418,538
Low Hin Choong	1,432,956	-	-	1,432,956
Wong Wei Khin	1,006,200	400,000	(582,200)	824,000
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	2,164,596	-	(2,164,596)	-
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	1,166,667	142,839	-	1,309,506
Looi Kok Loon	-	1,000,000	-	1,000,000
Wong Wei Khin	1,194,070	-	-	1,194,070
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	7,319,395	896,141	-	8,215,536
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	6,766,495	1,350,041	-	8,116,536
Looi Kok Loon	6,863,332	1,341,953	(1,000,000)	7,205,285
Wong Wei Khin	5,301,993	1,316,931	-	6,618,924

(Forward)

DIRECTORS' REPORT

	Number of Warrants			
	As of 1.1.2013	Bought	Sold	As of 31.12.2013
Warrants in the Company				
Direct interest				
Dato' Abdul Rahim bin Abdul Halim	201,100	-	-	201,100
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	132,134	-	-	132,134
Looi Kok Loon	663,400	606,972	-	1,270,372
Low Hin Choong	6,000	-	-	6,000
Wong Wei Khin	26,900	-	-	26,900
Indirect interest				
Dato' Abdul Rahim bin Abdul Halim	405,000	-	-	405,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	489,280	-	(9,000)	480,280
Looi Kok Loon	1,605,168	100,000	(606,972)	1,098,196
Low Hin Choong	268,679	-	-	268,679
Wong Wei Khin	117,900	50,000	(50,000)	117,900

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 benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in Note 11 or being fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transaction between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 42 to the Financial Statements.

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.

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 45 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte (formerly known as Deloitte KassimChan), have indicated their willingness to continue in office.

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

DATO' ABDUL RAHIM BIN ABDUL HALIM

LOOI KOK LOON

29 April 2014

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 2013 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 51 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,

DATO' ABDUL RAHIM BIN ABDUL HALIM

LOOI KOK LOON

29 April 2014

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** on 29th day
of April 2014

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 2013, and the statements of profit or loss and other 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 167.

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 2013 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 48 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 Reporting Responsibilities

The supplementary information set out in Note 51 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.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Other Matters

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

DELOITTE
AF 0080
Chartered Accountants

LAI CAN YIEW
Partner - 2179/11/14 (J)
Chartered Accountant

29 April 2014

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	5	2,234,274	2,267,658	90,071	76,933
Cost of sales	6	(2,059,553)	(2,077,772)	-	-
Gross profit		174,721	189,886	90,071	76,933
Other income		47,217	50,012	68,024	-
Administrative and other expenses		(87,583)	(84,532)	(6,915)	(7,548)
Selling and marketing expenses		(65,098)	(63,437)	-	-
Finance costs	7	(22,812)	(25,235)	(17,224)	(21,262)
Interest income	8	8,439	5,303	2,816	1,546
Share of results of associates		139,278	125,321	-	-
Profit before tax	9	194,162	197,318	136,772	49,669
Income tax (expense)/credit	12	(17,680)	(21,898)	1,368	(8,555)
PROFIT FOR THE YEAR		176,482	175,420	138,140	41,114
Other comprehensive (loss)/income, net of tax					
Item that will not be reclassified subsequently to profit or loss:		-	-	-	-
Item that may be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale financial assets		(417)	417	-	-
Gain on sale of available-for-sale financial assets		417	-	-	-
Share of revaluation surplus arising from fair value adjustments of assets in an associate		-	283	-	-
Net gain/(loss) on cash flow hedges of an associate		1,122	(1,357)	-	-
Other comprehensive income/ (loss) for the year, net of tax		1,122	(657)	-	-
Total comprehensive income for the year		177,604	174,763	138,140	41,114

(Forward)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year attributable to:					
Owners of the Company		137,693	136,442	138,140	41,114
Non-controlling interests		38,789	38,978	-	-
		176,482	175,420	138,140	41,114
Total comprehensive income attributable to:					
Owners of the Company		138,676	135,847	138,140	41,114
Non-controlling interests		38,928	38,916	-	-
		177,604	174,763	138,140	41,114
Earnings per share	13				
Basic (sen per share)		35.2	38.3		
Diluted (sen per share)		34.5	37.1		
Net dividends per ordinary share (sen)	14	9.00	3.00		

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 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	385,612	314,174	686	822
Investment properties	16	31,633	25,183	-	-
Prepaid land lease payments	17	38,950	39,060	-	-
Investment in subsidiaries	18	-	-	498,827	514,067
Investment in associates	19	892,479	818,345	207,043	207,043
Other investments	20	1,000	1,417	-	-
Deferred tax assets	22	2,953	2,155	-	-
Intangible assets	23	5,407	5,951	-	-
Goodwill on consolidation	24	227,007	227,380	-	-
Total Non-Current Assets		1,585,041	1,433,665	706,556	721,932
Current Assets					
Property development costs	25	84,578	44,399	-	-
Inventories	26	282,439	393,693	-	-
Trade receivables	27	222,672	237,923	-	-
Other receivables and prepaid expenses	28	34,934	42,564	453	237
Tax recoverable		13,783	10,317	6,292	1,644
Amount owing by subsidiaries	29	-	-	121,330	97,335
Amount owing by associates	30	10	67	10	67
Cash and bank balances	31	324,508	291,271	94,610	68,710
Deferred tax assets	22	6,072	-	-	-
Total Current Assets		968,996	1,020,234	222,695	167,993
Total Assets		2,554,037	2,453,899	929,251	889,925

(Forward)

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	32	390,711	390,637	390,711	390,637
Reserves	33	1,051,120	948,320	282,005	178,864
Equity attributable to owners of the Company		1,441,831	1,338,957	672,716	569,501
Non-controlling interests		323,402	221,064	-	-
Total Equity		1,765,233	1,560,021	672,716	569,501
Non-Current Liabilities					
Long-term borrowings	34	321,344	316,521	214,240	237,861
Deferred tax liabilities	22	3,373	2,148	-	-
Provision for retirement benefits	35	2,436	2,151	2,375	2,095
Hire purchase payables - non current portion	36	-	23	-	-
Total Non-Current Liabilities		327,153	320,843	216,615	239,956
Current Liabilities					
Non-cumulative redeemable preference shares	37	-	-	-	-
Provision for liabilities	38	5,310	5,980	-	-
Short term borrowings	34	156,842	235,532	39,155	79,646
Trade payables	39	235,351	236,964	-	-
Other payables and accrued expenses	40	60,205	93,562	574	617
Amount owing to holding company	41	191	205	191	205
Hire purchase payables - current portion	36	-	17	-	-
Tax liabilities		3,752	775	-	-
Total Current Liabilities		461,651	573,035	39,920	80,468
Total Liabilities		788,804	893,878	256,535	320,424
Total Equity and Liabilities		2,554,037	2,453,899	929,251	889,925

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

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

The Group	Note	Share capital RM'000	← Non-distributable reserve → Share premium RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	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 comprehensive 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:	32										
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

* 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 2013

The Group	Note	Share capital RM'000	Non-distributable reserve: Share premium RM'000	Warrant reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	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 2013		390,637	294	44,630	417	711	(1,280)	903,548	1,338,957	221,064	1,560,021
Dividends distributed to owners of the Company	14	-	-	-	-	-	-	(35,160)	(35,160)	-	(35,160)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(20,736)	(20,736)
Partial disposal of equity interest in a subsidiary to a non-controlling interest		-	-	-	-	-	-	68,024	68,024	15,240	83,264
Realisation of post-acquisition reserves		-	-	-	-	-	-	(68,901)	(68,901)	68,901	-
Profit for the year		-	-	-	-	-	-	137,693	137,693	38,789	176,482
Other comprehensive income		-	-	-	(417)	(30)	1,013	417	983	139	1,122
Total comprehensive income for the year		-	-	-	(417)	(30)	1,013	138,110	138,676	38,928	177,604
Issue of shares:											
Exercise of warrants	32	74	206	(45)	-	-	-	-	235	-	235
Warrants exercised in a subsidiary *		-	-	-	-	-	-	-	-	5	5
As of 31 December 2013		390,711	500	44,585	-	681	(267)	1,005,621	1,441,831	323,402	1,765,233

* 5,490 ordinary shares of a subsidiary, Hirotako Holdings Berhad were issued from the exercise of its existing warrants at RM0.92 per share.

