# Profile of the Board of Directors

## **Dato' Tan Heng Chew** JP. DJMK

Dato' Tan Heng Chew, 62, a Malaysian, was appointed to the Board on 19 October 1985 and is the Executive Deputy Chairman since 1 January 1999.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s.

Dato' Tan is the Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the brother of Mr. Tan Eng Soon and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

#### **Tan Eng Soon**

Tan Eng Soon, 60, a Singaporean and a Malaysian Permanent Resident, was appointed to the Board as the Group Managing Director since 1 February 1989.

Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia and has been involved in the Tan Chong Group's operations since 1971.

Mr. Tan is a director of APM Automotive Holdings Berhad and Chairman of Tan Chong International Limited. He is the brother of Dato' Tan Heng Chew and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Mr. Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

#### Azman bin Badrillah

Azman bin Badrillah, 61, a Malaysian, was appointed to the Board on 4 April 1994. He is a Non-Independent Non-Executive Director.

Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the Bank. Encik Azman joined Tan Chong Group in 1983 as an executive director of its manufacturing division and was responsible for the overall performance of one of its key product groups until 1999. When the Tan Chong Group undertook a corporate re-structuring, Encik Azman was appointed to the board of APM Automotive Holdings Berhad.

Encik Azman also sits on the board of Eco Resources Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

# Profile of the Board of Directors

## **Dato' Ng Mann Cheong** DSSA, SMP, JP

Dato' Ng Mann Cheong, 64, a Malaysian, was appointed to the Board on 31 July 1998 as an Independent Non-Executive Director and is a member of the Audit Committee.

Dato' Ng is a Barrister at law (Middle Temple), Advocate and Solicitor, High Court of Malaya and has been admitted to practice in the jurisdictions of Singapore, Victoria and Western Australia. He has been in legal practice for the past 40 years and is a Senior Partner of Syed Alwi, Ng & Co.

Dato' Ng also sits on the boards of AmTrustee Berhad and AmMortgage One Berhad.

## Dato' Haji Kamaruddin @ Abas bin Nordin DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 70, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director and a member of the Audit Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service he held various senior positions, among them as Director, Industries Divisions in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Haji Kamaruddin is also a director of APM Automotive Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

#### **Seow Thiam Fatt**

Seow Thiam Fatt, 68, a Malaysian, was appointed to the Board on 3 July 2002. He is an Independent Non-Executive Director and the Chairman of the Audit Committee.

Mr. Seow is a Fellow of CPA Australia. Fellow of the Institute of Chartered Secretaries and past Fellow of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He has more than 20 years' professional experience as a former Partner in the accounting firms of Larry Seow & Co, Moores & Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held senior positions in several public companies and the Securities Commission of Malaysia.

Mr. Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad, Affin Investment Bank Berhad, ING Funds Berhad and Malaysia Pacific Corporation Berhad.

Except for Dato' Tan Heng Chew and Mr. Tan Eng Soon who are brothers, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

None of the directors have any conflict of interest in any business arrangement involving the Company, nor have convictions for any offences within the past 10 years.

A summary of the attendance of the Directors at board meetings held in 2008 is set out on page 15.

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance.

The Board of Directors wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance ("Code").

#### A. DIRECTORS

#### (i) The Board

The businesses of the Company and the Group are managed by the Board of Directors, which meets regularly to ensure that the Group is properly managed to achieve improvement in the expected long-term shareholders value.

The Board has a formal schedule of matters reserved for making broad policy decisions, including the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to committees of the Board and management as well as officers of the Group.

There were six (6) Board meetings held during the financial year 2008 and the attendance of the Directors at these meetings was as follows:

Name	Attendance
Dato' Tan Heng Chew	6/6
Tan Eng Soon	5/6
Azman bin Badrillah	5/6
Dato' Ng Mann Cheong	5/6
Dato' Haji Kamaruddin @ Abas bin Nordin	5/6
Seow Thiam Fatt	6/6

## (ii) Board Composition

The Board currently has six (6) members, comprising the Executive Deputy Chairman, the Group Managing Director and four (4) other Non-Executive Directors, three (3) of whom are independent directors. During the financial year, the composition of the Board had complied with the requirement that one-third of the Directors must be independent.

Together, the Directors have wide ranging experience essential for the successful direction of the Group. The profiles of the Board members are set out on pages 12 and 13.

## (iii) Supply of Information

Board members are provided with an agenda and summary board papers in advance of each scheduled Board and Committee meeting. For Board meetings these documents may include a report on current trading and business issues, a period financial report and proposal papers from the management.

