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 46 to 51), Nominating and Remuneration Committee and Information Systems and Technology Committee. The Board Committee charters detailing the responsibilities of each Committee and how they exercise their authority are available on the MBMR website. There is a clear division of responsibility between the Chairman and 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.

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 programs undertaken at the level of each Group company and by its staff. Details of the Group's community initiatives are detailed in Social Responsibility on page 24 to 25.

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 28 to 31.

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.

Nominating and Remuneration Committee

On 20 February 2014, the Board resolved to combine the Nomination Committee and Remuneration Committee to form the Nominating and Remuneration Committee ("NRC"). The NRC comprises 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 NRC in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NRC brought forward to the Board. The NRC is also responsible for Group remuneration matters as provided for under its terms of reference.

Criteria for recruitment and assessment

The NRC 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 NRC 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 NRC also annually assesses the effectiveness of the Board as a whole and the performance of each of the Board Committees.

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

In accordance with the Company's Articles of Association, all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

Board remuneration policies and procedures

The NRC also reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors save for remuneration matters under the Long Term Incentive Plan ("LTIP") of the Company which came into effect on 20 April 2015. The LTIP is administered by the LTIP Committee comprising four non-executive directors, two of whom are Independent Directors.

The determination of the remuneration for Directors is a matter for the Board as a whole, subject to the Company's shareholders approving the Directors' fees payable at the Company's Annual General Meeting. The Executive Directors are not present when matters affecting their own remuneration arrangements are considered.

The policy of the NRC 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 NRC takes into account the compensation practices of other companies and the performance of each individual director. Salaries are reviewed (although not necessarily increased) annually depending on the category of employment. Salaries are increased only where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market pressures.

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

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

- **Annual Incentive Plan (Bonus Scheme)**

The Group operates a bonus scheme for all employees, including the Executive Directors, and the criteria for this scheme is dependent on the financial performance of the Group. Bonuses payable to the Executive Directors are reviewed by the NRC and approved by the Board.

- **Long Term Incentive Plan ("LTIP")**

The Company's LTIP was approved by shareholders at an extraordinary general meeting held on 19 November 2014 and came into effect on 20 April 2015. The LTIP is administered by the LTIP Committee comprising four non-executive directors, including two Independent Directors. The present members of the LTIP Committee are:

- Dato' Abd Rahim Abd Halim
- Encik Mustapha Mohamed
- Encik Iskander Ismail Mohamed Ali
- Mr. Low Hin Choong

The LTIP serves to retain, motivate and reward key employees of our Group through the grant of MBMR Shares as determined by the LTIP Committee in accordance with the By-Laws.

The LTIP comprises the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The main differences between the features of the RSP and the PSP relate to:

(a) the eligibility of the Employees under the RSP and PSP in terms of their job grades within the Group;

(b) the performance metrics to be met under the RSP and PSP which will be determined prior to the grants; and

(c) the vesting periods of the grants to the eligible employees.

In addition to the By-Laws, the LTIP is administered in accordance with the terms of a trust deed executed between the Company and TMF Trustees Malaysia Berhad (as trustee) on 6 April 2015.

- **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 NRC 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 40.

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' Abd 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 40.

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 2014, all Directors attended various development and training programs to further enhance their skill and knowledge in compliance with paragraph 15.08 of the Listing Requirements.

Details of the training attended by directors are set out on page 41.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with applicable financial reporting standards

On behalf of the Board, the Audit and Risk Management Committee ("ARMC") 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 ARMC meets at least once with the external auditors in the absence of management;

(b) the appointment of the external auditors. The ARMC 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 ARMC 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 ARMC 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 53 of this annual report.

Assessment of external auditors

The ARMC 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. The Risk Management Unit reports on a quarterly basis to the ARMC and the Board on the Group's risks.

Internal audit function reporting to the ARMC

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 ARMC. The Internal Auditors report to the ARMC 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.

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 2014, the Company held formal analysts/fund managers briefings on 21 February 2014 and 20 August 2014 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.

Resolutions at the Company's Extraordinary General Meeting held on 19 November 2014 were voted on and passed by the shareholders by poll.

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 30 April 2015.

STATEMENT OF NOMINATING AND REMUNERATION COMMITTEE

On 20 February 2014, the Board resolved to combine the Nomination Committee and Remuneration Committee to form the Nominating and Remuneration Committee. The NRC comprises 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 NRC in developing such recommendations, consults all Directors and reflects that consultation in any recommendation of the NRC brought forward to the Board. The NRC is also responsible for Group remuneration matters as provided for under its terms of reference.

Criteria for recruitment and assessment

The NRC ensures that the Board has an appropriate balance of a broad range of skills, expertise, experience and competence. The NRC also ensures, through its selection, interview and review processes that prior to appointment, each of the Company's Directors, including the Group Managing Director and Executive Director, and the Group Financial Controller has the requisite character, experience, integrity, competence and time to discharge his/her role and responsibilities. An assessment against the requisite criteria is also performed in respect of each Director who retires by rotation and puts himself/herself up for re-election.

In addition to these criteria, when considering new candidates to fill a vacancy or to add to its Board, the Company will apply its policy of promoting gender and boardroom diversity as well as to ensure a highly effective and committed Board of Directors.

The NRC carries out an annual assessment of the effectiveness of the Board as a whole and the performance of each of the Board Committees against a set of criteria that encompasses a diverse set of skills and experience in the fields of accounting, law, business and management, marketing, risk management, information technology and finance.

Each of the Directors has 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.

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

	BODM	ARMCM	NRCM	NCM	RCM	AGM	EGM
Independent Non-Executive Directors							
Encik Iskander Ismail Mohamed Ali	6/6	6/6	3/3	1/1	1/1	1/1	1/1
Encik Mustapha Mohamed	6/6	6/6	3/3	1/1	1/1	1/1	1/1
Non-Independent Non-Executive Directors							
Dato' Abd Rahim Abd Halim	6/6					1/1	1/1
Encik Aqil Ahmad Azizuddin	5/6	6/6				1/1	1/1
Mr. Low Hin Choong	6/6		3/3	1/1	1/1	1/1	1/1
Non-Independent Executive Directors							
Mr. Looi Kok Loon	6/6					1/1	1/1
Ms. Wong Fay Lee	6/6					1/1	1/1
Total number of meetings for 2014	6	6	3	1	1	1	1

Chairman
Member
Non-member

BODM : Board of Directors' Meeting
ARMCM : Audit and Risk Management Committee Meeting
NRCM : Nominating and Remuneration Committee Meeting
NCM : Nomination Committee Meeting
RCM : Remuneration Committee Meeting
AGM : Annual General Meeting
EGM : Extraordinary General Meeting

(Note : Nomination Committee and Remuneration Committee are merged as Nominating and Remuneration Committee since 20 February 2014)

DIRECTORS' REMUNERATION

Directors	Number of Directors 2014	Number of Directors 2013
Executive directors:		
RM750,001 – RM800,000	1	-
RM1,200,001 – RM1,250,000	1	-
RM1,250,001 – RM1,300,000	-	1
Non-Executive directors:		
RM50,001 – RM100,000	-	4
RM100,001 – RM150,000	3	1
RM150,001 – RM200,000	1	-
RM400,001 – RM450,000	-	1
RM450,001 – RM500,000	1	-

SUMMARY OF TRAININGS ATTENDED - 2014

Directors' Name	Date	Seminar Name	Organiser	Duration
Dato' Abd Rahim Abd Halim	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	20 August 2014	Overview of ESG (Environmental, Social & Governance) Index and ICB (Industry Classification Benchmark)	Bursa Malaysia Securities Berhad	½ day
	6 November 2014	The Role of the Board Chairman	Bursa Malaysia Securities Berhad	1 day
Encik Iskander Ismail Mohd Ali	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	25 March 2014	Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition)- An Update	Bursa Malaysia Securities Berhad	½ day
	16 June 2014	Nominating Commitee Programme	Bursa Malaysia Securities Berhad & The Iclif Leadership and Governance Centre ("ICLIF")	1 day
Encik Mustapha Mohamed	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	16 October 2014	Nominating Commitee Programme	Bursa Malaysia Securities Berhad & The Iclif Leadership and Governance Centre ("ICLIF")	1 day
Mr. Looi Kok Loon	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	27 August 2014	Workshop On ASEAN Corporate Governance Scorecard	Bursa Malaysia Securities Berhad & Minority Shareholder Watchdog Group (MSWG)	½ day

Directors' Name	Date	Seminar Name	Organiser	Duration
Ms. Wong Fay Lee	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	25 – 27 June 2014	ACE Dealer Management (Module 1)	CNH Industrials Ltd & IVECO SpA	3 days
	2 – 4 September 2014	ACE Dealer Management (Module 2)	CNH Industrials Ltd & IVECO SpA	3 days
	29 & 30 September 2014	Khazanah Megatrends Forum	Khazanah Malaysia Berhad	2 days
	7 October 2014	Workshop On ASEAN Corporate Governance Scorecard : Appreciation & Application of ASEAN Corporate Governance Scorecard	Bursa Malaysia Securities Berhad & Minority Shareholder Watchdog Group (MSWG)	½ day
Encik Aqil Ahmad Azizuddin	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
Mr. Low Hin Choong	7 March 2014	GST (Goods & Services Tax) Awareness Training	MBM Resources Berhad & Deloitte Tax Services Sdn Bhd	½ day
	8 April 2014	Risk Awareness Program	MBM Resources Berhad & Tricor Roots Consulting	½ day
	29 September 2014	Workshop On ASEAN Corporate Governance Scorecard : Appreciation & Application of ASEAN Corporate Governance Scorecard	Bursa Malaysia Securities Berhad & Minority Shareholder Watchdog Group (MSWG)	½ day

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This statement is prepared in accordance with the requirement under Paragraph 15.26 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 control 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 control 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 a Group Risk Management Unit ("**RMU**") that monitors, coordinates, and receives regular reports on, the risk management activities of the Group. The RMU provides quarterly reports to the ARMC and the Board on the levels of significant risks faced by the Group, the risk scorecard of each subsidiary, risk incidents, incident responses and progress of actions taken during the reporting period 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's risk management framework for identifying, evaluating and managing the Group's significant risks is under review and being strengthened in stages. Risk management has been embedded in some subsidiaries' activities and the Company is undertaking a programme to embed risk management in all its subsidiaries' activities by financial year end 2016. While this programme is being carried out, the Company receives reports and assurances from the heads of the various core businesses of the Group on the risk management activities relating to those businesses. These activities have been conducted for the financial year under review and up to the date of approval of the Annual Report and financial statements. Risk management is carried out with the objective of optimizing the financial performance of the MBMR Group within the risk appetite and parameters approved by the Board.

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 meetings between the RMU and the subsidiaries, and coordinates responses to risk issues with appropriate follow-up actions and updates to be provided at subsequent meetings;

4. The MBMR subsidiaries carry out a self-assessment of identified risks and report on a monthly basis to the RMU which reviews the reports and takes appropriate actions arising from the reports and in turn provides quarterly reports to the ARMC and the Board;

5. Each of the subsidiaries has its own risk register that documents the risks affecting or associated with its business, its attitude towards a particular risk, the existing controls for risk management and risk treatment plans with timelines. Some subsidiaries currently have a risk register for each division with the division head being directly responsible for the management of risks pertaining to his/her responsibilities. These registers are reviewed and updated on a monthly basis;

6. The ARMC and the Board also receive internal audit reports that includes coverage of the Group's compliance with its standard operating procedures;

7. The Management is responsible for developing and maintaining 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 CONTROL SYSTEM

The risk management framework is part of the Group's internal control 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 46 to the financial statements.

2. The ARMC and the Board receive and review 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 to the Management 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 and economic conditions.

4. The Group's Internal Auditors, reporting to the ARMC, perform periodic 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 and approves the internal audit plan for the year.

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 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 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 2014, 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. Nonetheless, the Company is committed to strengthening the internal control system of the Group through ongoing programmes involving improvements to the standard operating procedures and the compliance framework, business continuity plans and financial controls.

The external auditors have reviewed this Statement on 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 30 April 2015.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

MEMBERSHIP OF THE AUDIT AND RISK MANAGEMENT COMMITTEE AND ATTENDANCE

Chairman
Encik Iskander Ismail Mohamed Ali
Independent Non-Executive Director

Members
Encik Mustapha Mohamed
Independent Non-Executive Director

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	6	6
Encik Mustapha Mohamed	6	6
Encik Aqil Ahmad Azizuddin	6	6

The ARMC met on 17 February 2014, 18 February 2014, 8 April 2014, 15 May 2014, 14 August 2014 and 13 November 2014, 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 Auditors 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 who is also the Chief Risk Officer, the Group General Manager, the Group Financial Controller, the Internal Auditors and representatives of the external auditors will normally attend these meetings. Other Board members and members of the Group's management may attend meetings upon invitation of the 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.

- 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.

REPORT ON AUDIT AND RISK MANAGEMENT COMMITTEE

- 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 Group.
- 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 Group'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 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 auditor.
- To ensure the independence and impartiality of the external auditor, 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 auditor, the audit plan.
- To study and evaluate the audit plan, especially the approach to be deployed by the external auditor. 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 the audit report with the external auditors.
- 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 auditor's 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 auditor 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 2014 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.

SUMMARY OF ACTIVITIES DURING 2014

In 2014, the ARMC discharged its duties in accordance to its Terms of Reference and its Responsibilities and Duties.

The Committee met six times during 2014, 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*

- Considered and deliberated the proposal from Management on the implementation of Enterprise Risk Management and to develop the Group's Risk Management Framework with the assistance of an external consultant appointed by the Company.