(Forward)

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 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:	32					
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
As of 1 January 2013		390,637	294	44,630	133,940	569,501
Dividends	14	-	-	-	(35,160)	(35,160)
Total comprehensive income for the year		-	-	-	138,140	138,140
Issue of shares:						
Exercise of warrants	32	74	206	(45)	-	235
As of 31 December 2013		390,711	500	44,585	236,920	672,716

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

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	176,482	175,420	138,140	41,114
Adjustments for:				
Depreciation of property, plant and equipment	23,365	19,295	139	105
Finance costs	22,812	25,235	17,224	21,262
Income tax expense/(credit)	17,680	21,898	(1,368)	8,555
Provision for warranty	2,116	878	-	-
Amortisation of development costs	1,712	923	-	-
Unrealised loss on foreign exchange	1,421	-	-	-
Inventories written down	1,283	14	-	-
Allowance for doubtful debts:				
Trade receivables	751	543	-	-
Other receivables	-	445	-	-
Provision for defined benefit plans	720	651	-	-
Allowance for slow-moving inventories	585	42	-	-
Amortisation of prepaid land lease payments	518	514	-	-
Property, plant and equipment written off	401	422	-	2
Goodwill written off	373	-	-	-
Intangible assets written off	303	-	-	-
Provision for retirement gratuity	280	320	280	320
Depreciation of investment properties	211	211	-	-
Impairment losses on quoted shares	-	2,117	-	-
Loss on disposal of quoted shares	-	492	-	-
Share of results of associates	(139,278)	(125,321)	-	-
Interest income	(8,439)	(5,303)	(2,816)	(1,539)
(Reversal of provision)/Provision for service maintenance	(970)	1,475	-	-
Allowance for doubtful debts no longer required:				
Trade receivables	(145)	(815)	-	-
Hire purchase receivables	(38)	-	-	-

(Forward)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gain on disposal of:				
Non-current assets classified as held for sale	-	(4,811)	-	-
Property, plant and equipment	(141)	(475)	-	-
Partial equity interest in a subsidiary	-	-	(68,024)	-
Dividend income	-	-	(89,747)	(76,374)
Reversal of provision for claims for compensation	-	(204)	-	-
Interest income on amount owing by subsidiaries	-	-	-	(7)
Operating Profit/(Loss) Before Working Capital Changes	102,002	113,966	(6,172)	(6,562)
Movements in working capital:				
(Increase)/Decrease in:				
Property development costs	(40,179)	(23,194)	-	-
Receivables	22,313	(65,012)	(216)	(167)
Inventories	109,386	(132,062)	-	-
Net changes in related company balances	43	(324)	(23,952)	(13,312)
Increase/(Decrease) in:				
Payables	(36,391)	66,891	(43)	(6,004)
Cash Generated From/(Used In) Operations	157,174	(39,735)	(30,383)	(26,045)
Provisions	(1,816)	(5,503)	-	-
Contributions paid under retirement benefit schemes	(715)	(687)	-	-
Income tax refunded	330	-	330	-
Income tax paid	(24,144)	(27,741)	-	(166)
Net Cash From/(Used In) Operating Activities	130,829	(73,666)	(30,053)	(26,211)

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	32,818	24,599
Associates	66,266	54,072	53,319	43,576
Interest received	8,439	5,303	2,816	1,539
Interest income on amount owing by subsidiaries	-	-	-	7
Proceeds from disposal of:				
Property, plant and equipment	308	780	-	5
Non-current assets classified as held for sale	-	10,914	-	-
Quoted shares	-	4,005	-	-
Subsidiary	83,264	-	83,264	-
Other investment	417	-	-	-
Decrease in fixed deposits pledged with licensed banks	2,276	25,690	2,264	25,690
Purchase of:				
Property, plant and equipment [Note (i)]	(94,578)	(88,067)	(3)	(749)
Intangible assets	(1,471)	(4,553)	-	-
Investment properties [Note (ii)]	(6,375)	(10,334)	-	-
Prepaid land lease payments	(408)	-	-	-
Purchase of investment in:				
Subsidiaries	-	-	-	(28,224)
Associates	-	(33,054)	-	(33,054)
Net Cash From/(Used In) Investing Activities	58,138	(35,244)	174,478	33,389

(Forward)

	Note	The Group		The Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from:					
Issue of shares		235	106,955	235	106,955
Warrants exercised in a subsidiary		5	7	-	-
Proceeds from term loans		49,944	66,222	1,110	19,503
Net (decrease)/increase of other borrowings		(41,359)	99,507	-	-
Repayment of:					
Term loans		(82,263)	(41,927)	(65,222)	(40,222)
Hire purchase payables		(40)	(17)	-	-
Finance costs paid		(23,891)	(26,684)	(17,224)	(21,262)
Dividends paid to non-controlling interests of subsidiaries		(20,736)	(18,686)	-	-
Dividends paid		(35,160)	(11,717)	(35,160)	(11,717)
Redemption of non-cumulative redeemable preference shares		-	(928)	-	-
Net Cash (Used In)/From Financing Activities		(153,265)	172,732	(116,261)	53,257
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,702	63,822	28,164	60,435
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		288,058	224,236	66,446	6,011
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	31	323,760	288,058	94,610	66,446

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

(i) During the financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Additions of property, plant and equipment (Note 15)	95,371	89,516	3	749
Less: Finance costs capitalised (Note 7)	(793)	(1,449)	-	-
Total cash payments	94,578	88,067	3	749

(ii) During the financial year, the Group acquired investment properties through the following arrangements:

	The Group		The Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Additions of investment properties (Note 16)	6,661	10,334	-	-
Less: Finance costs capitalised (Note 7)	(286)	-	-	-
Total cash payments	6,375	10,334	-	-

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 and associates are as disclosed in Note 48 and Note 49.

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 29 April 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2.1 Adoption of New and Revised Malaysian Financial Reporting Standards

In the current year, the Group and the Company have adopted revised Standards issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1 January 2013 as follows:

MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)
MFRS 12	Disclosures of Interests In Other Entities
MFRS 12	Disclosures of Interests In Other Entities (Amendments relating to Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 cycle	

The adoption of these revised Standards and Amendments have not affected the amounts reported in the financial statements of the Group and of the Company except as detailed below.

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to MFRS 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2.2 Standards, Amendments 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, Amendments 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 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[1]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[1]
MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)[1]
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities[2]
Amendments to MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)[3]
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[2]
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)[2]
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)[2]
IC. Int 21	Levies[2]
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle[3]	
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle[3]	

[1] The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after 1 January 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption

[2] Effective for annual periods beginning on or after 1 January 2014

[3] Effective for annual periods beginning on or after 1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors anticipate that the abovementioned Standards, Amendments 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, Amendments 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 discussed below.

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, with earlier application still permitted as well as modified the relief from restating prior periods. However, this mandatory effective date has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139 (see below). MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The application of MFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until a detailed review has been completed.

MFRS 9 Financial Instruments: Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

This Standard introduces a new general hedge accounting model. The new general hedge accounting model will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. However, entities that apply MFRS 9 will have an accounting policy choice under the standard as to whether to apply the hedge accounting model in MFRS 139 or MFRS 9. This accounting policy choice will be revisited when macro hedging project is near to its finalisation.

The principal changes introduced as compared to the general hedge accounting model under MFRS 139 are as follows:

- the qualifying criteria for hedge accounting is now based on a more principles-based approach;
- increased eligibility of hedging instruments;
- increased eligibility of hedged items;
- accounting for the time value component of options and forward contracts with less volatility in profit or loss; and
- modification and discontinuation of hedging relationships.

In addition to the new chapter on hedge accounting, two other important changes were made to MFRS 9:

- Reporting of changes in fair value of an entity's own debts
  MFRS 9 (IFRS 9 as issued by IASB in October 2010) requires an entity to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss to be presented in other comprehensive income rather than in profit or loss. This requirement can only be applied when MFRS 9 is adopted.

  The amendment now allows entities to elect to early adopt the aforementioned requirement without applying the other requirements in MFRS 9 (i.e. an entity can continue to apply MFRS 139 and yet, be able to adopt this new presentation requirement).

- Removal of the mandatory effective date of MFRS 9
  The MASB have decided to remove the mandatory effective date (i.e. 1 January 2015) from MFRS 9. The new date shall be determined when the impairment phase is closer to completion.

The directors are currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's and the Company's financial statements cannot be determined now until the process is complete.

Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities

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

The application of these amendments to MFRS 132 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of amendments to MFRS 132 until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in this summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transaction that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 47.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 ownership 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 interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Subsidiaries

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

Business Combinations

Acquisition 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 generally recognised in profit or loss as incurred.

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 information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

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 consolidated financial statements using the equity method of accounting. 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.