There is an agreed procedure for Directors to seek independent professional advice at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

### (iv) Appointment to the Board

The Board is of the view that proposals for new appointments and the assessment of the contributions of Directors would be more effective, if performed by the Board as a whole by drawing on the wealth of experience of all Directors. Hence, a nomination committee is currently not required.

### (v) Re-election

The Company's Articles of Association provide that at every annual general meeting of the Company, one-third of the Directors shall retire from office and that all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their last election.

Non-Executive Directors are not appointed for a specific term and are subject to re-election by shareholders at the next annual general meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election at the forthcoming Thirty-Seventh Annual General Meeting are Encik Azman bin Badrillah and Mr Seow Thiam Fatt. The profiles of these Directors are set out on pages 12 and 13. All Directors held office throughout the year.

#### (vi) Directors' Training

In keeping themselves abreast with the constant changes in regulations requirements and development in the business environment, the Directors had attended, in accordance to the needs of the respective Directors, some of the seminars and conferences organized by the relevant regulatory authorities and professional bodies in 2008.

### **B. DIRECTORS' REMUNERATION**

The Board is of the view that remuneration guidelines for Directors, formulated by drawing upon the wealth of experience of all the Directors on the Board, would be more effective, and therefore, a remuneration committee is currently not required. Consequently, this role is performed by the Board as a whole when necessary and as appropriate.

In essence, the key principles and procedures in remunerating executive employees below board level are also applicable to Executive Directors. The remuneration policy of the Group seeks to attract and retain as well as to motivate employees of all levels to contribute positively to the Group's performance.

The guidelines on bonuses in respect of 2008 and annual increment for 2009 in respect of executive employees of the Group were recommended for Board's approval by committees whose members included senior heads of operations below the Board level. The quantum of the annual performance bonus was dependent on the operating results of the Group after taking into account the prevailing business conditions. The same guidelines were also applied to the Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits fixed by the shareholders of the Company at an amount not exceeding, in aggregate, RM300,000. The Non-Executive Directors do not participate in discussions on their remuneration.

Directors' remuneration during the year in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors, are as follows:

	Salaries and			Benefits-in-		
	Fees (RM)	Allowance (RM)	Bonus (RM)	kind (RM)		
Executive Directors Non-Executive Directors	- 258,000	5,067,986 31,400	2,842,717	39,179 28,600		

The number of Directors whose remuneration falls within the following successive bands of RM50,000 is as follows:

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	1
RM100,001 to RM150,000	-	3
RM3,000,001 to RM3,050,000	1	-
RM4,900,001 to RM4,950,000	1	-

#### C. RELATIONS WITH SHAREHOLDERS

#### (i) Dialogue between the Company and Investors

The Company holds group and individual meetings with institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. During the year, the Company held several meetings of such nature.

The Group's quarterly result announcements, available on the website of Bursa Malaysia Securities Berhad, serve to keep interested shareholders informed of the Company/Group's progress from time to time.

## (ii) Annual General Meeting

The Thirty-Sixth Annual General Meeting ("AGM") of the Company was held on Thursday, 22 May 2008 at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur. The Notice of Meeting was attached to the Annual Report distributed to shareholders. The AGM in 2008 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 55% of the issued share capital.

There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in 2007, which the Directors appropriately addressed.

#### D. ACCOUNTABILITY AND AUDIT

## (i) Financial Reporting

The Board has presented a balanced and understandable assessment of the Company's position and prospects in the various financial reports to the shareholders.

The quarterly announcements of results of the Group and year end audited financial statements are reviewed by the Audit Committee before Board's approval and release to Bursa Malaysia and shareholders.

#### (ii) Internal Control

The Statement on Internal Control furnished on page 19 provides an overview of the state of internal controls within the Group.

## (iii) Audit Committee and Auditors

The Board of Directors has established an Audit Committee. The membership of this Committee, a summary of the terms of reference and the activity report of the Audit Committee are set out on pages 21 to 23.

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors consider that during 2008, the Company had complied substantially with the Best Practices in Corporate Governance set out under Part 2 of the Code, except for the formation of the nomination and remuneration committees as explained in the report, on the application of the principles and best practices in corporate governance.

for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

## **Principal activities**

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 31 to the financial statements. During the financial year, the provision of management services to companies in the Group was transferred from the Company to a subsidiary of the Company. There has been no other significant changes in the nature of these activities during the financial year.

#### Results

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	245,802	23,620
Minority interest	(81)	-

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

## **Dividends**

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 10% less tax at 26% totalling RM24,693,169 in respect of the year ended 31 December 2007 on 18 June 2008; and
- (ii) an interim dividend of 10% less tax at 26% totalling RM24,687,253 in respect of the year ended 31 December 2008 on 26 September 2008.