- Considered and deliberated proposals from Management on revised authority limits for the Company and the Group.

- Developed and implemented Phase One of an Enterprise-wide Risk Management Framework for one of its subsidiaries, which entailed the identification of strategic, corporate, finance and operational risks of the subsidiary, documentation of existing controls and developing risk responses and treatment plans in alignment with the risk management policies of the Group.

- Considered and deliberated proposals from Management on a Risk Management Policy Statement for the Group and policies related to the risk appetite and risk tolerance of the Group and recommended the appropriate policies for approval by the Board.

- Reviewed with Management the quarterly risk management reports received from the Risk Management Unit and deliberated on actions taken in response to reported risk incidents relating to the operations of the Group and reported to the Board on the quarterly reviews.

- Reviewed the reports of Management and the reports and recommendations of the internal and external auditors on areas of concern relating to the internal control system of the Group and made the appropriate recommendations to the Board of Directors.

- During 2014, the documentation and review of and improvements to the Group's and subsidiaries' policies and procedures manuals remained as work in progress and are expected to be completed by 2016. The first stage of the documentation exercise which was carried out by the Group Internal Auditors, was reviewed and overseen by the ARMC.

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 therefrom 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 and comply with the Listing Requirements of Bursa Malaysia Securities Berhad and relevant accounting and financial reporting standards.

5. *External Auditors*

- Reviewed with the external auditors the Group's Statement on Risk Management and Internal Control before recommending the same for inclusion in the Group's 2014 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

- Reviewed amendments to the terms of reference of the ARMC and recommended for approval by the Board of Directors the revised terms of reference of the ARMC.
- Considered and deliberated recommendations by Management on a proposed whistleblowing policy and competition policy for the Group.
- Reviewed reports from the Group's Safety and Health Committee and review the effectiveness of safety measures undertaken by the Group in relation to traffic and road safety.
- The Chairman of ARMC regularly engaged with the Group Managing Director, the Executive Director, the Group Financial Controller and the Internal Auditors in order to be kept informed of matters with regards to the Group and the Company's affairs in a timely manner.

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 Auditor is to undertake regular and systematic reviews of the systems of internal controls so as to provide reasonable assurance that these systems are adequate and effective, and continue to operate satisfactorily within the Group. The scope of work of the Group's Internal Auditor is determined and approved by the ARMC, and takes into consideration feedback from Management.

The cost incurred for the internal audit function in the financial year 2014 was made up of fees paid to the Internal Auditors amounting to RM342,000.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDITOR DURING 2014

During the financial year ended 31 December 2014, the Group's Internal Auditor's activities were as follows:

- Assisted Management in documenting the operating policies and procedures of certain subsidiaries and presented the manuals for review and approval by the ARMC.
- Conducted audits in accordance with the audit plan approved by the ARMC. This included the review of the effectiveness of the systems of internal control and 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.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. SHARE BUY BACKS

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

2. OPTIONS or WARRANTS

During the financial year, there were no warrants were exercised. Total number of unexercised warrants as at 31 December 2014 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 follow:

	Expected time frame for utilisation	Expected utilisation RM'000	Utilisation as at 30 June 2014 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

The utilisation of the proceeds in accordance with the prospectus expired on 21 June 2014. In accordance to the Rights Issue prospectus dated 23 May 2012, the unutilised amount of RM18,685,000 has been utilised by the Company for working capital purposes and/or repayment of borrowings for the financial year ended 31 December 2014.

5. 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. VARIATIONS IN RESULTS

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 guarantee 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 31.12.2014 (RM'000)
Proprietor: Daihatsu (Malaysia) Sdn Bhd					
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,821	Industrial land used as vehicle storage yard	24	Leasehold (expiring on 26.1.2087)	6,676
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	22	Leasehold (expiring on 13.3.2074)	1,286
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	22	Freehold	95
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	26	Leasehold (expiring on 12.1.2086)	5,756
Lot 2A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	14,928 (4,608)	Industrial land with building used as body building, workshop and store	22	Leasehold (expiring on 26.1.2087)	4,173
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	22	Leasehold (expiring in year 2092)	978
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	22	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	21	Leasehold (expiring on 8.3.2081)	578
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	26	Freehold	1,756
32, Jalan Tun Razak (Jalan Larkin) 80200 Johor Bahru Johor Darul Takzim	4,805 (939)	Land with building used as showroom and workshop	20	Leasehold (expiring on 21.12.2030)	1,110
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	440	Commercial land with building used as showroom	19	Leasehold (expiring on 12.1.2086)	389

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.2014 (RM'000)
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	21	Leasehold (expiring in year 2092)	976
1, Jalan Memanda 7/1, Ampang Triangle Off Jalan Ampang, 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2-storey shop lot used as showroom	19	Freehold	1,193
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	(966)	Land with 4-storey corner shophouse	18	Freehold	2,055
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	20	Freehold	1,802
3/G10 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	18	Leasehold (expiring on 6.2.2094)	557
5/G8 Ground & First Floor Api Api Centre Kota Kinabalu, Sabah	127 (242)	Showroom	18	Leasehold (expiring on 6.2.2094)	722
Lot 2, Jalan Gergaji 15/4 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	16	Leasehold (expiring in year 2094)	3,797
Lot 48 & 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	8,247	Industrial land	20	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	20	Freehold	104
Lot 7, 8 and 9 HS (D) 70978, 67686 Bandar Kuala Lumpur	502	Commercial land with building used as showroom	20	Leasehold (expiring on 12.1.2067)	7,326
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	22	Freehold	1,656
Lot 2702, Palm Spring, Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	21	Freehold	188

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 31.12.2014 (RM'000)
Block SA-01, Signature Offices Mid Valley, Phase 1 Bandar Kuala Lumpur	(3,062)	11-storey office, commercial building	13	Leasehold (expiring in year 2098)	10,237
No 1, Jalan 7/3, Kawasan Perindustrian Sri Kembangan, Selangor	25,287	Industrial land with 2 1/2 semi detached factory	15	Leasehold (expiring on 7.4.2088)	2,080
Lot 65, Section 22 Kuching Town District Sarawak	3,173	Industrial land with building used as showroom and workshop	12	Leasehold (expiring on 31.12.2090)	2,224
1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,361	Industrial land with building used as showroom, workshop and office	8	Leasehold	13,145
No. 57, Jalan BRP 1/4 Bukit Rahman Putra 47000 Sg. Buloh, Selangor	3,803	3 1/2-storey corner shop	10	Freehold	1,566
No. 29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	(1,944)	3 1/2-storey shop lot	8	Leasehold (expiring in 16.6.2095)	923
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	7	Leasehold (expiring in 27.4.2068)	15,744
Proprietor: DMM Sales Sdn Bhd					
1262, Jalan Baru, 13700 Perai Pulau Pinang	10,775	Industrial land with building	16	Freehold	1,245
No 1, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat, Johor	6,787	Industrial land with building	15	Freehold	1,139
Lot No. 27140 Bandar Seremban Utama Seremban Negeri Sembilan	1,740	Industrial Land	1	Freehold	968
Proprietor : DMM Engineering Sdn Bhd					
No. 6, Jalan Angsana SD 2/2A Bandar Baru Sri Damansara 55200 Kuala Lumpur	121 (100)	Single story Link house	2	Freehold	385

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Book Value as at 31.12.2014 (RM'000)
Proprietor: Federal Auto Holdings Berhad					
Lot 15, Section 95A No 9, Jalan Klang Kuala Lumpur	5,213	Industrial land with building used as showroom, workshop and office	45	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	32	Freehold	2,875
Lot 4297, Mukim of Kuala Kinta District of Kinta, 127, Jalan Kuala Kangsar Ipoh, Perak	8,465	Industrial land with building used as showroom, workshop and office	32	Freehold	2,818
Lot No. 420 Mukim of Tebrau District of Johor Bahru, Johor	10,652	Industrial land with building used as showroom, workshop and office	31	Freehold	10,319
Lot 43, Jalan Pelukis U/46 Seksyen U1, Mukim Damansara Daerah Petaling	7,657	Industrial land with building used as showroom, workshop and office	6	Freehold	27,414
Proprietor: F.A. Serve Sdn Bhd					
Lot No. PT 13270 Mukim of Batu, District of Kuala Lumpur	2,608	Petrol station	13	Freehold	2,061
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	32	Leasehold (expiring on 31.12.2072)	813
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	16	Leasehold (expiring on 31.12.2086)	2,301
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	9	Freehold	16,862
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	18	Freehold	412

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 31.12.2014 (RM'000)
Proprietor: Oriental Metal Industries (M) Sdn Bhd					
Lot 51 Jalan Utas 15/7 40200 Shah Alam, Selangor	26,756	Industrial land with building used as manufacturing plant and office	30	Leasehold (expiring on 4.5.2074)	16,538
Lot 15017, Seksyen 20 Mukim Serendah Daerah Hulu Selangor	79,920	Industrial land with building used as manufacturing plant and office	6	Leasehold (expiring on 25.10.2098)	32,961
Proprietor: Summit Vehicles Body Works Sdn Bhd					
Lot 42684, Jalan Omboh 34/1 Off Jalan Bukit Kemuning, Seksyen 34 40470 Shah Alam, Selangor	13,850 (2,637)	Industrial land with building used as manufacturing plant and office	8	Freehold	6,027
Proprietor: MBMR Properties Sdn Bhd					
LG1, LG2, LG3&LG5, Carpark 1&2 B-G-1, B-G-2, B1-1, B-1-2 The Signature@ Desa Sri Hartamas Kuala Lumpur		8 units commercial lots (construction in progress)	0	Freehold	25,333
PT 6389 to PT6392 Bandar Sri Sendayan District of Seremban Negeri Sembilan Darul Khusus	82,005	Vacant land	0	Freehold	20,033
Lot 44747, Desa Lang Indah BT3, Jalan Tunku Abdul Rahman Jalan Kuala Kangsar, Ipoh, Perak	5,798	Vacant land	0	Freehold	6,828
				TOTAL	**277,049**

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2015

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	:	3,280
Voting Rights	:	One (1) vote per ordinary share

SIZE OF SHAREHOLDINGS
AS AT 30 APRIL 2015

	No. of Holders	%	No. of Shares	%
1 - 99	514	15.67	10,420	-
100 - 1,000	314	9.57	191,679	0.05
1,001 - 10,000	1,860	56.71	6,720,782	1.72
10,001 - 100,000	433	13.20	12,760,569	3.27
100,001 - 19,535,536	155	4.73	146,154,163	37.41
19,535,537 and above (*)	4	0.12	224,873,140	57.55
	3,280	100.00	390,710,753	100.00

*5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS
AS AT 30 APRIL 2015

		Direct Interest		Indirect Interest	
	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[a]	0.57
2.	Employees Provident Fund Board	54,185,891	13.87	-	-

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 2015

	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	274	2,371	24	7,910,283	32,147,234	459,146	2.02	8.23	0.12
2	Body Corporate									
a.	Banks/ Finance Companies	27	1	-	29,840,520	1,500,000	-	7.64	0.38	-
b.	Investment Trusts/ Foundation/ Charities	1	-	-	18,000	-	-	0.00	-	-
c.	Other types of Companies	11	65	1	100,513,312	14,220,538	6,132	25.73	3.64	0.00
3	Government Agencies/ Institutions	2	-	-	1,191,351	-	-	0.30	-	-
4	Nominees	229	208	66	21,555,265	167,930,441	13,418,531	5.52	42.98	3.43
5	Others	-	-	-	-	-	-	-	-	-
	SUB TOTAL	544	2,645	91	161,028,731	215,798,213	13,883,809	41.21	55.23	3.55
MALAYSIAN TOTAL		3,189			376,826,944			96.45		
GRAND TOTAL (Malaysian + Foreign)				**3,280**			**390,710,753**			**100.00**

DIRECTORS' SHAREHOLDINGS

AS AT 30 APRIL 2015

	Name of Directors	No. of Shares Held Direct	Indirect		Total	%
1.	Dato' Abd Rahim Abd Halim	1,056,276	2,100,000	[1]	3,156,276	0.81%
2.	Mr. Looi Kok Loon	1,850,715	5,318,138	[2]	7,168,853	1.83%
3.	Ms. Wong Fay Lee	-	174,000	[3]	174,000	0.04%
4.	Encik Aqil Ahmad Azizuddin	724,219	3,003,099	[2]	3,727,318	0.95%
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 2015

No.	Names	Holdings No. of Shares	%
1	MED-BUMIKAR MARA SDN BHD	99,204,349	25.39
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	46,500,000	11.90
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	43,368,791	11.10
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.	15,948,100	4.08
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (CBD-GR6)	12,000,000	3.07
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	9,000,000	2.30
8	LEMBAGA TABUNG HAJI	6,694,400	1.71
9	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	5,621,500	1.44
10	FEDERAL REALTY COMPANY SDN BHD	3,596,788	0.92
11	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	3,596,200	0.92
12	LOOI KUM PAK @ LOOI KAM PHAK	3,120,498	0.80
13	ONG CHOO BOO & SONS SDN BERHAD	2,750,233	0.70
14	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,677,402	0.69
15	MAYBANK INVESTMENT BANK BERHAD CLR (A) FOR LEMBAGA TABUNG HAJI	2,607,500	0.67
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	2,423,700	0.62