On acquisition of an investment in 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 in the period in which the investment is acquired.

The requirements of MFRS 139 applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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 Company'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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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

Impairment of Goodwill

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.

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 Currencies

(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 contributions are recognised 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 rendered by the 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.

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(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 of 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 represents the sum of the tax currently payable and deferred tax.

(i) **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) 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 expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) **Current and Deferred Tax for the Period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in comprehensive income as incurred.

NOTES TO THE FINANCIAL STATEMENTS

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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 lands 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, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

Prepaid land lease payments

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The up-front payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease are accounted for as prepaid lease payments that are amortised over the lease term on a straight line basis.

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.

Investment properties are derecognised when either it has been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) are recognised in the profit or loss in the year in which they arise.

Freehold land and building under construction 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.

NOTES TO THE FINANCIAL STATEMENTS
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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 reviews the carrying amounts of its non-financial 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 estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

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 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 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 incident to ownership. All other leases are classified as operating leases. 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.

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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 consolidated statements of financial position when, and only when, the Group becomes 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.

(i) 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.

<u>Effective interest method</u>
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.

<u>Financial assets at FVTPL</u>
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.

<u>Held-to-maturity investments</u>
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.

NOTES TO THE FINANCIAL STATEMENTS
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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.

Derecognition of financial assets

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.

(ii) **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.

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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 2013 is RM222,007,000 (2012: RM227,380,000). 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

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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 2013 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.

5. REVENUE

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods and services	2,233,826	2,267,545	-	-
Property and car rental income	448	113	-	-
Gross dividends from:				
Subsidiaries	-	-	36,428	32,798
Associates	-	-	53,319	43,576
Management fee receivable from subsidiaries	-	-	324	559
	2,234,274	2,267,658	90,071	76,933

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on borrowings	23,891	26,684	17,224	21,262
Less: Amount included in property, plant and equipment and investment properties	(1,079)	(1,449)	-	-
	22,812	25,235	17,224	21,262

8. INTEREST INCOME

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income on:				
Bank deposits	8,439	5,303	2,816	1,539
Amount owing by subsidiaries	-	-	-	7
	8,439	5,303	2,816	1,546

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9. PROFIT BEFORE TAX

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Employee benefits expense (Note 10)	88,358	80,083	3,324	2,607
Depreciation of property, plant and equipment (Note 15)	23,365	19,295	139	105
Rental expenses	5,083	4,593	287	226
Directors' remuneration (Note 11)	3,760	3,207	1,433	1,206
Royalty expenses	2,310	2,992	-	-
Provision for warranty (Note 38)	2,116	878	-	-
Amortisation of development costs (Note 23)	1,712	923	-	-
Unrealised loss on foreign exchange	1,421	-	-	-
Inventories written down	1,283	14	-	-
Allowance for doubtful debts:				
Trade receivables (Note 27)	751	543	-	-
Other receivables (Note 28)	-	445	-	-
Allowance for slow-moving inventories	585	42	-	-
Amortisation of prepaid land lease payments (Note 17)	518	514	-	-
Property, plant and equipment written off (Note 15)	401	422	-	2
Auditors' remuneration:				
Auditors of the Company:				
Statutory audit	427	399	72	72
Non-audit services	-	60	-	60
Other auditors:				
Statutory audit	179	143	-	-
Non-audit services	15	46	-	-
Goodwill written off	373	-	-	-
Intangible assets written off	303	-	-	-
Provision for retirement gratuity (Note 35)	280	320	280	320
Depreciation of investment properties (Note 16)	211	211	-	-
Impairment losses on quoted shares	-	2,117	-	-
Loss on disposal of quoted shares	-	492	-	-
Incentives from suppliers	(8,469)	(19,229)	-	-
Rental income from land and buildings	(1,936)	(1,988)	-	-
Realised gain on foreign exchange	(1,893)	(2,206)	-	-

(Forward)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Gain on disposal of:				
Non-current assets classified as held for sale	-	(4,811)	-	-
Partial equity interest in a subsidiary	-	-	(68,024)	-
Property, plant and equipment	(141)	(475)	-	-
(Reversal of provision)/ Provision for service maintenance (Note 38)	(970)	1,475	-	-
Reversal of provision for claims for compensation (Note 38)	-	(204)	-	-
Allowance for doubtful debts no longer required:				
Trade receivables (Note 27)	(145)	(815)	-	-
Hire purchase receivables (Note 21)	(38)	-	-	-
Bad debts recovered	-	(36)	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	73,189	66,093	2,921	2,309
Pension costs:				
Defined contribution plans	9,327	8,186	366	283
Defined benefit plans (Note 35)	720	651	-	-
Social security costs	669	572	10	9
Other benefits	4,453	4,581	27	6
	88,358	80,083	3,324	2,607

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11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	925	884	681	639
Bonus	344	243	344	243
	1,269	1,127	1,025	882
Non-executive:				
Salaries and other emoluments	362	362	84	-
Fees	463	463	324	324
	825	825	408	324
	2,094	1,952	1,433	1,206
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,556	1,134	-	-
Non-executive:				
Fees	110	121	-	-
	1,666	1,255	-	-
	3,760	3,207	1,433	1,206

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	
	2013	2012
Executive directors:		
RM1,100,001 - RM1,150,000	-	1
RM1,250,001 – RM1,300,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM100,001 - RM150,000	1	1
RM400,001 - RM450,000	1	1

12. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax expense:				
Current year	25,985	20,502	3,610	8,140
(Over)/Underprovision in prior years	(2,660)	1,321	(4,978)	415
	23,325	21,823	(1,368)	8,555
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	(2,720)	1,995	-	-
Overprovision in prior years	(2,925)	(1,920)	-	-
	(5,645)	75	-	-
	17,680	21,898	(1,368)	8,555

A reconciliation of income tax expense/(credit) 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	194,162	197,318	136,772	49,669
Taxation at statutory tax rate of 25%	48,541	49,330	34,193	12,417
Tax effects on share of results of associates	(34,819)	(31,330)	-	-
Tax effects of:				
Non-deductible expenses	9,311	5,099	5,520	6,617
Non-taxable income	(1,166)	(535)	(36,103)	(10,894)
Tax incentives	(202)	-	-	-
Utilisation of reinvestment allowances	(1,106)	(423)	-	-
Realisation of deferred tax assets previously not recognised	(351)	(196)	-	-
Deferred tax assets not recognised	3,057	552	-	-
(Over)/Underprovision in prior years:				
Current tax	(2,660)	1,321	(4,978)	415
Deferred tax	(2,925)	(1,920)	-	-
	17,680	21,898	(1,368)	8,555

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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	
	2013 RM'000	2012 RM'000
Profit for the year attributable to owners of the Company	137,693	136,442
	2013 '000	**2012 '000**
Weighted average number of ordinary shares:		
Number of shares issued at beginning of year	390,637	242,943
Effects of weighted average number of ordinary shares in respect of:		
Exercise of rights issue with warrants	-	38,888
Exercise of ESOS	-	918
Exercise of warrants	43	1
	390,680	282,750
Effect of bonus issue	-	73,165
	390,680	355,915
	2013	**2012**
Basic EPS (sen)	35.2	38.3

(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 the warrants.

	The Group	
	2013 RM'000	2012 RM'000
Profit for the year attributable to owners of the Company	137,693	136,442
	2013 '000	**2012 '000**
Weighted average number of ordinary shares in issue	390,680	355,915
Adjustments for:		
Assumed exercise of warrants	8,480	11,687
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	399,160	367,602
	2013	**2012**
Diluted EPS (sen)	34.5	37.1

14. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividends per Ordinary Share	
	2013 RM'000	2012 RM'000	2013 Sen	2012 Sen
In respect of the financial year ended 31 December 2012:				
First interim single tier dividend of 3%	-	11,717	-	3.00
Second interim single tier dividend of 3%	11,719	-	3.00	-
Special single tier dividend of 3%	11,719	-	3.00	-
In respect of the financial year ended 31 December 2013:				
First interim single tier dividend of 3%	11,722	-	3.00	-
	35,160	11,717	9.00	3.00

On 28 February 2014, the directors declared a second interim single tier dividend of 3% on 390,710,753 ordinary shares amounting to RM11,722,000 in respect of the current financial year ended 31 December 2013 which was paid on 28 March 2014.

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15. PROPERTY, PLANT AND EQUIPMENT

The Group 2013	Freehold lands 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 2013	55,400	132,236	64,204	132,781	53,167	86,237	7,730	531,755
Additions	26,861	12,312	16,223	19,539	3,427	15,446	1,563	95,371
Disposals	-	-	-	(377)	-	(253)	(704)	(1,334)
Write-offs	-	-	-	(35)	(489)	(2,927)	-	(3,451)
Reclassifications	-	12,171	(56,821)	44,107	(53)	596	-	-
At 31 December 2013	82,261	156,719	23,606	196,015	56,052	99,099	8,589	622,341
Accumulated depreciation								
At 1 January 2013	-	23,287	-	96,923	21,520	71,773	4,078	217,581
Depreciation charge for the year	-	2,124	-	8,705	4,075	6,908	1,553	23,365
Disposals	-	-	-	(372)	-	(209)	(586)	(1,167)
Write-offs	-	-	-	(32)	(356)	(2,662)	-	(3,050)
At 31 December 2013	-	25,411	-	105,224	25,239	75,810	5,045	236,729
Net book value								
At 31 December 2013	82,261	131,308	23,606	90,791	30,813	23,289	3,544	385,612

The Group 2012	Freehold lands 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	64,133	6,026	8,305	7,380	2,724	89,516
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	64,204	132,781	53,167	86,237	7,730	531,755
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	64,204	35,858	31,647	14,464	3,652	314,174

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The Company	Renovations RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2013	725	188	250	1,163
Additions	-	3	-	3
At 31 December 2013	725	191	250	1,166
Accumulated depreciation				
At 1 January 2013	152	160	29	341
Depreciation charge for the year	75	14	50	139
At 31 December 2013	227	174	79	480
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
Net book value				
At 31 December 2013	498	17	171	686
At 31 December 2012	573	28	221	822

(a) The net book values of property, plant and equipment charged for borrowings as disclosed in Note 34 are as follows:

	The Group	
	2013 RM'000	2012 RM'000
Freehold lands	16,749	16,749
Freehold buildings	38,218	38,425
	54,967	55,174

(b) Included in additions to building under construction of the Group is interest expense capitalised amounting to RM792,652 (2012: RM1,449,405).

16. INVESTMENT PROPERTIES

The Group 2013	Investment properties RM'000	Construction in progress RM'000	Total RM'000
Cost			
At 1 January	17,584	10,334	27,918
Addition	-	6,661	6,661
At 31 December	17,584	16,995	34,579
Accumulated Depreciation			
At 1 January	2,735	-	2,735
Depreciation charge for the year	211	-	211
At 31 December	2,946	-	2,946
Carrying Amount	14,638	16,995	31,633
2012			
Cost			
At 1 January	17,584	-	17,584
Addition	-	10,334	10,334
At 31 December	17,584	10,334	27,918
Accumulated Depreciation			
At 1 January	2,524	-	2,524
Depreciation charge for the year	211	-	211
At 31 December	2,735	-	2,735
Carrying Amount	14,849	10,334	25,183

	The Group	
	2013 RM'000	2012 RM'000
Carrying Amount	31,633	25,183
Representing:		
Freehold land	2,284	2,284
Freehold buildings	3,996	4,111
Leasehold buildings	8,358	8,454
Construction in progress	16,995	10,334
	31,633	25,183

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Construction in progress represents 8 units of office lots and carpark spaces in a commercial office block located in Kuala Lumpur.

Included in additions to construction in progress of the Group is interest expense capitalised amounting to RM285,851 (2012: RM Nil).

Rental income earned by the Group from the investment properties, all of which are leased out under operating leases, amounted to RM1,667,000 (2012: RM1,479,000). Direct operating expenses incurred in respect of the investment properties amounted to RM102,000 (2012: RM105,000).

Fair value of the investment properties of the Group as at 31 December 2013 is estimated at RM18,561,000 (2012: RM18,561,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

The fair value of the Group's investment properties is classified as a Level 2 for value item for the purposes of fair value hierarchy disclosures.

17. PREPAID LAND LEASE PAYMENTS

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	39,060	39,574
Additions	408	-
Amortisation for the year (Note 9)	(518)	(514)
At 31 December	38,950	39,060

	The Group	
	2013 RM'000	2012 RM'000
Analysed as:		
Long term leasehold land	37,198	37,619
Short term leasehold land	1,752	1,441
	38,950	39,060

As at 31 December 2013, the unexpired lease periods are as follows:

	The Group	
	2013 RM'000	2012 RM'000
Within 1 to 30 years	843	461
Within 31 to 60 years	909	980
Within 61 to 99 years	37,198	37,619
	38,950	39,060

18. INVESTMENT IN SUBSIDIARIES

	The Company	
	2013 RM'000	2012 RM'000
At cost:		
Unquoted shares in Malaysia	515,984	515,984
Less: Partial disposal of unquoted shares	(15,240)	-
	500,744	515,984
Less: Accumulated impairment losses	(1,917)	(1,917)
Net	498,827	514,067

Details of the subsidiaries are disclosed in Note 48.

The Company's investment in Hirotako Holdings Berhad ("HHB") with carrying value amounting to RM409,934,000 (2012: RM409,934,000) 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 34.

Partial disposal of unquoted shares

During the year, the Company disposed of its 20% equity interest in Daihatsu (Malaysia) Sdn. Bhd. ("DMSB") for a cash consideration of RM83,264,000 resulting in gain of RM68,024,000. The said disposal has been completed on 3 March 2013. Consequently, the Company's equity interest in DMSB and its subsidiaries decreased from 71.5% to 51.5%.

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Goodwill remeasurement for Hirotako Holdings Berhad ("HHB")

During the previous 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	101,485	77,427	24,058
Investment properties	2,502	2,502	-
Prepaid land lease payments	497	497	-
Investment in associates	40,000	67,113	(27,113)
Other investments	6,614	6,614	-
Deferred tax assets	2,295	2,295	-
Intangible assets	2,321	2,321	-
Goodwill on consolidation	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	(2,425)	(2,425)	-
Non-cumulative redeemable preference shares	(928)	(928)	-
Provision for liabilities	(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.

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Country of incorporation	Equity interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013 %	2012 %	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
DMSB	Malaysia	48.5	48.5	17,575	12,334	244,310	135,858
Individually immaterial subsidiaries with non-controlling interests						79,092	85,206
						323,402	221,064

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	DMSB	
	2013 RM'000	2012 RM'000
Statement of financial position for the year ended 31 December		
Current assets	266,354	269,290
Non-current assets	119,085	102,301
Current liabilities	66,407	63,271
Non-current liabilities	61	56
Equity attributable to owners of the Company	318,971	308,264
Statement of profit or loss and other comprehensive income for the year ended 31 December		
Revenue	1,147,662	1,059,883
Total comprehensive income	22,200	21,549

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19. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
In Malaysia:				
Unquoted shares, at cost	254,043	254,043	207,043	207,043
Share of post-acquisition reserves	638,436	564,302	-	-
	892,479	818,345	207,043	207,043

Details of the associates are disclosed in Note 49.

The summarised financial information of the associates are as follows:

The Group	2013 RM'000	2012 RM'000
Assets and liabilities		
Non-current assets	2,486,869	2,086,384
Current assets	2,636,137	2,423,037
Total assets	5,123,006	4,509,421
Non-current liabilities	257,848	2,759
Current liabilities	1,295,565	1,236,007
Total liabilities	1,553,413	1,238,766
Results		
Revenue	9,444,435	9,681,424
Profit for the period	549,928	491,863
Group's share of profit of associates	139,278	125,321

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. 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 associates 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.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance MFRSs:

Perusahaan Otomobil Kedua Sdn. Bhd.	2013 RM'000	2012 RM'000
Current assets	2,020,285	1,829,274
Non-current assets	2,163,207	1,836,969
Current liabilities	1,026,584	899,253
Non-current liabilities	104,741	-
Revenue	8,665,293	8,707,998
Profit for the year	521,954	459,390
Total comprehensive income	526,397	455,095

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20. OTHER INVESTMENTS

	The Group	
	2013 RM'000	2012 RM'000
Available-for-sale investments		
At fair value:		
Quoted shares	-	417
Held-to-maturity investments		
At amortised cost:		
Structured income fund (a)	1,000	1,000
Unquoted bonds, at cost (b)	2,360	2,360
	3,360	3,360
Less: Accumulated impairment losses	(2,360)	(2,360)
	1,000	1,000
Total	1,000	1,417
Market value of quoted shares	-	417

	The Company	
	2013 RM'000	2012 RM'000
Held-to-maturity investments		
At amortised cost:		
Unquoted bonds, at cost (b)	2,360	2,360
Less: Accumulated impairment losses	(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 3.3% 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	
	2013 RM'000	2012 RM'000
Minimum hire purchase receivables:		
Not later than 1 year	1,093	1,131
Less: Future finance charges	-	-
Present value of hire purchase receivables	1,093	1,131
Less: Allowance for doubtful debts	(1,075)	(1,113)
	18	18
Analysed as:		
Due within 12 months (Note 27)	18	18

The effective interest rate at the end of the reporting period is 9.2% (2012: 9.2%) 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.