LIST OF TOP 30 SHAREHOLDERS
AS AT 30 APRIL 2015

No.	Names	Holdings No. of Shares	%
17	PM NOMINEES (TEMPATAN) SDN BHD FOR BANK KERJASAMA RAKYAT MALAYSIA BERHAD	2,375,400	0.61
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPTIMAL GROWTH FUND	2,265,400	0.58
19	CENTRAL SHORE SDN BHD	2,213,402	0.57
20	YAP LIM SEN	2,200,000	0.56
21	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	2,182,280	0.56
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM KESIHATAN	2,032,600	0.52
23	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM PENDIDIKAN	2,000,000	0.51
24	LOOI KOK LOON	1,850,715	0.47
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	1,815,700	0.46
26	ZAHARAH BINTI NORDIN	1,660,000	0.42
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	1,599,020	0.41
28	EMPLOYEES PROVIDENT FUND BOARD	1,500,000	0.38
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	1,491,400	0.38
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,439,895	0.37
	TOTAL	**321,535,273**	**82.30**

ANALYSIS OF WARRANT HOLDINGS

ANALYSIS OF WARRANT HOLDINGS
AS AT 30 APRIL 2015

No. of warrants in issue	:	73,163,536
Issue date	:	15 June 2012
Expiry date	:	14 June 2017
No. of Warrant holders	:	1,635
Exercise price per warrant	:	RM3.20
Conversion ratio	:	One warrant : One share

SIZE OF WARRANT HOLDINGS
AS AT 30 APRIL 2015

	No. of Holders	%	No. of Warrants	%
1 - 99	244	14.92	1,218	-
100 - 1,000	540	33.03	298,961	0.41
1,001 - 10,000	549	33.58	2,096,461	2.87
10,001 - 100,000	245	14.98	7,407,889	10.13
100,001 - 3,654,510	53	3.24	21,076,559	28.84
3,654,511 and above (*)	4	0.25	42,209,148	57.75
	1,635	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 2015

	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	85	1,263	7	1,458,418	16,985,252	119,820	2.00	23.24	0.16
2	Body Corporate									
a.	Banks/ Finance Companies	4	-	-	3,246,910	-	-	4.44	-	-
b.	Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	-	-	-
c.	Other types of Companies	5	36	1	23,078,417	2,653,531	1,800	31.58	3.63	0.00
3	Government Agencies/ Institutions	-	-	-	-	-	-	-	-	-
4	Nominees	121	102	11	2,941,873	22,468,195	136,020	4.02	30.74	0.19
5	Others	-	-	-	-	-	-	-	-	-
	SUB TOTAL	215	1,401	19	30,725,618	42,106,978	257,640	42.04	57.61	0.35
MALAYSIAN TOTAL		1,616			72,832,596			99.65		
	GRAND TOTAL (Malaysian + Foreign)			**1,635**			**73,090,236**			**100.00**

DIRECTORS' WARRANT HOLDINGS

AS AT 30 APRIL 2015

	Name of Directors	No. of Warrants Held Direct	Indirect		Total	%
1.	Dato' Abd Rahim Abd 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	0.04%
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 warrants held by close family members
[2] Deemed interest by virtue of warrants held by close family members and related company
[3] Deemed interest by virtue of warrants held by related company

LIST OF TOP 30 WARRANT HOLDERS
AS AT 30 APRIL 2015

No.	Names	Holdings No. of Warrants	Holdings %
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	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	6,766,668	9.26
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	5,613,629	7.68
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	1,540,000	2.11
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	1,341,300	1.84
7	LOOI KOK LOON	1,270,372	1.74
8	YAP LIM SEN	1,221,635	1.67
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	1,132,600	1.55
10	LAM YEE FOON	1,131,000	1.55
11	LIM CHIN HONG	1,111,900	1.52
12	LIEW VOON POH	730,000	1.00
13	LOOI KUM PAK @ LOOI KAM PHAK	700,000	0.96
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW SOW LING @ HO SOW LING (CCTS)	650,000	0.89
15	FEDERAL REALTY COMPANY SDN BHD	614,760	0.84
16	ONG CHOO BOO & SONS SDN BERHAD	515,918	0.71
17	NG MAN YEE	476,300	0.65
18	YAU HOW KAW	464,000	0.63

LIST OF TOP 30 WARRANT HOLDERS

AS AT 30 APRIL 2015

No.	Names	Holdings No. of Warrants	%
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ERWIN SELVARAJAH A/L PETER SELVARAJAH (M53001)	425,000	0.58
20	CENTRAL SHORE SDN BHD	420,000	0.57
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW VOON TAH (029)	406,700	0.56
22	BEH BOON SIAN	377,700	0.52
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE SOON CHEONG	365,900	0.50
24	CHOW KWAI LAN	335,700	0.46
25	NG TEIK CHONG	320,000	0.44
26	AUSPICIOUS ASSETS SDN. BHD.	300,172	0.41
27	ZAHARAH BINTI NORDIN	300,000	0.41
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	290,610	0.40
29	HO YIN HOE	272,000	0.37
30	YAP SIEW CHIN	268,679	0.37
	TOTAL	**59,191,394**	**80.98**

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT

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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, joint venture and associates are as disclosed in Notes 47, 48 and 49 to the financial statements respectively.

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	132,183	73,294
Income tax (expense)/credit	(8,558)	1,556
Profit for the year	123,625	74,850
Profit attributable to:		
Owners of the Company	112,222	74,850
Non-controlling interests	11,403	-
	123,625	74,850

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

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2014 are as follows:

	RM'000
In respect of the financial year ended 31 December 2013:	
Second interim single tier dividend of 3% on 390,710,753 ordinary shares, declared on 20 February 2014 and paid on 28 March 2014	11,722
In respect of the financial year ended 31 December 2014:	
First interim single tier dividend of 4% on 390,710,753 ordinary shares, declared on 19 August 2014 and paid on 19 September 2014	15,628
	27,350

On 27 February 2015, the directors declared a second interim single tier dividend of 4% on 390,710,753 ordinary shares amounting to RM15,628,000 in respect of the current financial year ended 31 December 2014 which was paid on 25 March 2015.

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.

ISSUE OF SHARES AND DEBENTURES

The Company has not issue any new shares or debentures during the current financial year.

SHARE OPTIONS

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

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

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

Dato' Abd Rahim bin Abd 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

In accordance with Article 78 of the Company's Articles of Association, Dato' Abd Rahim bin Abd Halim and Encik Iskander bin Ismail Mohamed Ali retire by rotation at the forthcoming Annual General Meeting of the Company and, both being eligible, offer themselves 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 1.1.2014	Bought	Sold	As of 31.12.2014
Shares in the Company				
Direct interest				
Dato' Abd Rahim bin Abd Halim	1,056,276	-	-	1,056,276
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	724,219	-	-	724,219
Looi Kok Loon	1,300,715	250,000	-	1,550,715
Low Hin Choong	32,000	-	-	32,000
Indirect interest				
Dato' Abd Rahim bin Abd Halim	2,100,000	-	-	2,100,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	3,003,099	-	-	3,003,099
Looi Kok Loon	5,418,538	199,600	-	5,618,138
Low Hin Choong	1,432,956	-	-	1,432,956
Wong Fay Lee	174,000	-	-	174,000
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	1,309,506	-	-	1,309,506
Looi Kok Loon	1,000,000	-	-	1,000,000
Indirect interest				
Dato' Abd Rahim bin Abd Halim	8,215,536	-	-	8,215,536
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	8,116,536	-	-	8,116,536
Looi Kok Loon	7,205,285	7,205,285	(7,205,285)	7,205,285
Wong Fay Lee	6,494,235	-	-	6,494,235
Low Hin Choong	8,225,223	-	-	8,225,223

	Number of Warrants			
	As of 1.1.2014	Bought	Sold	As of 31.12.2014
Warrants in the Company				
Direct interest				
Dato' Abd Rahim bin Abd Halim	201,100	-	-	201,100
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	132,134	-	-	132,134
Looi Kok Loon	1,270,372	-	-	1,270,372
Low Hin Choong	6,000	-	-	6,000
Indirect interest				
Dato' Abd Rahim bin Abd Halim	405,000	-	-	405,000
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin	480,280	-	-	480,280
Looi Kok Loon	1,098,196	-	-	1,098,196
Low Hin Choong	268,679	-	-	268,679
Wong Fay Lee	27,900	-	-	27,900

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 41 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 other than the warrants in the Company as disclosed above.

HOLDING COMPANY

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

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS

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

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

DATO' ABD RAHIM BIN ABD HALIM

LOOI KOK LOON

30 April 2015

STATEMENT BY DIRECTORS

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 2014 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’ ABD RAHIM BIN ABD HALIM

LOOI KOK LOON

Kuala Lumpur
30 April 2015

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 **KUALA LUMPUR** on 30th day of April 2015

Before me,

COMMISSIONER FOR OATHS
SHAFIE B. DAUD
NO. W350

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 2014, 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 80 to 177.

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 the 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 2014 and of 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 47 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)

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 - 2179/11/16 (J)
Chartered Accountant

30 April 2015

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	The Group 2014 RM'000	The Group 2013 RM'000 (Restated)	The Company 2014 RM'000	The Company 2013 RM'000
Revenue	5	1,774,144	1,959,689	92,501	90,071
Cost of sales	6	(1,653,746)	(1,843,674)	-	-
Gross profit		120,398	116,015	92,501	90,071
Other income		31,461	37,952	302	68,024
Administrative and other expenses		(88,748)	(79,838)	(8,102)	(6,915)
Selling and marketing expenses		(67,130)	(65,098)	-	-
Finance costs	7	(20,151)	(22,812)	(14,431)	(17,224)
Interest income	8	5,861	5,992	3,024	2,816
Share of results of a joint venture	19	23,133	23,834	-	-
Share of results of associates	20	127,359	139,278	-	-
Profit before tax	9	132,183	155,323	73,294	136,772
Income tax (expense)/credit	12	(8,558)	(954)	1,556	1,368
Profit for the year		123,625	154,369	74,850	138,140
Other comprehensive (loss)/income, net of tax					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligations	35	(1,141)	-	-	-
Item that may be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale financial assets		-	(417)	-	-
Gain on sale of available-for-sale financial assets		-	417	-	-
Net gain on cash flow hedges of an associate		267	1,122	-	-
Other comprehensive (loss)/income for the year, net of tax		(874)	1,122	-	-
Total comprehensive income for the year		122,751	155,491	74,850	138,140

(Forward)

	Note	The Group 2014 RM'000	The Group 2013 RM'000 (Restated)	The Company 2014 RM'000	The Company 2013 RM'000
Profit for the year attributable to:					
Owners of the Company		112,222	138,095	74,850	138,140
Non-controlling interests		11,403	16,274	-	-
		123,625	154,369	74,850	138,140
Total comprehensive income attributable to:					
Owners of the Company		111,322	139,078	74,850	138,140
Non-controlling interests		11,429	16,413	-	-
		122,751	155,491	74,850	138,140
Earnings per share	13				
Basic (sen per share)		28.7	35.3		
Diluted (sen per share)		28.7	34.6		
Net dividends per ordinary share (sen)	14	7.00	9.00		

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 2014

	Note	The Group 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	15	336,534	329,768	255,720
Investment properties	16	39,768	31,633	25,183
Prepaid land lease payments	17	38,426	38,950	39,060
Investment in a joint venture	19	148,839	135,906	127,372
Investment in associates	20	950,719	892,479	818,345
Other investments	21	-	1,000	1,417
Deferred tax assets	23	3,512	2,646	1,544
Goodwill on consolidation	24	184,407	184,407	184,407
Total Non-Current Assets		1,702,205	1,616,789	1,453,048
Current Assets				
Other investments	21	1,000	-	-
Property development costs	25	141,733	84,578	44,399
Inventories	26	182,534	263,637	372,898
Trade receivables	27	130,531	152,513	172,632
Other receivables, deposits and prepaid expenses	28	33,992	31,800	39,041
Amount owing by associates	30	20	10	67
Cash and bank balances	31	216,979	242,091	225,589
Deferred tax assets	23	8,881	6,072	-
Tax recoverable		11,108	13,783	10,317
Total Current Assets		726,778	794,484	864,943
Total Assets		2,428,983	2,411,273	2,317,991

(Forward)

	Note	The Group 2014 RM'000	 2013 RM'000 (Restated)	 2012 RM'000 (Restated)
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	32	390,711	390,711	390,637
Reserves	33	1,131,626	1,047,654	944,452
Equity attributable to owners of the Company		1,522,337	1,438,365	1,335,089
Non-controlling interests		253,025	249,681	155,158
Total Equity		1,775,362	1,688,046	1,490,247
Non-Current Liabilities				
Long-term borrowings	34	302,471	321,344	316,521
Deferred tax liabilities	23	3,834	2,777	2,148
Provision for retirement benefits	35	3,001	2,436	2,151
Hire purchase payables - non current portion	36	-	-	23
Total Non-Current Liabilities		309,306	326,557	320,843
Current Liabilities				
Provision for liabilities	37	268	285	2,016
Short term borrowings	34	113,559	156,842	235,532
Trade payables	38	187,789	198,213	199,070
Other payables and accrued expenses	39	41,939	40,822	70,056
Amount owing to holding company	40	220	191	205
Hire purchase payables - current portion	36	-	-	17
Tax liabilities		540	317	5
Total Current Liabilities		344,315	396,670	506,901
Total Liabilities		653,621	723,227	827,744
Total Equity and Liabilities		2,428,983	2,411,273	2,317,991

(Forward)