Movement in allowance of doubtful debts

	The Group	
	2013 RM'000	2012 RM'000
At beginning of year	1,113	1,118
No longer required (Note 9)	(38)	-
At end of year	1,075	1,113

NOTES TO THE FINANCIAL STATEMENTS
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22. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2013 RM'000	The Group 2012 RM'000
At 1 January	7	82
Transfer from/(to) profit or loss (Note 12):		
Property, plant and equipment	(833)	831
Provisions	(763)	360
Difference in method of recognising profit for tax and accounting purposes	6,072	-
Unutilised reinvestment allowance	1,107	-
Others	62	(1,266)
	5,645	(75)
At 31 December	5,652	7

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 2013 RM'000	The Group 2012 RM'000
Deferred tax assets - current	6,072	-
- non-current	2,953	2,155
	9,025	2,155
Deferred tax liabilities	(3,373)	(2,148)
	5,652	7

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

	The Group	
	2013 RM'000	2012 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	82	16
Provisions	5,450	6,213
Difference in method of recognising profit for tax and accounting purposes	6,072	-
Unutilised reinvestment allowance	1,107	-
Others	1,254	1,538
	13,965	7,767
Offsetting	(4,940)	(5,612)
Deferred tax assets (after offsetting)	9,025	2,155
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(7,243)	(6,344)
Others	(1,070)	(1,416)
	(8,313)	(7,760)
Offsetting	4,940	5,612
Deferred tax liabilities (after offsetting)	(3,373)	(2,148)

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 2013, 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		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unused tax losses and unabsorbed capital allowances	85,961	76,605	-	-
Temporary differences arising from others	13,644	12,176	573	499
	99,605	88,781	573	499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

23. INTANGIBLE ASSETS

	The Group	
	2013 RM'000	2012 RM'000
Development costs		
Cost:		
At 1 January	32,506	29,341
Additions	1,471	4,553
Write-offs	(305)	(1,388)
At 31 December	33,672	32,506
Accumulated amortisation:		
At 1 January	26,555	27,020
Amortisation for the year	1,712	923
Write-offs	(2)	(1,388)
At 31 December	28,265	26,555
Net book value	5,407	5,951

24. GOODWILL ON CONSOLIDATION

	The Group	
	2013 RM'000	2012 RM'000
Cost:		
At 1 January	227,380	224,325
Effect of purchase price allocation (Note 18)	-	3,055
Written off	(373)	-
At 31 December	227,007	227,380

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		
	2013 RM'000	2012 RM'000	Discount rate
Manufacturing of seat belts, car airbag modules and steering wheels	213,523	213,896	11.0%
Manufacturing of automotive components	10,767	10,767	11.0%
Trading of motor vehicles, spare parts and other related activities	2,717	2,717	11.0%
	227,007	227,380	

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 of each CGU with average discount rate of 11% (2012: 11%). The directors believe that an average growth rate of 5% per annum is reasonable for cash flow projection purposes.

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 increased by 1 percentage point as of 31 December 2013, the goodwill would not be impacted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

25. PROPERTY DEVELOPMENT COSTS

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	44,399	21,205
Development costs incurred during the financial year	40,179	23,194
At 31 December	84,578	44,399
Included in the property development costs are as follows:		
Land costs	7,102	7,102
Development costs	77,476	37,297
	84,578	44,399

26. INVENTORIES

	The Group	
	31.12.2013 RM'000	31.12.2012 RM'000
At cost:		
Completed vehicles	226,636	342,338
Raw materials	26,416	24,720
Goods-in-transit	-	143
Work in progress	3,249	2,393
Parts and consumables	21,384	20,348
Finished goods	6,154	4,871
	283,839	394,813
Less: Allowance for slow-moving inventories	(1,400)	(1,120)
	282,439	393,693

Cost of inventories recognised as expenses of the Group amounting to RM2,008,186,000 (2012: RM2,036,536,000).

During the financial year, inventories of RM305,000 (2012: RMNil) of the Group were written off against the allowance for slow moving inventories.

27. TRADE RECEIVABLES

	The Group	
	2013 RM'000	2012 RM'000
Trade receivables	226,367	241,051
Hire purchase receivables (Note 21)	18	18
	226,385	241,069
Less: Allowance for doubtful debts	(3,713)	(3,146)
Net	222,672	237,923

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 (2012: 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 RM16,159,000 (2012: RM14,792,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	The Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	174,216	156,611
Past due but not impaired	48,438	81,294
Past due and impaired	3,713	3,146
	226,367	241,051
Ageing of past due but not impaired		
30 days to 60 days	15,306	37,907
60 days to 90 days	9,959	9,335
90 days to 120 days	4,819	21,581
More than 120 days	18,354	12,471
	48,438	81,294
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	3,713	3,146
	3,713	3,146

Movement in allowance for doubtful debts

	The Group	
	2013 RM'000	2012 RM'000
At 1 January	3,146	3,439
Amount recognised	751	543
No longer required	(145)	(815)
Write-offs	(39)	(21)
At 31 December	3,713	3,146

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	
	2013 RM'000	2012 RM'000
Ringgit Malaysia	222,346	236,298
United States Dollar	326	1,625
	222,672	237,923

28. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits and advances paid	14,859	6,381	45	45
Incentive due from suppliers	10,727	24,461	-	-
Prepayments	3,365	2,873	407	189
Sundry receivables	6,465	9,331	38	40
	35,416	43,046	490	274
Less: Allowance for doubtful debts	(482)	(482)	(37)	(37)
	34,934	42,564	453	237

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 RM8,118,000 (2012: RM10,247,000) due from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

Movement in allowance for doubtful debts

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	482	37	37	37
Amount recognised	-	445	-	-
At 31 December	482	482	37	37

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

29. AMOUNT OWING BY SUBSIDIARIES

Analysis of amount owing by subsidiaries is as follows:

	The Company	
	2013 RM'000	2012 RM'000
Interest free	121,330	83,748
Bear interest at 5% per annum	-	13,587
	121,330	97,335

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.

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	121,581	136,550	689	7,209
Deposits with licensed banks	202,927	154,721	93,921	61,501
Cash and bank balances	324,508	291,271	94,610	68,710
Less: Bank overdrafts (Note 34)	(748)	(937)	-	-
Less: Fixed deposits pledged with licensed banks (Note 34)	-	(2,276)	-	(2,264)
	323,760	288,058	94,610	66,446

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% (2012: 1.8% to 3.15%) 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 (2012: 5 days to 150 days).

32. SHARE CAPITAL

	The Group and The Company	
	2013 RM'000	2012 RM'000
Authorised:		
500,000,000 ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
At 1 January	390,637	242,943
Bonus shares	-	73,165
Rights issue with warrants	-	73,166
Exercise of warrants	74	2
Exercise of ESOS	-	1,361
At 31 December	390,711	390,637

(a) During the current financial year, the issued and paid-up ordinary share capital of the Company was increased from RM390,637,453 to RM390,710,753 by the issuance of the new ordinary shares as follows:

	RM
Exercise of warrants	
Exercise of 73,300 warrants at an exercise price of RM3.20 per warrant. The warrant reserve of RM44,713 is transferred to the share premium account	73,300

The resulting share premium of RM205,973 arising from the exercise of 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's 73,165,836 warrants were issued on 21 June 2012 together with the listing and quotation for the 73,165,836 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad. The exercise price of the warrants was fixed at RM3.20 per warrant.

NOTES TO THE FINANCIAL STATEMENTS
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The main features of the warrants are as follows:

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

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

(ii) 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.

(iii) 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.

(iv) 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:

	The Group and The Company	
	2013 RM'000	2012 RM'000
At 1 January / 21 June #	73,164	73,166
Exercised during the year *	(74)	(2)
At 31 December	73,090	73,164

Listing date of warrants was on 21 June 2012.
* Exercise price of warrants is RM3.20 per warrant.

33. RESERVES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable:				
Share premium	500	294	500	294
Revaluation reserve	681	711	-	-
Warrant reserve	44,585	44,630	44,585	44,630
Fair value reserve	-	417	-	-
Hedging reserve	(267)	(1,280)	-	-
Distributable:				
Retained earnings	1,005,621	903,548	236,920	133,940
	1,051,120	948,320	282,005	178,864

(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 completed on 21 June 2012. 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.

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FOR THE YEAR ENDED 31 DECEMBER 2013

34. BORROWINGS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current - at amortised cost				
Secured:				
Term loans	45,750	82,892	40,312	80,803
Transaction costs (net of annual amortisation)	(1,157)	(1,157)	(1,157)	(1,157)
	44,593	81,735	39,155	79,646
Bankers' acceptances	86,501	142,860	-	-
Revolving credits	25,000	10,000	-	-
Bank overdrafts (Note 31)	748	937	-	-
	156,842	235,532	39,155	79,646
Non-current - at amortised cost				
Secured:				
Term loans	323,660	319,994	216,556	241,334
Transaction costs (net of annual amortisation)	(2,316)	(3,473)	(2,316)	(3,473)
	321,344	316,521	214,240	237,861
Total borrowings				
Term loans	369,410	402,886	256,868	322,137
Transaction costs (net of annual amortisation)	(3,473)	(4,630)	(3,473)	(4,630)
	365,937	398,256	253,395	317,507
Bankers' acceptances	86,501	142,860	-	-
Revolving credits	25,000	10,000	-	-
Bank overdrafts	748	937	-	-
	478,186	552,053	253,395	317,507

(Forward)

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings are repayable as follows:				
Current	157,999	236,689	40,312	80,803
Non-current:				
More than 1 year and less than 2 years	51,304	88,303	40,000	80,444
More than 2 years and less than 5 years	231,213	195,856	176,556	160,890
More than 5 years	41,143	35,835	-	-
	481,659	556,683	256,868	322,137

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

(i) first legal charge on freehold lands and buildings 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 certain subsidiaries, both present and future;

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

(v) 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;

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

(vii) 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		The Company	
	2013 %	2012 %	2013 %	2012 %
Term loans	5.3	6.1	5.8	5.9
Bankers' acceptances	3.7	4.1	-	-
Revolving credits	4.5	4.5	-	-
Bank overdrafts	6.5	7.8	-	-

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35. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	2,151	1,867	2,095	1,775
Provision during the year:				
Defined benefit plans (Note 10)	720	651	-	-
Retirement gratuity (Note 9)	280	320	280	320
Contribution paid during the year	(715)	(687)	-	-
At 31 December	2,436	2,151	2,375	2,095

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		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Provision for unfunded retirement gratuity	2,375	2,095	2,375	2,095
Present value of funded defined benefit obligations	4,105	3,899	-	-
Fair value of plan assets	(4,044)	(3,843)	-	-
	61	56	-	-
Total	2,436	2,151	2,375	2,095

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Defined benefit plans				
Current service cost	611	552	-	-
Interest cost	563	509	-	-
Expected return on Scheme assets	(454)	(410)	-	-
Total, included in employee benefits expense (Note 10)	720	651	-	-
Retirement gratuity				
Current service cost	280	320	280	320
Total	1,000	971	280	320

The actual return on the plan assets of the Group was RM230,000 (31 December 2012: RM224,000).

Principal actuarial assumptions used are as follows:

	The Group	
	2013 %	2012 %
Discount rate	6.00	6.00
Average salary increase	5.00	5.00
Expected rate of return on plan assets	6.00	6.00

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36. HIRE PURCHASE PAYABLES

	The Group	
	2013 RM'000	2012 RM'000
Minimum hire purchase payments:		
Within one year	-	19
In the second to fifth years inclusive	-	25
	-	44
Less: Future finance charges	-	(4)
Present value of hire purchase payables	-	40
Analysed as:		
Due within one year	-	17
Due in the second to fifth years inclusive	-	23
	-	40

The effective interest rates for 31 December 2012 ranges from 6.54% to 7.10% per annum. Interest rates are fixed at the inception of the hire purchase arrangements.

37. NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES

	The Group	
	2013 RM'000	2012 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)
At 31 December	-	-

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 fully redeemed in the previous financial year.

38. PROVISION FOR LIABILITIES

The Group	Warranty RM'000	Service maintenance RM'000	Claims for compensation RM'000	Total RM'000
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
At 1 January 2013	3,963	1,725	292	5,980
Additional provision during the year	2,116	-	-	2,116
Utilisation during the year	(1,054)	(755)	(7)	(1,816)
Reversal during the year	-	(970)	-	(970)
At 31 December 2013	5,025	-	285	5,310

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. In the current year, unutilised balances of the provision for service maintenance were reversed as there would be no further claims by customers for service maintenance under warranty.

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.

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39. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2012: 2 days to 90 days).

Included in trade payables of the Group are the amounts of RM49,761,000 (2012: RM49,575,000) and RM2,469,000 (2012: RM1,088,000) due to a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. and Hino Motors Sales (Malaysia) Sdn. Bhd. respectively, associates of the Group.

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

	The Group	
	2013 RM'000	2012 RM'000
Ringgit Malaysia	211,403	213,169
United States Dollar	16,886	15,593
Thai Baht	4,341	1,488
Euro	2,471	6,571
Japanese Yen	250	143
	235,351	236,964

40. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Accruals	26,069	33,097	574	617
Deposits received from customers	7,079	25,614	-	-
Sundry payables	25,636	32,832	-	-
Advances from other shareholders	314	1,407	-	-
Accruals for dealers and salesmen incentives	1,071	583	-	-
Amount due for insurance premium on vehicles sold	36	29	-	-
	60,205	93,562	574	617

41. 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.

42. 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	
	2013 RM'000	2012 RM'000
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	946,481	797,026
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	55,029	64,036
Purchases from Toyota Tsusho Co., its subsidiaries and associates	9,712	8,825
Purchases from Toyota Tsusho (Malaysia), its subsidiaries and associates	3,221	-
Sales to an associate of Perodua	(92,824)	(103,789)
Sales to a subsidiary of Perodua	(1,528)	(2,483)
Sales to Toyota Tsusho Co., its subsidiaries and associates	(1,548)	(3,312)
Central Motor Wheels Co:		
Royalty fee payable	578	470
Development expenses	21	19
Technical fee payable	17	-
Affiliated companies of Autoliv AB Sweden:		
Purchases	53,529	35,214
Royalty payable	1,159	2,522
Development expenditure and tooling cost	2,702	1,075
Information technology expenditure	-	95
Sales	(3,711)	(6,579)
Testing fee receivable	(324)	(420)

	The Company	
	2013 RM'000	2012 RM'000
Gross dividends from:		
Subsidiaries (Note 5)	(36,428)	(32,798)
Associates (Note 5)	(53,319)	(43,576)
Management fee from subsidiaries (Note 5)	(324)	(559)

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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 Motors Sales (Malaysia) Sdn. Bhd. ("Hino Motors")	Hino Motors 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term employee benefits	2,485	1,964	891	768
Employees Provident Fund	304	261	134	114
Other benefits	36	36	-	-
Total compensation of key management personnel	2,825	2,261	1,025	882
Consist of amount paid to:				
Executive directors of the Company	1,269	1,127	1,025	882
Executive directors of subsidiaries	1,556	1,134	-	-
	2,825	2,261	1,025	882

43. CAPITAL COMMITMENT

As of 31 December 2013, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2013 RM'000	2012 RM'000
Approved and contracted for	43,967	36,062
Approved but not contracted for	36,412	22,113
	80,379	58,175

44. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments - as lessee

	The Group	
	2013 RM'000	2012 RM'000
Future minimum rentals payable		
Not later than 1 year	3,202	3,446
More than 1 year and less than 2 years	1,892	2,508
More than 2 years and less than 5 years	379	1,484
	5,473	7,438

Non-cancellable operating lease commitments - as lessor

	The Group	
	2013 RM'000	2012 RM'000
Future minimum rentals receivable		
Not later than 1 year	602	541
More than 1 year and less than 2 years	32	456
More than 2 years and less than 5 years	-	321
	634	1,318

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45. SIGNIFICANT 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 its 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 gave rise to a gain of approximately RM68,024,000 to the Company and a loss of RM877,000 to the Group.

(b) On 12 April 2013, Federal Auto Holdings Berhad, an indirect subsidiary of the Company entered into a Memorandum of Understanding ("MOU") with SAIC Motor Corporation Limited ("SAIC"), 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. As of the date of this report, MOU has lapsed, however the discussion between FAHB and SAIC and the feasibility study on the intended cooperation for an automotive business in Malaysia are still on-going.