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2014

	Note	The Company 2014 RM'000	2013 RM'000	2012 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	15	551	686	822
Investment in subsidiaries	18	498,897	498,827	514,067
Investment in associates	20	207,043	207,043	207,043
Total Non-Current Assets		706,491	706,556	721,932
Current Assets				
Other receivables, deposits and prepaid expenses	28	94	453	237
Amount owing by subsidiaries	29	126,758	121,330	97,335
Amount owing by associates	30	20	10	67
Cash and bank balances	31	101,711	94,610	68,710
Tax recoverable		1,958	6,292	1,644
Total Current Assets		230,541	222,695	167,993
Total Assets		937,032	929,251	889,925
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	32	390,711	390,711	390,637
Reserves	33	329,505	282,005	178,864
Total Equity		720,216	672,716	569,501
Non-Current Liabilities				
Long-term borrowings	34	175,398	214,240	237,861
Provision for retirement benefits	35	1,415	2,375	2,095
Total Non-Current Liabilities		176,813	216,615	239,956
Current Liabilities				
Short term borrowings	34	39,126	39,155	79,646
Accrued expenses		657	574	617
Amount owing to holding company	40	220	191	205
Total Current Liabilities		40,003	39,920	80,468
Total Liabilities		216,816	256,535	320,424
Total Equity and Liabilities		937,032	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 2014

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											
As previously reported		390,637	294	44,630	417	711	(1,280)	903,548	1,338,957	221,064	1,560,021
Prior year adjustments (Note 50)		-	-	-	-	-	-	(3,868)	(3,868)	(65,906)	(69,774)
As restated		390,637	294	44,630	417	711	(1,280)	899,680	1,335,089	155,158	1,490,247
Dividends distributed to owners of the Company	14	-	-	-	-	-	-	(35,160)	(35,160)	-	(35,160)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(6,036)	(6,036)
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		-	-	-	-	-	-	138,095	138,095	16,274	154,369
Other comprehensive income/(loss)		-	-	-	(417)	(30)	1,013	417	983	139	1,122
Total comprehensive income/ (loss) for the year		-	-	-	(417)	(30)	1,013	138,512	139,078	16,413	155,491
Issue of shares:											
Exercise of warrants	32	74	206	(45)	-	-	-	-	235	-	235
Warrants exercised in a subsidiary *		-	-	-	-	-	-	-	-	5	5
As of 31 December 2013 (As restated)		390,711	500	44,585	-	681	(267)	1,002,155	1,438,365	249,681	1,688,046

* 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)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014											
As previously reported		390,711	500	44,585	-	681	(267)	1,005,621	1,441,831	323,402	1,765,233
Prior year adjustments (Note 50)		-	-	-	-	-	-	(3,466)	(3,466)	(73,721)	(77,187)
As restated		390,711	500	44,585	-	681	(267)	1,002,155	1,438,365	249,681	1,688,046
Dividends distributed to owners of the Company	14	-	-	-	-	-	-	(27,350)	(27,350)	-	(27,350)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(8,142)	(8,142)
Incorporation of subsidiary		-	-	-	-	-	-	-	-	30	30
Profit for the year		-	-	-	-	-	-	112,222	112,222	11,403	123,625
Other comprehensive income/(loss)		-	-	-	-	-	241	(1,141)	(900)	26	(874)
Total comprehensive income for the year		-	-	-	-	-	241	111,081	111,322	11,429	122,751
Issue of shares:											
Warrants exercised in a subsidiary *		-	-	-	-	-	-	-	-	27	27
As of 31 December 2014		390,711	500	44,585	-	681	(26)	1,085,886	1,522,337	253,025	1,775,362

* 29,459 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	Warrant reserve RM'000	Distributable reserve - Retained earnings RM'000	Total equity RM'000
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 from exercise of warrants	32	74	206	(45)	-	235
As of 31 December 2013		390,711	500	44,585	236,920	672,716
As of 1 January 2014		390,711	500	44,585	236,920	672,716
Dividends	14	-	-	-	(27,350)	(27,350)
Total comprehensive income for the year		-	-	-	74,850	74,850
As of 31 December 2014		390,711	500	44,585	284,420	720,216

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014 RM'000	**2013 RM'000 (Restated)**	**2014 RM'000**	**2013 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	123,625	154,369	74,850	138,140
Adjustments for:				
Depreciation of property, plant and equipment	21,314	16,942	141	139
Finance costs	20,151	22,812	14,431	17,224
Income tax expense/(credit)	8,558	954	(1,556)	(1,368)
Allowance for doubtful debts:				
Trade receivables	909	751	-	-
Other receivables	270	-	-	-
Inventories written down	981	1,283	-	-
Provision for defined benefit plans	786	720	-	-
Amortisation of prepaid land lease payments	524	518	-	-
Property, plant and equipment written off	300	398	-	-
Allowance for slow-moving inventories	267	585	-	-
Depreciation of investment properties	211	211	-	-
Share of results of associates	(127,359)	(139,278)	-	-
Share of results of a joint venture	(23,133)	(23,834)	-	-
Interest income	(5,861)	(5,992)	(2,993)	(2,816)
(Reversal of provision)/Provision for retirement gratuity	(265)	280	(265)	280
Reversal of provision for service maintenance	-	(970)	-	-
Gain on disposal of:				
Property, plant and equipment	(32)	(59)	-	-
Partial equity interest in a subsidiary	-	-	-	(68,024)
Dividend income	-	-	(92,177)	(89,747)
Reversal of provision for claims for compensation	(17)	-	-	-
Allowance for doubtful debts no longer required:				
Trade receivables	(3)	(145)	-	-
Hire purchase receivables	-	(38)	-	-
Interest income on amount owing by subsidiaries	-	-	(31)	-

(Forward)

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Operating Profit/(Loss) Before Working Capital Changes	21,226	29,507	(7,600)	(6,172)
Movements in working capital:				
(Increase)/Decrease in:				
Property development costs	(57,155)	(40,179)	-	-
Receivables	18,614	26,792	359	(216)
Inventories	79,855	107,393	-	-
Net changes in related company balances	19	43	(5,378)	(23,952)
Increase/(Decrease) in:				
Payables	(9,307)	(30,091)	83	(43)
Cash Generated From/(Used In) Operations	53,252	93,465	(12,536)	(30,383)
Provisions utilised	-	(761)	-	-
Contributions paid under retirement benefit schemes	(1,477)	(715)	(695)	-
Income tax refunded	6,310	330	6,310	330
Income tax paid	(14,208)	(10,983)	(420)	-
Net Cash From/(Used In) Operating Activities	43,877	81,336	(7,341)	(30,053)

(Forward)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	35,398	32,818
Associates	70,586	66,266	56,779	53,319
Joint venture	10,200	15,300	-	-
Interest received	5,861	5,992	2,993	2,816
Proceeds from disposal of:				
Property, plant and equipment	61	222	-	-
Redemption of investment held-to-maturity	-	-	-	-
Partial equity interest in a subsidiary	-	83,264	-	83,264
Other investment	-	417	-	-
Decrease in fixed deposits pledged with licensed banks	-	2,276	-	2,264
Purchase of:				
Property, plant and equipment [Note (i)]	(28,409)	(90,758)	(6)	(3)
Investment properties [Note (ii)]	(7,691)	(6,375)	-	-
Prepaid land lease payments	-	(408)	-	-
Incorporation of subsidiary, share of non-controlling interest	30	-	-	-
Purchase of investment in:				
Subsidiaries	-	-	(70)	-
Associates	(1,200)	-	-	-
Net Cash From Investing Activities	49,438	76,196	95,094	174,478

(Forward)

	Note	The Group 2014 RM'000	The Group 2013 RM'000 (Restated)	The Company 2014 RM'000	The Company 2013 RM'000
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds from:					
Issue of shares		-	235	-	235
Warrants exercised in a subsidiary		27	5	-	-
Proceeds from term loans		-	49,944	-	1,110
Net decrease of other borrowings		(46,486)	(41,359)	-	-
Repayment of:					
Term loans		(16,009)	(82,263)	(38,871)	(65,222)
Hire purchase payables		-	(40)	-	-
Finance costs paid		(20,806)	(23,891)	(14,431)	(17,224)
Dividends paid to non-controlling interests of subsidiaries		(8,142)	(6,036)	-	-
Dividends paid		(27,350)	(35,160)	(27,350)	(35,160)
Net Cash Used In Financing Activities		(118,766)	(138,565)	(80,652)	(116,261)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(25,451)	18,967	7,101	28,164
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		241,343	222,376	94,610	66,446
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	31	215,892	241,343	101,711	94,610

(Forward)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

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

	The Group		The Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Additions of property, plant and equipment (Note 15)	28,409	91,551	6	3
Less: Finance costs capitalised (Note 7)	-	(793)	-	-
Total cash payments	28,409	90,758	6	3

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

	The Group		The Company	
	2014 RM	2013 RM (Restated)	2014 RM	2013 RM
Additions of investment properties (Note 16)	8,346	6,661	-	-
Less: Finance costs capitalised (Note 7)	(655)	(286)	-	-
Total cash payments	7,691	6,375	-	-

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

NOTES TO THE FINANCIAL STATEMENTS •
FOR THE YEAR ENDED 31 DECEMBER 2014

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, joint venture and associates are as disclosed in Notes 47, 48 and 49 to the financial statements respectively.

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 30 April 2015.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and 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.

2.1 Adoption of New and Revised Malaysian Financial Reporting Standards

In the current financial 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 2014 as follows:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Consolidated Financial Statements, Disclosure of Interest in Other Entities and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting

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.

2.2 Standards and Amendments in issue but not yet effective

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

Amendments to MFRS 9	Financial Instruments[4]
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to MFRS 15	Revenue from Contracts with Customers[3]
Amendments to MFRS 101	Disclosure Initiative[2]
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions[1]
Amendments to MFRS 127	Equity Method in Separate Financial Statements[2]
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle[1]	
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle[1]	
Amendments to MFRSs contained in the documents entitled Annual Improvements to MFRSs 2012 - 2014 Cycle[2]	

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

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

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 46.

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.

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 and Joint Ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, investment in associate and joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, 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 or a joint venture. 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 a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or a joint venture 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 or a joint venture 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 or a joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or a joint venture on the same basis as would be required if that associate or a joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or a joint venture 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.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent that the Group's interest in the associate or joint venture is not related to the Group.

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 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.

(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, with actuarial valuations being carried out every three years. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The amounts recognised in the statements of financial position represent the present value of the defined benefit obligations, which are reduced by the fair value of plan assets.

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 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.

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, 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. 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.

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.

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.

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. The Group actively studies trends of claims and takes 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.

Effective interest method

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

Held-to-maturity investments

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

AFS financial assets

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

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

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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.

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, the directors are 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

The directors 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 2014 is RM184,407,000 (2013: RM184,407,000; 2012: RM184,407,000). Further details are disclosed in Note 24.

(d) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) **Allowance for inventories**

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

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

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the property, plant and equipment and investment properties. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment and investment properties of the Group as at 31 December 2014 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	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Sale of goods and services	1,773,647	1,959,241	-	-
Property and car rental income	497	448	-	-
Dividends from:				
Subsidiaries	-	-	35,398	36,428
Associates	-	-	56,779	53,319
Management fee receivable from subsidiaries	-	-	324	324
	1,774,144	1,959,689	92,501	90,071

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on borrowings	20,806	23,891	14,431	17,224
Less: Amount included in property, plant and equipment and investment properties	(655)	(1,079)	-	-
	20,151	22,812	14,431	17,224

8. INTEREST INCOME

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Interest income on:				
Bank deposits	5,861	5,992	2,993	2,816
Amount owing by subsidiaries	-	-	31	-
	5,861	5,992	3,024	2,816

9. PROFIT BEFORE TAX

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

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Employee benefits expense (Note 10)	66,026	63,556	3,988	3,324
Depreciation of property, plant and equipment (Note 15)	21,314	16,942	141	139
Rental expenses	6,829	5,083	287	287
Directors' remuneration (Note 11)	4,886	3,760	2,280	1,433
Product compensation claims	3,625	-	-	-
Royalty expenses	1,119	1,147	-	-
Inventories written down	981	1,283	-	-
Allowance for doubtful debts:				
Trade receivables (Note 27)	909	751	-	-
Other receivables (Note 28)	270	-	-	-
Amortisation of prepaid land lease payments (Note 17)	524	518	-	-
Auditors' remuneration:				
Auditors of the Company:				
Statutory audit	399	427	56	72
Other auditors:				
Statutory audit	64	72	-	-
Non-audit services	-	15	-	-
Property, plant and equipment written off (Note 15)	300	398	-	-
Allowance for slow-moving inventories	267	585	-	-
Depreciation of investment properties (Note 16)	211	211	-	-
Incentives from suppliers	(3,771)	(8,469)	-	-
Rental income from land and buildings	(1,942)	(1,936)	-	-
(Reversal of provision)/ Provision for retirement gratuity (Note 35)	(265)	280	(265)	280
Realised (gain)/loss on foreign exchange	(32)	10	-	-
Gain on disposal of:				
Partial equity interest in a subsidiary	-	-	-	(68,024)
Property, plant and equipment	(32)	(59)	-	-
Reversal of provision for claims for compensation (Note 37)	(17)	-	-	-
Allowance for doubtful debts no longer required:				
Trade receivables (Note 27)	(3)	(145)	-	-
Hire purchase receivables (Note 22)	-	(38)	-	-
Reversal of provision for service maintenance (Note 37)	-	(970)	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Wages and salaries	52,879	49,893	3,445	2,921
Pension costs:				
Defined contribution plans	7,826	7,821	408	366
Defined benefit plans (Note 35)	786	720	-	-
Social security costs	691	669	13	10
Other benefits	3,844	4,453	122	27
	66,026	63,556	3,988	3,324

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,613	925	1,367	681
Bonus	422	344	422	344
	2,035	1,269	1,789	1,025
Non-executive:				
Salaries and other emoluments	362	362	-	84
Fees	620	463	491	324
	982	825	491	408
	3,017	2,094	2,280	1,433
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,750	1,556	-	-
Non-executive:				
Fees	119	110	-	-
	1,869	1,666	-	-
	4,886	3,760	2,280	1,433

(Forward)

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	
	2014	2013
Executive directors:		
RM750,001 – RM800,000	1	-
RM1,200,001 – RM1,250,000	1	-
RM1,250,001 – RM1,300,000	-	1
Non-executive directors:		
RM50,001 - RM100,000	-	4
RM100,001 - RM150,000	3	1
RM150,001 – RM200,000	1	-
RM400,001 – RM450,000	-	1
RM450,001 – RM500,000	1	-

12. INCOME TAX EXPENSE/(CREDIT)

Income Tax Recognised in Profit or Loss

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Income tax expense:				
Current year	11,827	10,290	-	3,610
Overprovision in prior years	(1,031)	(2,791)	(1,556)	(4,978)
	10,796	7,499	(1,556)	(1,368)
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	(2,255)	(3,006)	-	-
Under/(Over)provision in prior years	17	(3,539)	-	-
	(2,238)	(6,545)	-	-
	8,558	954	(1,556)	(1,368)

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	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit before tax	132,183	155,323	73,294	136,772
Taxation at statutory tax rate of 25%	33,046	38,831	18,324	34,193
Tax effects on share of results of a joint venture	(5,783)	(5,958)	-	-
Tax effects on share of results of associates	(31,839)	(34,819)	-	-
Tax effects of:				
Non-deductible expenses	7,702	8,921	5,468	5,520
Non-taxable income	(790)	(1,166)	(23,792)	(36,103)
Tax incentives	(247)	(125)	-	-
Utilisation of reinvestment allowances	(97)	(1,106)	-	-
Realisation of deferred tax assets previously not recognised	-	(351)	-	-
Deferred tax assets not recognised	7,580	3,057	-	-
(Over)/Underprovision in prior years:				
Current tax	(1,031)	(2,791)	(1,556)	(4,978)
Deferred tax	17	(3,539)	-	-
	8,558	954	(1,556)	(1,368)

Income Tax Recognised in Other Comprehensive Income

	The Group	
	2014 RM'000	2013 RM'000
Deferred tax		
Arising on expenses recognised in other comprehensive income:		
- Defined benefits retirement plan actuarial loss	380	-

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	
	2014 RM'000	**2013 RM'000 (Restated)**
Profit for the year attributable to owners of the Company	112,222	138,095
	2014 '000	**2013 '000**
Weighted average number of ordinary shares:		
Number of shares issued at beginning of year	390,711	390,637
Effects of weighted average number of ordinary shares in respect of:		
Exercise of warrants	-	43
	390,711	390,680
	2014	**2013**
Basic EPS (sen)	28.7	35.3

(b) Diluted earnings per share

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	
	2014 RM'000	**2013 RM'000 (Restated)**
Profit for the year attributable to owners of the Company	112,222	138,095
	2014 '000	**2013 '000**
Weighted average number of ordinary shares in issue	390,711	390,680
Adjustments for:		
Assumed exercise of warrants	-	8,480
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	390,711	399,160
	2014	**2013**
Diluted EPS (sen)	28.7	34.6

14. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividends per Ordinary Share	
	2014 RM'000	2013 RM'000	2014 Sen	2013 Sen
In respect of the financial year ended 31 December 2012:				
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
Second interim single tier dividend of 3%	11,722	-	3.00	-
In respect of the financial year ended 31 December 2014:				
First interim single tier dividend of 4%	15,628	-	4.00	-
	27,350	35,160	7.00	9.00

On 27 February 2015, the directors declared a second interim single tier dividend of 4% on 390,710,753 ordinary shares amounting to RM15,628,000 in respect of the current financial year ended 31 December 2014 which was paid on 25 March 2015.

15. PROPERTY, PLANT AND EQUIPMENT

The Group 2014	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 2014 (Restated)	65,308	135,973	23,606	155,638	56,052	64,838	6,990	508,405
Additions	95	286	686	14,887	5,865	5,879	711	28,409
Disposals	-	-	-	(30)	-	(164)	(214)	(408)
Write-offs	-	-	-	(5,861)	(9,828)	(7,093)	-	(22,782)
Reclassifications	-	7,984	(15,333)	188	7,328	(142)	(25)	-
At 31 December 2014	65,403	144,243	8,959	164,822	59,417	63,318	7,462	513,624
Accumulated depreciation								
At 1 January 2014 (Restated)	-	21,838	-	81,225	25,239	46,230	4,105	178,637
Depreciation charge for the year	-	1,930	-	7,169	4,790	6,379	1,046	21,314
Disposals	-	-	-	(30)	-	(164)	(185)	(379)
Write-offs	-	-	-	(5,861)	(9,530)	(7,091)	-	(22,482)
Reclassifications	-	-	53	-	(8)	(45)	-	-
At 31 December 2014	-	23,768	53	82,503	20,491	45,309	4,966	177,090
Net book value								
At 31 December 2014	65,403	120,475	8,906	82,319	38,926	18,009	2,496	336,534

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 (Restated)	38,447	111,490	64,204	93,944	53,167	53,058	6,234	420,544
Additions	26,861	12,312	16,223	17,687	3,427	13,752	1,289	91,551
Disposals	-	-	-	(100)	-	(51)	(533)	(684)
Write-offs	-	-	-	-	(489)	(2,517)	-	(3,006)
Reclassifications	-	12,171	(56,821)	44,107	(53)	596	-	-
At 31 December 2013 (Restated)	65,308	135,973	23,606	155,638	56,052	64,838	6,990	508,405
Accumulated depreciation								
At 1 January 2013 (Restated)	-	20,151	-	76,221	21,520	43,739	3,193	164,824
Depreciation charge for the year	-	1,687	-	5,099	4,075	4,754	1,327	16,942
Disposals	-	-	-	(95)	-	(11)	(415)	(521)
Write-offs	-	-	-	-	(356)	(2,252)	-	(2,608)
At 31 December 2013 (Restated)	-	21,838	-	81,225	25,239	46,230	4,105	178,637
Net book value								
At 31 December 2013 (Restated)	65,308	114,135	23,606	74,413	30,813	18,608	2,885	329,768
At 1 January 2013 (Restated)	38,447	91,339	64,204	17,723	31,647	9,319	3,041	255,720

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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 2014	725	191	250	1,166
Additions	-	6	-	6
At 31 December 2014	725	197	250	1,172
Accumulated depreciation				
At 1 January 2014	227	174	79	480
Depreciation charge for the year	75	16	50	141
At 31 December 2014	302	190	129	621
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
Net book value				
At 31 December 2014	423	7	121	551
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 2014 RM'000	2013 RM'000	2012 RM'000
Freehold lands	16,749	16,749	16,749
Freehold buildings	125,861	114,012	38,425
	142,610	130,761	55,174

(b) Included in additions to building under construction of the Group is interest expense capitalised amounting to RMNil (2013: RM792,652; 2012: RM1,449,405).

16. INVESTMENT PROPERTIES

The Group	Investment properties RM'000	Construction in progress RM'000	Total RM'000
2014			
Cost			
At 1 January	17,584	16,995	34,579
Additions	-	8,346	8,346
At 31 December	17,584	25,341	42,925
Accumulated Depreciation			
At 1 January	2,946	-	2,946
Depreciation charge for the year	211	-	211
At 31 December	3,157	-	3,157
2013			
Cost			
At 1 January	17,584	10,334	27,918
Additions	-	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
Net book value			
At 31 December 2014	14,427	25,341	39,768
At 31 December 2013	14,638	16,995	31,633
At 31 December 2012	14,849	10,334	25,183

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	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Carrying Amount	39,768	31,633	25,183
Representing:			
Investment properties			
Freehold land	2,284	2,284	2,284
Freehold buildings	3,881	3,996	4,111
Buildings	8,262	8,358	8,454
	14,427	14,638	14,849
Construction in progress	25,341	16,995	10,334
	39,768	31,633	25,183

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 RM655,145 (2013: RM285,851) during the financial year.

Rental income earned by the Group from the investment properties, all of which are leased out under operating leases, amounted to RM1,626,000 (2013: RM1,667,000). Direct operating expenses incurred in respect of the investment properties during the financial year amounted to RM114,000 (2013: RM102,000).

Fair value of the investment properties of the Group as at 31 December 2014 is estimated at RM18,561,000 (2013: 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		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January	38,950	39,060	39,574
Additions	-	408	-
Amortisation for the year (Note 9)	(524)	(518)	(514)
At 31 December	38,426	38,950	39,060
Analysed as:			
Long term leasehold land	36,752	37,198	37,619
Short term leasehold land	1,674	1,752	1,441
	38,426	38,950	39,060

As at 31 December 2014, the unexpired lease periods are as follows:

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Within 1 to 30 years	813	843	461
Within 31 to 60 years	861	909	980
Within 61 to 99 years	36,752	37,198	37,619
	38,426	38,950	39,060

18. INVESTMENT IN SUBSIDIARIES

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
At cost:			
Unquoted shares in Malaysia	500,814	515,984	515,984
Less: Partial disposal of unquoted shares	-	(15,240)	-
	500,814	500,744	515,984
Less: Accumulated impairment losses	(1,917)	(1,917)	(1,917)
Net	498,897	498,827	514,067

Details of the subsidiaries are disclosed in Note 47.

The Company's investment in Hirotako Holdings Berhad ("HHB") with carrying value amounting to RM409,934,000 (2013: 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.

Reclassification of Autoliv Hirotako Sdn. Bhd. as a joint venture

Autoliv Hirotako Sdn. Bhd. ("AHSB") is a 51% owned subsidiary of HHB while HHB is 100% owned by the Company. HHB was acquired by the Company in 2011. AHSB was formed pursuant to a merger of seatbelt and airbag manufacturing businesses in 1999 which resulted in HHB becoming a 51% shareholder and Autoliv AB ("AAB") a 49% shareholder in AHSB and a shareholders' agreement being signed between HHB and AAB on 19 January 2001. AHSB has been consolidated as a subsidiary of HHB since then.

According to MFRS 10, subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Based on the interpretation of MFRS 10 in considering the present contractual relationship between the shareholders of AHSB, AAB and HHB, the Group has decided to deconsolidate AHSB from the Group's financial statements and treat AHSB as a joint venture under MFRS 11. Accordingly, the goodwill attaching to AHSB amounting to RM41,031,000 was adjusted to investment in joint venture. The effects on the consolidated statements of profit or loss and other comprehensive income and consolidated statements of financial position have been applied retrospectively and as disclosed in Note 50.

From an operational and managerial standpoint, the relationship between the Group and AHSB remain unchanged.

Partial disposal of unquoted shares

During the previous financial 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%.

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 2014 %	2013 %	2012 %	Profit allocated to non-controlling interests 2014 RM'000	2013 RM'000	Accumulated non-controlling interests 2014 RM'000	2013 RM'000	2012 RM'000
DMSB	Malaysia	48.5	48.5	28.5	10,447	10,768	258,190	244,310	135,858
Individually immaterial subsidiaries with non-controlling interests							(5,165)	5,371	19,300
							253,025	249,681	155,158

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 2014 RM'000	2013 RM'000	2012 RM'000
Statement of financial position as of 31 December			
Current assets	231,036	266,354	269,290
Non-current assets	121,862	119,085	102,301
Current liabilities	28,253	66,407	63,271
Non-current liabilities	1,586	61	56
Equity attributable to owners of the Company	323,060	318,971	308,264
Statement of profit or loss and other comprehensive income for the year ended 31 December			
Revenue	1,094,621	1,147,662	1,059,883
Total comprehensive income	20,399	22,200	21,549

19. INVESTMENT IN JOINT VENTURE

	The Group 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
In Malaysia:			
Unquoted shares, at cost	67,210	67,210	67,210
Share of post-acquisition reserves	81,629	68,696	60,162
	148,839	135,906	127,372

Details of the joint venture are disclosed in Note 48.

The financial year end of the joint venture is coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting, the share of results of the joint venture is arrived at based on the audited financial statements.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRSs:

The Group	**2014 RM'000**	**2013 RM'000**	**2012 RM'000**
Assets and liabilities			
Non-current assets	49,796	52,084	54,847
Current assets	185,191	174,512	155,292
Total assets	234,987	226,596	210,139
Non-current liabilities	189	878	-
Current liabilities	48,702	64,980	66,134
Total liabilities	48,891	65,858	66,134
Results			
Revenue	255,950	274,585	267,147
Profit for the year	45,358	46,733	52,254
Group's share of profit of joint venture	23,133	23,834	26,650

20. INVESTMENT IN ASSOCIATES

	The Group 2014 RM'000	2013 RM'000	2012 RM'000
In Malaysia:			
Unquoted shares, at cost	255,243	254,043	254,043
Share of post-acquisition reserves	695,476	638,436	564,302
	950,719	892,479	818,345

	The Company 2014 RM'000	2013 RM'000	2012 RM'000
In Malaysia:			
Unquoted shares, at cost	207,043	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	2014 RM'000	2013 RM'000	2012 RM'000
Assets and liabilities			
Non-current assets	2,885,581	2,486,869	2,086,384
Current assets	2,439,561	2,636,137	2,423,037
Total assets	5,325,142	5,123,006	4,509,421
Non-current liabilities	257,064	257,848	2,759
Current liabilities	1,256,004	1,295,565	1,236,007
Total liabilities	1,513,068	1,553,413	1,238,766
Results			
Revenue	10,041,261	9,444,435	9,681,424
Profit for the year	511,253	549,928	491,863
Group's share of profit of associates	127,359	139,278	125,321

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The financial year end 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.	**2014 RM'000**	**2013 RM'000**	**2012 RM'000**
Current assets	1,837,820	2,020,285	1,829,274
Non-current assets	2,530,424	2,163,207	1,836,969
Current liabilities	950,254	1,026,584	899,253
Non-current liabilities	113,220	104,741	-
Revenue	8,670,560	8,665,293	8,707,998
Profit for the year	509,937	521,954	459,390
Total comprehensive income	511,043	526,397	455,095

21. OTHER INVESTMENTS

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Available-for-sale investments			
At fair value:			
Quoted shares	-	-	417
	-	-	417
Held-to-maturity investments			
At amortised cost:			
Structured income fund (a)	1,000	1,000	1,000
Unquoted bonds, at cost (b)	2,360	2,360	2,360
	3,360	3,360	3,360
Less: Accumulated impairment losses	(2,360)	(2,360)	(2,360)
	1,000	1,000	1,000
Total	1,000	1,000	1,417
Market value of quoted shares	-	-	417

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
Held-to-maturity investments			
At amortised cost:			
Unquoted bonds, at cost (b)	2,360	2,360	2,360
Less: Accumulated impairment losses	(2,360)	(2,360)	(2,360)
Net	-	-	-

(a) The structured income fund is a close-ended fund managed by a local financial institution which provides coupon rates of 3.3% 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.