46. 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:

2013	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	1,822,262	411,384	180	-	448	2,234,274
Operating profits/(loss) for reportable segments	16,111	60,908	(1,175)	(39)	(6,549)	69,256
Share of results of associates	135,967	3,311	-	-	-	139,278
Finance costs	(3,692)	(1,727)	(169)	-	(17,224)	(22,812)
Interest income	1,990	3,686	-	34	2,729	8,439
Depreciation and amortisation	(9,124)	(16,362)	(104)	(76)	(140)	(25,806)
Other significant non-cash items:						
Provisions	(2,116)	-	-	-	-	(2,116)
Reversal of provisions	970	-	-	-	-	970
Capital expenditure	31,571	37,344	-	-	26,456	95,371
Segment assets	684,833	489,386	7,782	104,675	374,882	1,661,558
Investment in associates	847,188	45,291	-	-	-	892,479
Segment liabilities	(218,915)	(163,458)	(800)	(104,453)	(301,178)	(788,804)

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	1,854,367	406,868	6,310	-	113	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	19,755	68,809	203	-	749	89,516
Segment assets	808,505	677,280	8,134	59,718	81,917	1,635,554
Investment in associates	775,480	42,865	-	-	-	818,345
Segment liabilities	(387,067)	(129,514)	(4,907)	(34,467)	(337,923)	(893,878)

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

	The Group	
	2013 RM'000	2012 RM'000
Revenue		
Total revenue for the Group's reportable segments	2,234,274	2,267,658
Profit or Loss		
Total profit for the Group's reportable segments, including finance costs and interest income	75,913	99,296
All others	(21,030)	(27,299)
Share of results of associates	139,278	125,321
Profit before tax, as reported	194,161	197,318
Assets		
Total assets for the Group's reportable segments	1,286,676	1,553,637
All others	374,882	81,917
Investment in associates	892,479	818,345
Total assets, as reported	2,554,037	2,453,899
Liabilities		
Total liabilities for the Group's reportable segments	487,626	555,955
All others	301,178	337,923
Total liabilities, as reported	788,804	893,878

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.

47. 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 2012.

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Debts	481,659	556,723	256,868	322,137
Equity	1,765,233	1,560,021	672,716	569,501
Debt to equity ratio	27.29%	35.69%	38.18%	56.56%

Debts are defined as borrowings and hire purchase payables as disclosed in Notes 34 and 36 respectively.

Equity includes capital, reserves and non-controlling interests.

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.

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Categories Of Financial Instruments

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets				
Available-for-sale investment	-	417	-	-
Held-to-maturity investment	1,000	1,000	-	-
At amortised cost:				
Hire purchase receivables	18	18	-	-
Trade receivables	222,654	237,905	-	-
Other receivables	31,569	39,691	46	48
Amount owing by subsidiaries	-	-	121,330	97,335
Amount owing by associates	10	67	10	67
Cash and bank balances	324,508	291,271	94,610	68,710
	579,759	570,369	215,996	166,160
Financial liabilities				
At amortised cost:				
Hire purchase payables	-	40	-	-
Borrowings	481,659	556,683	256,868	322,137
Trade payables	235,351	236,964	-	-
Other payables and accrued expenses	53,126	67,948	574	617
Amount owing to holding company	191	205	191	205
	770,327	861,840	257,633	322,959

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	
	2013 RM'000	2012 RM'000
United States Dollar	1,656	1,397
Euro	247	657
Thai Baht	434	149
	2,337	2,203

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 2013, 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.

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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 2013 would be decrease/increase as a result of the following:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Decrease/Increase in interest expense on:				
Term loans	1,847	2,014	1,284	1,611
Bankers' acceptances	433	714	-	-
Revolving credits	125	50	-	-
Bank overdrafts	4	5	-	-
	2,409	2,783	1,284	1,611

Sensitivity analysis is not applicable for hire purchase payables as interest rate 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.

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
2013					
Financial liabilities					
Non-interest bearing:					
Trade payables	235,351	-	-	-	235,351
Other payables and accrued expenses	53,126	-	-	-	53,126
Amount owing to holding company	191	-	-	-	191
	288,668	-	-	-	288,668
Interest bearing:					
Term loans	47,160	57,179	233,501	61,533	399,373
Bankers' acceptances	86,501	-	-	-	86,501
Revolving credits	25,000	-	-	-	25,000
Bank overdrafts	748	-	-	-	748
	159,409	57,179	233,501	61,533	511,622
	448,077	57,179	233,501	61,533	800,290

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	236,964	-	-	-	236,964
Other payables and accrued expenses	67,948	-	-	-	67,948
Amount owing to holding company	205	-	-	-	205
	305,117	-	-	-	305,117
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
	563,090	104,815	215,038	54,196	937,139

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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
2013					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses	574	-	-	-	574
Amount owing to holding company	191	-	-	-	191
	765	-	-	-	765
Interest bearing:					
Term loans	42,650	42,320	186,796	-	271,766
	43,415	42,320	186,796	-	272,531

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

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 2013					
Held-to-maturity investment	1,000	1,000	^	-	-
At 31 December 2012					
Available-for-sale investment	417	417	^	-	-
Held-to-maturity investment	1,000	1,000	^	-	-
Financial liabilities					
At 31 December 2013					
Borrowings	481,659	629,136	#	256,868	271,766
At 31 December 2012					
Borrowings	556,683	632,022	#	322,137	369,217
Hire purchase payables	40	40	#	-	-

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.

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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

48. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	51.5	71.5	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.	Malaysia	100	100	Investment holding
Inai Benua Sdn. Bhd.	Malaysia	70	70	Property development
Hirotako Holdings Berhad	Malaysia	99.9	99.9	Investment holding and the provision of management services
Indirect Subsidiaries				
DMM Sales Sdn. Bhd.	Malaysia	51.5	71.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Engineering Sdn. Bhd.	Malaysia	51.5	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	51.5	71.5	Provision of hire purchase facilities
DMM Assembly Services Sdn. Bhd.	Malaysia	51.5	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
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

(Forward)

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Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
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.	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
Autoliv Hirotako Sdn. Bhd.*	Malaysia	51	51	Investment holding
Autoliv Hirotako Safety Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of seat belts for motor vehicles
Autoliv Hirotako SRS Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of car airbag modules and steering wheels
Autobelt Sdn. Bhd.*	Malaysia	51	51	Dormant
Airbag Systems (Malaysia) Sdn. Bhd.*	Malaysia	-	51	Dissolved
Hirotako Acoustics Sdn. Bhd.*	Malaysia	99.9	99.9	Manufacture and sale of noise and heat reduction material as well as insulator parts for motor vehicles

(Forward)

Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2013 %	2012 %	Principal Activities
PC Ventures Sdn. Bhd.*	Malaysia	99.9	99.9	Investment holding
Hirotako Kein Hing Sdn. Bhd.*	Malaysia	99.9	99.9	Dormant
Hirotako Marketing Sdn. Bhd.*	Malaysia	99.9	99.9	Dormant
Hirotako Ventures Sdn. Bhd.*	Malaysia	99.9	99.9	Dormant
Duralux Sdn. Bhd.*	Malaysia	99.9	99.9	Dormant
Hirotani Philippines Incorporated*^	Philippines	99.9	99.9	Dormant

* Audited by a firm other than Deloitte.

^ Member's Voluntary Winding-up commenced on 12 December 2008 and accordingly, the principal activity has ceased. As at year end, this company has been dissolved.

49. ASSOCIATE COMPANIES

Name of Company	Country of Incorporation	Equity Interests Held 2013 %	2012 %	Principal Activities
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	22.6	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.*	Malaysia	42	42	Marketing and servicing of commercial vehicles and related spare parts
Hino Motors Manufacturing (Malaysia) Sdn. Bhd.*	Malaysia	42	42	Assemble, manufacturing and distribution trucks and buses of Hino Motors brand
Teck See Plastics Sdn. Bhd.*	Malaysia	22.1	22.1	Manufacture and distribution of plastic articles and products

* Audited by a firm other than Deloitte.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

50. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Group have been reclassified to conform with the presentation in the current financial year.