22. HIRE PURCHASE RECEIVABLES

		The Group	
	2014 RM'000	2013 RM'000	2012 RM'000
Minimum hire purchase receivables:			
Not later than 1 year	1,093	1,093	1,131
Less: Future finance charges	-	-	-
Present value of hire purchase receivables	1,093	1,093	1,131
Less: Allowance for doubtful debts	(1,075)	(1,075)	(1,113)
	18	18	18
Analysed as:			
Net (Note 27)	18	18	18

The effective interest rate at the end of the reporting period is 9.2% (2013: 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 for doubtful debts

	The Group	
	2014 RM'000	2013 RM'000
At beginning of year	1,075	1,113
No longer required (Note 9)	-	(38)
At end of year	1,075	1,075

23. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
At 1 January	5,941	(604)	(2,213)
Transfer from/(to) profit or loss (Note 12):			
Property, plant and equipment	(552)	(558)	964
Provisions	477	241	(353)
Difference in method of recognising profit in respect of property development activities for tax and accounting purposes	2,816	6,072	-
Unutilised reinvestment allowance	(907)	1,107	-
Others	404	(317)	998
	2,238	6,545	1,609
Recognised in other comprehensive income:			
Provisions for retirement benefits	380	-	-
At 31 December	8,559	5,941	(604)

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 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Deferred tax assets - current	8,881	6,072	-
- non-current	3,512	2,646	1,544
	12,393	8,718	1,544
Deferred tax liabilities	(3,834)	(2,777)	(2,148)
	8,559	5,941	(604)

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

	The Group		
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Deferred tax assets			
Temporary differences arising from:			
Property, plant and equipment	81	82	16
Provisions	2,708	2,231	1,990
Difference in method of recognising profit in respect of property development activities for tax and accounting purposes	8,888	6,072	-
Unutilised reinvestment allowance	200	1,107	-
Provisions for retirement benefits	380	-	-
Others	1,612	1,123	1,538
	13,869	10,615	3,544
Offsetting	(1,476)	(1,897)	(2,000)
Deferred tax assets (after offsetting)	12,393	8,718	1,544
Deferred tax liabilities			
Temporary differences arising from:			
Property, plant and equipment	(5,225)	(4,674)	(4,050)
Others	(85)	-	(98)
	(5,310)	(4,674)	(4,148)
Offsetting	1,476	1,897	2,000
Deferred tax liabilities (after offsetting)	(3,834)	(2,777)	(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 2014, the estimated amount of deductible temporary differences, unused tax losses and 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	
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
Unused tax losses and unabsorbed capital allowances	116,988	85,961	76,605
Temporary differences arising from others	12,935	13,644	12,176
	129,923	99,605	88,781

		The Company	
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
Unused tax losses and unabsorbed capital allowances	-	-	-
Temporary differences arising from others	-	573	499
	-	573	499

24. GOODWILL ON CONSOLIDATION

		The Group	
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Cost:			
At 1 January	184,407	184,407	224,325
Effect of purchase price allocation	-	-	3,055
Effect of reclassification of a subsidiary as joint venture (Note 50)	-	-	(42,973)
At 31 December	184,407	184,407	184,407

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			
	2014 RM'000	2013 RM'000	2012 RM'000	Discount rate
Manufacturing of automotive parts and components	181,690	181,690	181,690	11%
Trading of motor vehicles, spare parts and other related activities	2,717	2,717	2,717	11%
	184,407	184,407	184,407	

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% (2013: 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 2014, the goodwill would not be impacted.

25. PROPERTY DEVELOPMENT COSTS

	The Group		
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
At 1 January	84,578	44,399	21,205
Development costs incurred during the financial year	57,155	40,179	23,194
At 31 December	141,733	84,578	44,399
Included in the property development costs are as follows:			
Land costs	7,102	7,102	7,102
Development costs	134,631	77,476	37,297
	141,733	84,578	44,399

26. INVENTORIES

	The Group 2014 RM'000	 2013 RM'000 (Restated)	 2012 RM'000 (Restated)
At cost:			
Completed vehicles	145,275	226,636	342,338
Raw materials	15,134	12,522	7,900
Goods-in-transit	-	-	143
Work in progress	2,492	3,193	2,309
Parts and consumables	21,041	21,384	20,348
Finished goods	882	1,302	980
	184,824	265,037	374,018
Less: Allowance for slow-moving inventories	(2,290)	(1,400)	(1,120)
	182,534	263,637	372,898

Cost of inventories recognised as expenses of the Group amounting to RM1,575,554,000 (2013: RM1,793,600,000).

During the financial year, inventories of RM358,000 (2013: RM305,000) of the Group were written off against the allowance for slow moving inventories.

27. TRADE RECEIVABLES

	2014 RM'000	The Group 2013 RM'000 (Restated)	2012 RM'000 (Restated)
Trade receivables	134,452	156,208	175,760
Hire purchase receivables (Note 22)	18	18	18
	134,470	156,226	175,778
Less: Allowance for doubtful debts	(3,939)	(3,713)	(3,146)
Net	130,531	152,513	172,632

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

The normal credit periods granted on sales of goods range from 14 days to 120 days (2013: 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 RM4,150,000 (2013: RM3,198,000; 2012: RM2,845,000) due from an associate of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

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

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

	The Group		
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Neither past due nor impaired	94,400	106,166	105,491
Past due but not impaired	36,113	46,329	67,123
Past due and impaired	3,939	3,713	3,146
	134,452	156,208	175,760
Ageing of past due but not impaired			
30 days to 60 days	10,934	13,429	36,284
60 days to 90 days	7,034	9,728	8,794
90 days to 120 days	9,512	4,818	19,259
More than 120 days	8,633	18,354	2,786
	36,113	46,329	67,123
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	3,939	3,713	3,146
	3,939	3,713	3,146

Movement in allowance for doubtful debts

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January	3,713	3,146	3,439
Amount recognised	909	751	543
No longer required	(3)	(145)	(815)
Write-offs	(680)	(39)	(21)
At 31 December	3,939	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 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Ringgit Malaysia	130,531	152,187	171,007
United States Dollar	-	326	1,625
	130,531	152,513	172,632

28. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Deposits and advances paid	21,590	13,338	5,171
Incentive due from suppliers	3,752	10,727	24,461
Prepayments	2,095	3,069	2,603
Sundry receivables	7,307	5,148	7,288
	34,744	32,282	39,523
Less: Allowance for doubtful debts	(752)	(482)	(482)
	33,992	31,800	39,041

	The Company 2014 RM'000	2013 RM'000	2012 RM'000
Deposits and advances paid	45	45	45
Prepayments	49	407	189
Sundry receivables	37	38	40
	131	490	274
Less: Allowance for doubtful debts	(37)	(37)	(37)
	94	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 RM3,637,000 (2013: 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		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January	482	482	37
Amount recognised	270	-	445
At 31 December	752	482	482

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January and at 31 December	37	37	37

29. AMOUNT OWING BY SUBSIDIARIES

Analysis of amount owing by subsidiaries is as follows:

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
Interest free	121,758	121,330	83,748
Bear interest at 5% per annum	5,000	-	13,587
	126,758	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 2014 RM'000	 2013 RM'000 (Restated)	 2012 RM'000 (Restated)
Cash on hand and at banks	119,559	98,608	106,848
Deposits with licensed banks	97,420	143,483	118,741
Cash and bank balances	216,979	242,091	225,589
Less: Bank overdrafts (Note 34)	(1,087)	(748)	(937)
Less: Fixed deposits pledged with licensed banks (Note 34)	-	-	(2,276)
	215,892	241,343	222,376

	The Company 2014 RM'000	 2013 RM'000	 2012 RM'000
Cash on hand and at banks	294	689	7,209
Deposits with licensed banks	101,417	93,921	61,501
Cash and bank balances	101,711	94,610	68,710
Less: Fixed deposits pledged with licensed banks (Note 34)	-	-	(2,264)
	101,711	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 3.80% (2013: 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 (2013: 5 days to 150 days; 2012: 5 days to 150 days).

32. SHARE CAPITAL

	The Group and The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
Authorised:			
500,000,000 ordinary shares of RM1.00 each	500,000	500,000	500,000
Issued and fully paid:			
At 1 January	390,711	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	390,711	390,637

(a) There were no warrants exercised during the current financial year.

(b) During the previous 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.

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		
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
At 1 January / 21 June #	73,090	73,164	73,166
Exercised during the year *	-	(74)	(2)
At 31 December	73,090	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 2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Non-distributable:			
Share premium	500	500	294
Revaluation reserve	681	681	711
Warrant reserve	44,585	44,585	44,630
Fair value reserve	-	-	417
Hedging reserve	(26)	(267)	(1,280)
Distributable:			
Retained earnings	1,085,886	1,002,155	899,680
	1,131,626	1,047,654	944,452

	The Company 2014 RM'000	2013 RM'000	2012 RM'000
Non-distributable:			
Share premium	500	500	294
Warrant reserve	44,585	44,585	44,630
Distributable:			
Retained earnings	284,420	236,920	133,940
	329,505	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.

Retained earnings

		The Group	
	2014 RM'000	**2013 RM'000**	**2012 RM'000**
Distributable:			
Retained earnings	1,085,886	1,002,155	899,680
As previously stated	1,005,621	903,548	832,659
Prior year adjustments (Note 50)	(3,466)	(3,868)	(4,270)
	1,002,155	899,680	828,389
Dividends distributed to owners of the Company	(27,350)	(35,160)	(11,717)
Partial disposal of equity interest in a subsidiary to a non-controlling interest	-	68,024	-
Realisation of post-acquisition reserves	-	(68,901)	-
Total comprehensive income for the year	111,081	138,512	136,844
Issue of shares:			
Bonus issue	-	-	(39,934)
Rights issue with warrants	-	-	(13,902)
	1,085,886	1,002,155	899,680

		The Company	
	2014 RM'000	**2013 RM'000**	**2012 RM'000**
Distributable:			
Retained earnings	284,420	236,920	133,940
At beginning of year	236,920	133,940	158,379
Dividends distributed to owners of the Company	(27,350)	(35,160)	(11,717)
Total comprehensive income for the year	74,850	138,140	41,114
Issue of shares:			
Bonus issue	-	-	(39,934)
Rights issue with warrants	-	-	(13,902)
	284,420	236,920	133,940

34. BORROWINGS

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Current - at amortised cost			
Secured:			
Term loans	48,614	45,750	82,892
Transaction costs (net of annual amortisation)	(1,157)	(1,157)	(1,157)
	47,457	44,593	81,735
Bankers' acceptances	52,015	86,501	142,860
Revolving credits	13,000	25,000	10,000
Bank overdrafts (Note 31)	1,087	748	937
	113,559	156,842	235,532
Non-current - at amortised cost			
Secured:			
Term loans	303,628	323,660	319,994
Transaction costs (net of annual amortisation)	(1,157)	(2,316)	(3,473)
	302,471	321,344	316,521
Total borrowings			
Term loans	352,242	369,410	402,886
Transaction costs (net of annual amortisation)	(2,314)	(3,473)	(4,630)
	349,928	365,937	398,256
Bankers' acceptances	52,015	86,501	142,860
Revolving credits	13,000	25,000	10,000
Bank overdrafts	1,087	748	937
	416,030	478,186	552,053

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	The Company 2014 RM'000	2013 RM'000	2012 RM'000
Current - at amortised cost			
Secured:			
Term loans	40,283	40,312	80,803
Transaction costs (net of annual amortisation)	(1,157)	(1,157)	(1,157)
	39,126	39,155	79,646
Non-current - at amortised cost			
Secured:			
Term loans	176,555	216,556	241,334
Transaction costs (net of annual amortisation)	(1,157)	(2,316)	(3,473)
	175,398	214,240	237,861
Total borrowings			
Term loans	216,838	256,868	322,137
Transaction costs (net of annual amortisation)	(2,314)	(3,473)	(4,630)
	214,524	253,395	317,507

The borrowings are repayable as follows:

	The Group 2014 RM'000	2013 RM'000	2012 RM'000
Current	114,716	157,999	236,689
Non-current:			
More than 1 year and less than 2 years	55,230	51,304	88,303
More than 2 years and less than 5 years	180,774	231,213	195,856
More than 5 years	67,624	41,143	35,835
	418,344	481,659	556,683

	The Company 2014 RM'000	2013 RM'000	2012 RM'000
Borrowings are repayable as follows:			
Current	40,283	40,312	80,803
Non-current:			
More than 1 year and less than 2 years	40,000	40,000	80,444
More than 2 years and less than 5 years	136,555	176,556	160,890
	216,838	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, the 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 2014 %	2013 %	2012 %
Term loans	4.9	5.3	6.1
Bankers' acceptances	3.7	3.7	4.1
Revolving credits	4.5	4.5	4.5
Bank overdrafts	6.5	6.5	7.8

	The Company 2014 %	2013 %	2012 %
Term loans	5.9	5.8	5.9

35. PROVISION FOR RETIREMENT BENEFITS

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January	2,436	2,151	1,867
Provision during the year:			
Defined benefit plans (Note 10)	786	720	651
(Reversal of provision)/Provision for retirement gratuity (Note 9)	(265)	280	320
Contribution paid during the year	(1,477)	(715)	(687)
Actuarial loss recognised in other comprehensive income	1,521	-	-
At 31 December	3,001	2,436	2,151

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
At 1 January	2,375	2,095	1,775
(Reversal)/Provision during the year:			
(Reversal of provision)/Provision for retirement gratuity (Note 9)	(265)	280	320
Contribution paid during the year	(695)	-	-
At 31 December	1,415	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		
	2014 RM'000	2013 RM'000	2012 RM'000
Provision for unfunded retirement gratuity	1,415	2,375	2,095
Present value of funded defined benefit obligations	4,672	4,105	3,899
Actuarial loss recognised in other comprehensive income	1,375	-	-
	6,047	4,105	3,899
Fair value of plan assets	(4,607)	(4,044)	(3,843)
Actuarial loss recognised in other comprehensive income	146	-	-
	(4,461)	(4,044)	(3,843)
	1,586	61	56
Total	3,001	2,436	2,151

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
Provision for unfunded retirement gratuity	1,415	2,375	2,095

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

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Defined benefit plans			
Current service cost	687	611	552
Interest cost	99	109	99
Total, included in employee benefits expense (Note 10)	786	720	651
Retirement gratuity			
(Provision no longer required)/Current service cost (Note 9)	(265)	280	320
Total	521	1,000	971

	The Company		
	2014 RM'000	2013 RM'000	2012 RM'000
Retirement gratuity			
(Provision no longer required)/Current service cost	(265)	280	320
Total	(265)	280	320

Remeasurement on net defined benefit liability:

	The Group		
	2014 RM'000	2013 RM'000	2012 RM'000
Net actuarial losses arising from experience adjustments	1,115	-	-
Net actuarial losses arising from changes in financial assumptions	260	-	-
Return on plan assets	146	-	-
Components of defined benefit costs recognised in other comprehensive income	1,521	-	-
Deferred tax adjustment (Note 23)	(380)	-	-
Components of defined benefit costs recognised in other comprehensive income, net of tax	1,141	-	-

Principal actuarial assumptions used are as follows:

	The Group		
	2014 %	2013 %	2012 %
Discount rate	5.25	6.00	6.00
Average salary increase	5.00	5.00	5.00

36. HIRE PURCHASE PAYABLES

	The Group		
	2014 RM'000	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. PROVISION FOR LIABILITIES

The Group	Service maintenance RM'000	Claims for compensation RM'000	Total RM'000
At 1 January 2013 (As restated)	1,724	292	2,016
Utilisation during the year	(754)	(7)	(761)
Reversal during the year	(970)	-	(970)
At 31 December 2013 (As restated)	-	285	285
At 1 January 2014	-	285	285
Reversal during the year	-	(17)	(17)
At 31 December 2014	-	268	268

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 previous financial 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.

38. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2013: 2 days to 90 days; 2012: 2 days to 90 days).

Included in trade payables of the Group are amounts of RM8,950,000 (2013: RM49,761,000 and 2013: RM49,575,000) and RM2,071,000 (2013: 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	
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Ringgit Malaysia	187,789	196,955	198,854
United States Dollar	-	1,008	28
Thai Baht	-	-	45
Japanese Yen	-	250	143
	187,789	198,213	199,070

39. OTHER PAYABLES AND ACCRUED EXPENSES

		The Group	
	2014	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Sundry payables	22,464	22,413	30,055
Accruals	11,390	8,088	12,397
Accruals for dealers and salesmen incentives	4,048	2,918	583
Deposits received from customers	3,861	7,089	25,614
Advances from other shareholders	176	314	1,407
	41,939	40,822	70,056

40. AMOUNT OWING TO HOLDING COMPANY

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

41. 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	
	2014 RM'000	2013 RM'000 (Restated)
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	890,648	946,481
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	52,641	55,029
Purchases from Toyota Tsusho Co., its subsidiaries and associates	8,541	9,712
Purchases from Toyota Tsusho (Malaysia) Sdn. Bhd., its subsidiaries and associates	6,636	3,221
Sales to an associate of Perodua	(26,452)	(15,973)
Sales to a subsidiary of Perodua	(72)	(1,528)
Sales to Toyota Tsusho Co., its subsidiaries and associates	-	(1,548)
Central Motor Wheels Co:		
Royalty fee payable	460	578
Development expenses payable	-	21
Technical fee payable	-	17

	The Company	
	2014 RM'000	2013 RM'000
Dividends from:		
Subsidiaries (Note 5)	(35,398)	(36,428)
Associates (Note 5)	(56,779)	(53,319)
Management fee from subsidiaries (Note 5)	(324)	(324)
Interest income on advances to subsidiaries (Note 8)	(31)	-

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
Toyota Tsusho (Malaysia)	A subsidiary of TT
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

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

	The Group		The Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Short term employee benefits	3,384	2,485	1,579	891
Employees Provident Fund	396	304	210	134
Other benefits	36	36	-	-
Total compensation of key management personnel	3,816	2,825	1,789	1,025
Consist of amount paid to:				
Executive directors of the Company	2,035	1,269	1,789	1,025
Executive directors of subsidiaries	1,781	1,556	-	-
	3,816	2,825	1,789	1,025

42. CAPITAL COMMITMENT

As of 31 December 2014, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2014 RM'000	2013 RM'000
Approved and contracted for	6,018	43,967
Approved but not contracted for	34,016	36,412
	40,034	80,379

43. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments - as lessee

	The Group	
	2014 RM'000	2013 RM'000
Future minimum rentals payable		
Not later than 1 year	3,327	3,202
More than 1 year and less than 2 years	3,669	1,892
More than 2 years and less than 5 years	692	379
	7,688	5,473

Non-cancellable operating lease commitments - as lessor

	The Group	
	2014 RM'000	2013 RM'000
Future minimum rentals receivable		
Not later than 1 year	201	602
More than 1 year and less than 2 years	71	32
More than 2 years and less than 5 years	38	-
	310	634

44. SIGNIFICANT EVENTS

(a) On 6 August 2014, the Company's wholly-owned subsidiary, F.A. Trucks Sdn. Bhd. ("FATSB"), has entered into a Distributorship Agreement ("DA") with Iveco S.p.A. ("IVECO") for the appointment of FATSB as the authorised distributor for the sale and service of IVECO vehicles and IVECO genuine spare parts in Malaysia ("the DA").

The DA grants the exclusive rights to FATSB to distribute and resell IVECO vehicles in Malaysia. FATSB will import from IVECO or its affiliates IVECO vehicles in CBU and/or CKD formats and distribute and sell within Malaysia through its own outlets or appointed dealers. FATSB will also provide on a non-exclusive basis the aftersales service of IVECO vehicles through its own outlets and/or appointed authorised workshops.

(b) On 19 November 2014, the Company held an Extraordinary General Meeting ("EGM") to consider the proposed establishment of a long term incentive plan ("LTIP") involving up to 10% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time over the duration of the LTIP, for the eligible employees and executive directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("Proposed LTIP"). All the resolutions tabled at the EGM were passed. Subsequent to the shareholders' approval in the general meeting, the Company has complied with all the requirements in relation to the commencement of the LTIP. The LTIP became effective on 20 April 2015.

45. 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 trading: Marketing and distribution of motor vehicles, spare parts and provision of related services.

(ii) Auto parts manufacturing: Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services.

(iii) Property development (non-core): Development of Menara MBMR.

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

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

2014	Motor trading RM'000	Auto parts manufacturing RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,614,156	159,988	-	-	1,774,144
Operating profit/(loss) for reportable segments	13,853	(10,148)	(675)	(7,049)	(4,019)
Share of results of a joint venture	-	23,133	-	-	23,133
Share of results of associates	125,316	2,043	-	-	127,359
Finance costs	(2,237)	(3,409)	-	(14,505)	(20,151)
Interest income	2,128	665	78	2,990	5,861
Depreciation and amortisation	10,164	11,646	10	229	22,049
Other significant non-cash items:					
Reversal of provisions	17	-	-	-	17
Capital expenditure	8,982	19,300	-	127	28,409
Segment assets	554,627	235,506	-	539,292	1,329,425
Investment in joint venture	-	148,839	-	-	148,839
Investment in associates	904,271	46,448	-	-	950,719
Segment liabilities	(146,344)	(58,899)	-	(448,378)	(653,621)

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

2013 (Restated)	Motor trading RM'000	Auto parts manufacturing RM'000	Property development RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,822,262	136,799	-	628	1,959,689
Operating profit/(loss) for reportable segments	16,111	682	(39)	(7,723)	9,031
Share of results of joint venture	-	23,834	-	-	23,834
Share of results of associates	135,967	3,311	-	-	139,278
Finance costs	(3,692)	(1,727)	-	(17,393)	(22,812)
Interest income	1,990	1,239	34	2,729	5,992
Depreciation and amortisation	(9,124)	(8,227)	(76)	(244)	(17,671)
Other significant non-cash items:					
Reversal of provisions	970	-	-	-	970
Capital expenditure	31,571	33,524	-	26,456	91,551
Segment assets	684,833	210,716	104,675	382,664	1,382,888
Investment in joint venture	-	135,906	-	-	135,906
Investment in associates	847,188	45,291	-	-	892,479
Segment liabilities	(218,915)	(97,881)	(104,453)	(301,978)	(723,227)

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

	The Group	
	2014 RM'000	2013 RM'000 (Restated)
Revenue		
Total revenue for the Group's reportable segments	1,774,144	1,959,689
Profit or Loss		
Total profit for the Group's reportable segments, including finance costs and interest income	255	14,598
All others	(18,564)	(22,387)
Share of results of a joint venture	23,133	23,834
Share of results of associates	127,359	139,278
Profit before tax, as reported	132,183	155,323
Assets		
Total assets for the Group's reportable segments	790,133	1,000,224
All others	539,292	382,664
Investment in joint venture	148,839	135,906
Investment in associates	950,719	892,479
Total assets, as reported	2,428,983	2,411,273
Liabilities		
Total liabilities for the Group's reportable segments	205,243	421,249
All others	448,378	301,978
Total liabilities, as reported	653,621	723,227

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

46. 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 2013.

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

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	
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Debts	418,344	481,659	556,723
Equity	1,775,362	1,688,046	1,490,247
Debt to equity ratio	23.56%	28.53%	37.36%

		The Company	
	2014 RM'000	2013 RM'000	2012 RM'000
Debts	216,838	256,868	322,137
Equity	720,216	672,716	569,501
Debt to equity ratio	30.11%	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.

Categories of financial instruments

		The Group	
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Financial assets			
Held-to-maturity investment	1,000	1,000	1,417
At amortised cost:			
Hire purchase receivables	18	18	18
Trade receivables	130,513	152,495	172,614
Other receivables and deposits	31,897	28,731	36,438
Amount owing by associates	20	10	67
Cash and bank balances	216,979	242,091	225,589
	380,427	424,345	436,143
Financial liabilities			
At amortised cost:			
Trade payables	187,789	198,213	199,070
Other payables and accrued expenses	38,078	33,733	44,442
Borrowings	418,344	481,659	556,683
Hire purchase payables	-	-	40
Amount owing to holding company	220	191	205
	644,431	713,796	800,440

		The Company	
	2014 RM'000	2013 RM'000	2012 RM'000
Financial assets			
At amortised cost:			
Other receivables	45	46	48
Amount owing by subsidiaries	126,758	121,330	97,335
Amount owing by associates	20	10	67
Cash and bank balances	101,711	94,610	68,710
	228,534	215,996	166,160
Financial liabilities			
At amortised cost:			
Borrowings	216,838	256,868	322,137
Accrued expenses	657	574	617
Amount owing to holding company	220	191	205
	217,715	257,633	322,959

Financial Risk Management Objectives and Policies

The operations of the Group are affected by arange of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's principal objective in managing financial risk management is to minimise the Group's exposure to these risks below a risk tolerance level approved by the Board 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.

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	
	2014 RM'000	**2013 RM'000 (Restated)**
United States Dollar	-	68

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 as far as practicable 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 2014, is the carrying amount of these receivables as disclosed in statements of financial position.