These relate to the following:

Statement of financial position as of 31 December 2012

	As previously reported RM'000	Re-classifications RM'000	As reclassified RM'000
Property, plant and equipment	308,984	5,190	314,174
Investment properties	14,849	10,334	25,183
Other receivables and prepaid expenses	47,754	(5,190)	42,564
Trade payables	226,630	10,334	236,964

51. 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 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group	
	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	697,124	600,767
Unrealised	(2,094)	(8,124)
	695,030	592,643
Total retained earnings of associates		
Realised	660,946	587,932
Unrealised	(22,509)	(23,630)
	638,437	564,302
Less: Consolidation adjustments	(327,846)	(253,397)
Total retained earnings as per statements of financial position (Note 33)	1,005,621	903,548

	The Company	
	2013 RM'000	2012 RM'000
Total retained earnings		
Realised	239,295	136,035
Unrealised	(2,375)	(2,095)
Total retained earnings as per statements of financial position (Note 33)	236,920	133,940

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 TWENTIETH (20TH) ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Twentieth 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 Tuesday, 17 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**

2. To re-elect Encik Aqil Bin Ahmad Azizuddin who retires pursuant to Article 78 of the Company's Articles of Association as a Director of the Company. **(Resolution 1)**

3. To re-elect Mr Low Hin Choong who retires pursuant to Article 78 of the Company's Articles of Association as a Director of the Company. **(Resolution 2)**

4. To re-elect Ms Wong Fay Lee who retires pursuant to Article 85 of the Company's Articles of Association as a Director of the Company. **(Resolution 3)**

5. To approve the payment of Directors' fees of RM491,000 for the financial year ended 31 December 2013. (2012 fees: RM324,000) **(Resolution 4)**

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

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION 1-**
APPROVAL OF PAYMENT OF RETIREMENT GRATUITY TO TAN SRI LEE LAM THYE **(Resolution 6)**

   "THAT the payment of the retirement gratuity of RM375,000 to Tan Sri Lee Lam Thye, the former Independent Non-Executive Director, Chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee of the Company be hereby approved, in recognition and appreciation of his long service and contribution to the Company since 28 February 1994."

8. **ORDINARY RESOLUTION 2-**
APPROVAL OF PAYMENT OF GRATUITY TO MR. WONG WEI KHIN **(Resolution 7)**

   "THAT a gratuity payment of RM320,000.00 to Mr. Wong Wei Khin, the former Non-Independent Non-Executive Director and member of the Nomination Committee of the Company be hereby approved, in recognition and appreciation of his long service and contribution to the Company since 23 May 2002."

9. 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
23 May 2014

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 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 10 June 2014 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 2013**

   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. **Explanatory Notes on Special Business**

   Resolution 6
   Ordinary Resolution 1 – Approval of Payment of Retirement Gratuity to Tan Sri Lee Lam Thye

   The approval of payment of retirement gratuity is a token of appreciation to Tan Sri Lee Lam Thye, the former Independent Non-Executive Director, Chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee of the Company respectively.

   The approval of payment of retirement gratuity is tabled for shareholders to comply with Section 137(1) and 137(5) of the Companies Act, 1965, which requires that any bona fide payment by way of pension or lump sum payment in respect of past services, including any superannuation or retiring allowance, gratuity or similar payment, where the value or amount of the pension or payment exceeds the total emoluments of the director in the three (3) years immediately preceding his retirement or death be disclosed to the members of the company and approved in a general meeting.

   Resolution 7
   Ordinary Resolution 2 – Approval for Payment of Gratuity to Mr. Wong Wei Khin

   The proposed gratuity payment is a token of appreciation to Mr. Wong Wei Khin, the former Non-Independent Non-Executive Director and member of the Nomination Committee of the Company respectively.

   The proposed gratuity payment is tabled for shareholders to comply with Section 137(1) and 137(5) of the Companies Act, 1965, which requires that any bona fide payment by way of pension or lump sum payment in respect of past services, including any superannuation or retiring allowance, gratuity or similar payment, where the value or amount of the pension or payment exceeds the total emoluments of the director in the three (3) years immediately preceding his retirement or death be disclosed to the members of the company and approved in a general meeting.

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PROXY FORM

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

No of shares held	CDS Account No.

I/We ________________________________ NRIC No. ________________________

of ____

being a member/members of the Company, 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 20th 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 Tuesday, 17 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Encik Aqil Bin Ahmad Azizuddin as Director of the Company pursuant to Article 78 of the Company's Articles of Association.	1		
3.	Re-election of Mr. Low Hin Choong as Director of the Company pursuant to Article 78 of the Company's Articles of Association.	2		
4.	Re-election of Ms. Wong Fay Lee as Director of the Company pursuant to Article 85 of the Company's Articles of Association.	3		
5.	Approval of Directors' fees for the financial year ended 31 December 2013.	4		
6.	Re-appointment of Messrs Deloitte as Auditors.	5		
7.	**Special Business** Approval of payment of retirement gratuity to Tan Sri Lee Lam Thye.	6		
8.	Approval of payment of gratuity for Mr. Wong Wei Khin.	7		

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 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 10 June 2014 shall be entitled to attend and vote at this meeting or appoint proxy (proxies) to attend and vote on their behalf.

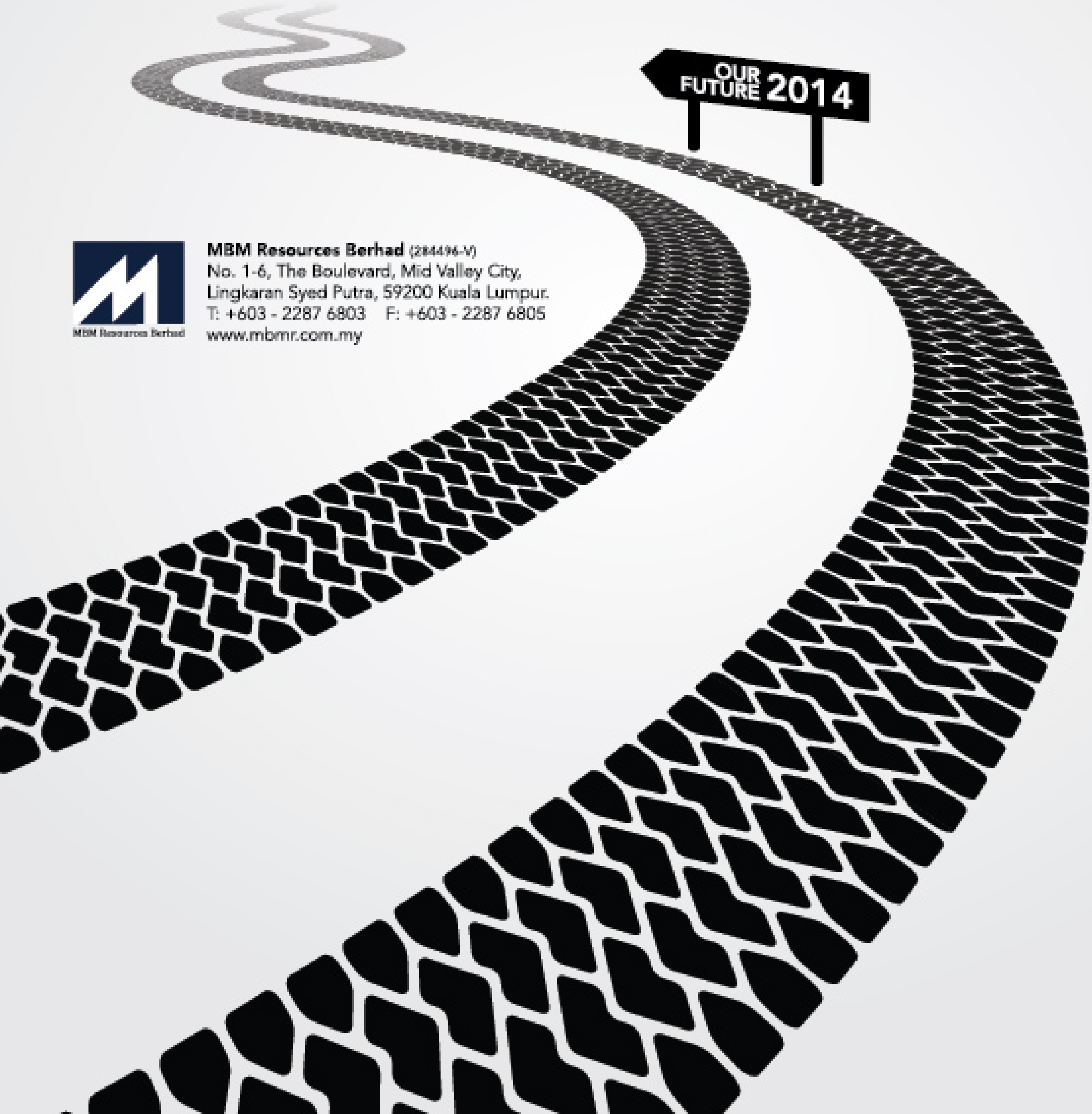
Fold this flap for sealing

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



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