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

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

Interest Rate Risk

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

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profit for the year ended 31 December 2014 would be decrease/increase as a result of the following:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Decrease/Increase in interest expense on:				
Term loans	1,761	1,847	1,084	1,284
Bankers' acceptances	260	433	-	-
Revolving credits	65	125	-	-
Bank overdrafts	5	4	-	-
	2,091	2,409	1,084	1,284

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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
2014					
Financial liabilities					
Non-interest bearing:					
Trade payables	187,789	-	-	-	187,789
Other payables and accrued expenses	38,078	-	-	-	38,078
Amount owing to holding company	220	-	-	-	220
	226,087	-	-	-	226,087
Interest bearing:					
Term loans	64,857	68,860	200,797	78,097	412,611
Bankers' acceptances	52,015	-	-	-	52,015
Revolving credits	13,000	-	-	-	13,000
Bank overdrafts	1,087	-	-	-	1,087
	130,959	68,860	200,797	78,097	478,713
	357,046	68,860	200,797	78,097	704,800
2013 (Restated)					
Financial liabilities					
Non-interest bearing:					
Trade payables	198,213	-	-	-	198,213
Other payables and accrued expenses	33,733	-	-	-	33,733
Amount owing to holding company	191	-	-	-	191
	232,137	-	-	-	232,137
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
	391,546	57,179	233,501	61,533	743,759

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 (Restated)					
Financial liabilities					
Non-interest bearing:					
Trade payables	199,070	-	-	-	199,070
Other payables and accrued expenses	44,442	-	-	-	44,442
Amount owing to holding company	205	-	-	-	205
	243,717	-	-	-	243,717
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
	501,690	104,815	215,038	54,196	875,739

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
2014					
Financial liabilities					
Non-interest bearing:					
Accrued expenses	657	-	-	-	657
Amount owing to holding company	220	-	-	-	220
	877	-	-	-	877
Interest bearing:					
Term loans	52,964	50,255	147,794	-	251,013
	53,841	50,255	147,794	-	251,890
2013					
Financial liabilities					
Non-interest bearing:					
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
2012					
Financial liabilities					
Non-interest bearing:					
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 (Restated)	Fair value RM'000 (Restated)		Carrying amount RM'000	Fair value RM'000
Financial assets					
At 31 December 2014					
Held-to-maturity investment	1,000	1,000	^	-	-
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 2014					
Borrowings	418,344	478,713	#	216,838	251,013
At 31 December 2013					
Borrowings	481,659	511,622	#	256,868	271,766
At 31 December 2012					
Borrowings	556,683	631,978	#	322,137	369,217
Hire purchase payables	40	44	#	-	-

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.

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).

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

47. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	2012 %	Principal Activities
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	51.5	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	100	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	100	100	100	Vehicles body building, and general engineering works
Oriental Extrusions Sdn. Bhd.	Malaysia	100	100	100	Investment holding
MBMR Properties Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Inai Benua Sdn. Bhd.	Malaysia	70	70	70	Property development
Menara MBMR Holdings Sdn. Bhd.	Malaysia	70	-	-	Property management and maintenance of Menara MBMR
Hirotako Holdings Berhad	Malaysia	99.9	99.9	99.9	Investment holding and the provision of management services

Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	2012 %	Principal Activities
DMM Sales Sdn. Bhd.	Malaysia	51.5	51.5	71.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Engineering Sdn. Bhd.	Malaysia	51.5	51.5	71.5	Repair and touching-up, construction of vehicles body parts for sale, providing handling and accessories installation services to its related companies, distribution of spare parts and provision of insurance services
DMM Credit Sdn. Bhd.	Malaysia	51.5	51.5	71.5	Provision of hire purchase financing. Inactive as of year end
DMM Assembly Services Sdn. Bhd.	Malaysia	51.5	51.5	71.5	Provision of insurance services
Federal Auto Holdings Berhad	Malaysia	100	100	100	Investment holding, letting, maintenance and management of properties and provision of management services
Federal Auto Cars Sdn. Bhd.	Malaysia	100	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Wagen Sdn. Bhd.	Malaysia	100	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Automobiles (Ipoh) Sdn. Bhd	Malaysia	100	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Trucks Sdn. Bhd.	Malaysia	100	100	100	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
FAST Sdn. Bhd.	Malaysia	100	100	100	Trading of motor vehicle accessories
Kinabalu Motor Assembly Sendirian Berhad	Malaysia	70	70	70	Trading of motor vehicles
KMA Marketing Sdn. Bhd.	Malaysia	70	70	70	Trading of motor vehicles and spare parts and providing ancillary services
Fadara Properties Sdn. Bhd.	Malaysia	100	100	100	Rental and management of properties
Federal Auto Cars Retail Sdn. Bhd.	Malaysia	100	100	100	Investment holding
F.A. Automobiles Sdn. Bhd.	Malaysia	100	100	100	Investment holding
F.A. Serve Sdn. Bhd.	Malaysia	100	100	100	Operating petrol station and providing workshop services
Fadara Trading Sdn. Bhd.	Malaysia	100	100	100	Non-operating
F.A. Leasing and Credit Sdn. Bhd.	Malaysia	100	100	100	Non-operating
Liberty Car Rental Sdn. Bhd.	Malaysia	100	100	100	Non-operating

Indirect Subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	2012 %	Principal Activities
F.A. Autoprima Sdn. Bhd.	Malaysia	100	100	100	Non-operating
F.A. Autosoft Sdn. Bhd.	Malaysia	100	100	100	Non-operating
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	78	78	78	Manufacturing of steel wheel rims for motor vehicles and related activities
OMI Alloy (M) Sdn. Bhd.	Malaysia	78	78	78	Manufacturing of alloy wheels for motor vehicles and related activities
Hirotako Acoustics Sdn. Bhd.*	Malaysia	99.9	99.9	99.9	Manufacture and sale of noise and heat reduction material as well as insulator parts for motor vehicles
PC Ventures Sdn. Bhd.*	Malaysia	99.9	99.9	99.9	Investment holding
Hirotako Kein Hing Sdn. Bhd.*	Malaysia	99.9	99.9	99.9	Dormant
Hirotako Technologies Sdn. Bhd. (formerly known as Hirotako Marketing Sdn. Bhd.)*	Malaysia	99.9	99.9	99.9	Dormant
Hirotako Ventures Sdn. Bhd.*^	Malaysia	99.9	99.9	99.9	Dormant
Duralux Sdn. Bhd.*	Malaysia	99.9	99.9	99.9	Dormant

* Audited by a firm other than Deloitte.

^ In the process of striking off.

48. JOINT VENTURE

Name of Company	Country of Incorporation	Equity Interests Held 2014 %	2013 %	2012 %	Principal Activities
Autoliv Hirotako Sdn. Bhd.*	Malaysia	51	51	51	Investment holding
Autoliv Hirotako Safety Sdn. Bhd.*	Malaysia	51	51	51	Manufacture and sale of seat belts for motor vehicles
Autoliv Hirotako SRS Sdn. Bhd.*	Malaysia	51	51	51	Manufacture and sale of car airbag modules and steering wheels
Autobelt Sdn. Bhd.*	Malaysia	51	51	51	Dormant
Airbag Systems (Malaysia) Sdn. Bhd.	Malaysia	-	-	51	Dissolved

* Audited by a firm other than Deloitte.

49. ASSOCIATES

Name of Company	Country of Incorporation	Equity Interests Held 2014 %	2013 %	2012 %	Principal Activities
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	22.6	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	42	Marketing and servicing of commercial vehicles and related spare parts
Hino Motors Manufacturing (Malaysia) Sdn. Bhd.*	Malaysia	42	42	42	Assemble, manufacturing and distribution trucks and buses of Hino Motors brand
Teck See Plastic Sdn. Bhd.*	Malaysia	22.1	22.1	22.1	Manufacture and distribution of plastic articles and products
Nagoya Automobile Malaysia Holding Sdn. Bhd.*	Malaysia	20.6	-	-	Marketing and distribution of motor vehicles, related spare parts and other related activities

* Audited by a firm other than Deloitte.

50. PRIOR YEAR ADJUSTMENTS

The Group owns 51% of shareholdings of Autoliv Hirotako Sdn. Bhd. (“AHSB”) and the remaining 49% voting rights are held by Autoliv AB (“AAB”).

Notwithstanding that the Group is having majority voting rights, there are substantive rights conferred to AAB pursuant to the Shareholders Agreement. These rights, if exercised could prevent the Group from having practical ability to unilaterally direct the relevant activities of AHSB.

The directors had reassessed the appropriateness of the classification of the Group’s investment in AHSB as part of its continuous assessment in accordance with MFRS 10. Based on current available documentary evidence, the directors assessed that the Group does not have control over AHSB in accordance with the definition in the context of MFRS 10 but has joint control in AHSB. Hence, AHSB has been classified as a joint venture of the Group in accordance with MFRS 11. This resulted in AHSB being equity accounted instead of consolidated in previous years.

The effects of the restatements on the financial statements for the preceding financial years are as follows:

Statements of profit or loss and other comprehensive income for the financial year ended 31 December 2013

	As previously reported RM'000	MFRS 10 & 11 adjustments RM'000	As restated RM'000
Revenue	2,234,274	(274,585)	1,959,689
Cost of sales	(2,059,553)	215,879	(1,843,674)
Other income	47,217	(9,265)	37,952
Administrative and other expenses	(87,583)	7,745	(79,838)
Interest income	8,439	(2,447)	5,992
Share of results of a joint venture	-	23,834	23,834
Income tax expense	(17,680)	16,726	(954)
Profit for the year attributable to:			
Owners of the Company	137,693	402	138,095
Non-controlling interests	38,789	(22,515)	16,274
	176,482	(22,113)	154,369
Total comprehensive income attributable to:			
Owners of the Company	138,676	402	139,078
Non-controlling interests	38,928	(22,515)	16,413
	177,604	(22,113)	155,491

Statements of financial position as of 31 December 2013

	As previously reported RM'000	MFRS10 & 11 adjustments RM'000	As restated RM'000
Property, plant and equipment	385,612	(55,844)	329,768
Investment in joint venture	-	135,906	135,906
Deferred tax assets	2,953	(307)	2,646
Intangible assets	5,407	(5,407)	-
Goodwill on consolidation	227,007	(42,600)	184,407
Inventories	282,439	(18,802)	263,637
Trade receivables	222,672	(70,159)	152,513
Other receivables, deposits and prepaid expenses	34,934	(3,134)	31,800
Cash and bank balances	324,508	(82,417)	242,091
Provision for liabilities	5,310	(5,025)	285
Trade payables	235,351	(37,138)	198,213
Other payables and accrued expenses	60,205	(19,383)	40,822
Tax liabilities	3,752	(3,435)	317
Deferred tax liabilities	3,373	(596)	2,777
Reserves	1,051,120	(3,466)	1,047,654
Non-controlling interests	323,402	(73,721)	249,681

Statements of financial position as of 31 December 2012

	As previously reported RM'000	MFRS10 & 11 adjustments RM'000	As restated RM'000
Property, plant and equipment	314,174	(58,454)	255,720
Investment in joint venture	-	127,372	127,372
Deferred tax assets	2,155	(611)	1,544
Intangible assets	5,951	(5,951)	-
Goodwill on consolidation	227,380	(42,973)	184,407
Inventories	393,693	(20,795)	372,898
Trade receivables	237,923	(65,291)	172,632
Other receivables, deposits and prepaid expenses	42,564	(3,523)	39,041
Cash and bank balances	291,271	(65,682)	225,589
Provision for liabilities	5,980	(3,964)	2,016
Trade payables	236,964	(37,894)	199,070
Other payables and accrued expenses	93,562	(23,506)	70,056
Tax liabilities	775	(770)	5
Deferred tax liabilities	2,148	-	2,148
Reserves	948,320	(3,868)	944,452
Non-controlling interests	221,064	(65,906)	155,158

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 2014 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

		The Group	
	2014 RM'000	2013 RM'000 (Restated)	2012 RM'000 (Restated)
Total retained earnings of the Company and its subsidiaries			
Realised	598,768	536,184	523,842
Unrealised	5,290	3,220	4,771
	604,058	539,404	528,613
Total retained earnings of joint venture			
Realised	81,629	68,696	60,162
Unrealised	-	-	-
	81,629	68,696	60,162
Total retained earnings of associates			
Realised	718,919	660,946	587,932
Unrealised	(22,243)	(22,509)	(23,630)
	696,676	638,437	564,302
Less: Consolidation adjustments	(296,477)	(244,382)	(253,397)
Total retained earnings as per statements of financial position (Note 33)	1,085,886	1,002,155	899,680

	The Company 2014 RM'000	2013 RM'000	2012 RM'000
Total retained earnings			
Realised	285,835	239,295	136,035
Unrealised	(1,415)	(2,375)	(2,095)
Total retained earnings as per statements of financial position (Note 33)	284,420	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.

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

NOTICE OF TWENTY-FIRST (21ST) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Grand Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Tuesday, 16 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Note 2)**
2.	To re-elect Dato' Abd Rahim Bin Abd Halim 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 Encik Iskander Bin Ismail Mohamed Ali who retires pursuant to Article 78 of the Company's Articles of Association as a Director of the Company.	**(Resolution 2)**
4.	To approve the payment of Directors' fees of RM491,000 for the financial year ended 31 December 2014. (2013 fees: RM491,000)	**(Resolution 3)**
5.	To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration.	**(Resolution 4)**
6.	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
22 May 2015

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 9 June 2015 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 2014**

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.

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COMPANY NO. 284496-V

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

PROXY FORM

No of shares held	CDS Account No.

I/We ______________________________ NRIC No. ______________________

of ____

being a member/members of 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 21st Annual General Meeting of the Company, to be held at Grand Ballroom, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Tuesday, 16 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Dato' Abd Rahim Bin Abd Halim as Director of the Company pursuant to Article 78 of the Company's Articles of Association	1		
3.	Re-election of Encik Iskander Bin Ismail Mohamed Ali as Director of the Company pursuant to Article 78 of the Company's Articles of Association	2		
4.	Approval of Directors' fees for the financial year ended 31 December 2014.	3		
5.	Re-appointment of Messrs Deloitte as Auditors.	4		

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 9 June 2015 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

MBM Resources Berhad
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