A final dividend of 10% less tax at 25% in respect of the year ended 31 December 2008 was proposed by the Directors. This dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

## **Directors of the Company**

Directors who served since the date of the last report are:

Dato' Tan Heng Chew
Tan Eng Soon
Azman bin Badrillah
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt

for the year ended 31 December 2008

#### **Directors' interests**

The interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				
	At		At		
	1.1.2008	Bought	Reclassified	31.12.2008	
Interest in the Company					
Direct interests:					
Dato' Tan Heng Chew	14,630,462	3,249,800	-	17,880,262	
Tan Eng Soon	2,956,000	-	(2,956,000) *	-	
Azman bin Badrillah	20,000	_	-	20,000	
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	_	-	2,992	
Seow Thiam Fatt	10,000	6,600	-	16,600	
Indirect/Deemed interests:					
Dato' Tan Heng Chew	314,372,952	1,136,300	-	315,509,252	
Tan Eng Soon	311,039,562	3,992,300	-	315,031,862	
Dato' Ng Mann Cheong	41,000	30,000	-	71,000	

<sup>\*</sup> The previously disclosed direct interest in 2,956,000 shares has been re-classified as deemed interest by virtue of Section 6A of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Dato' Tan Heng Chew and Tan Eng Soon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown as below:

	At			At
	1.1.2008	Subscribed	Sold	31.12.2008
Ordinary shares of RM1.00 each:				
Tan Chong Motor Assemblies Sdn. Bhd.	1,400,000	-	-	1,400,000
Kereta Komersil Seladang (M) Sdn. Bhd.	70	-	-	70
Legal capital in USD:				
Tanda Motor Co. Ltd.	700,000	65,000	-	765,000

## **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the relevant related party transactions as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

for the year ended 31 December 2008

#### Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

#### Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate allowance made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that 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:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

for the year ended 31 December 2008

### Subsequent event

Subsequent to 31 December 2008, the Company bought back 4,735,000 of its issued shares from the open market at prices ranging from RM1.14 to RM1.24 per ordinary share. The cumulative total number of shares bought back to date amounted to 15,312,800. These transactions were financed by internally generated funds.

#### **Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Seow Thiam Fatt Director

.....

Azman bin Badrillah

Director

Kuala Lumpur, 3 April 2009

# **Balance Sheets**

as at 31 December 2008

		G	roup	Company		
	Note	2008	2007	2008	2007	
		RM'000	RM'000	RM'000	RM'000	
Assets						
Property, plant and equipment	3	520,994	508,951	1,389	2,042	
Prepaid lease payments	4	71,843	72,855	-	-	
Investment properties	5	10,692	10,803	-	-	
Investment in subsidiaries	6	_	_	994,471	989,329	
Investment in associates	7	18,212	17,824	12,246	12,246	
Other investments	8	5,806	5,806	_	_	
Deferred tax assets	10	4,501	5,385	1,993	4,393	
Hire purchase receivables	11	165,331	116,686	_	_	
Long term receivables	12	3,633	5,405	-	_	
Receivables, deposits and prepayments	13	-	-	202,994	17,054	
Total non-current assets		801,012	743,715	1,213,093	1,025,064	
Other investments	8	239,822	232,749	_	_	
Hire purchase receivables	11	61,609	56,523	_	_	
Receivables, deposits and prepayments	13	214,237	249,961	4,445	103,135	
Current tax assets		3,567	8,755	1,123	3,620	
Inventories	14	854,440	583,270	_	_	
Cash and cash equivalents	15	76,733	69,947	1,736	4,310	
Total current assets		1,450,408	1,201,205	7,304	111,065	
Total assets		2,251,420	1,944,920	1,220,397	1,136,129	

# **Balance Sheets**

as at 31 December 2008

		G	roup	Company		
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	
		HIVI OOO	HIVI 000	HIVI OOO	HIVI UUU	
Equity						
Share capital		336,000	336,000	336,000	336,000	
Reserves		1,098,485	902,160	761,426	787,186	
Treasury shares		(13,024)	(5,561)	(13,024)	(5,561)	
Total equity attributable to						
equity holders of the Company	16	1,421,461	1,232,599	1,084,402	1,117,625	
Minority interest		3,557	3,743	-		
Total equity		1,425,018	1,236,342	1,084,402	1,117,625	
Liabilities						
Deferred tax liabilities	10	15,562	14,717	-	-	
Payables and accruals	17	-	-	7,607	4,541	
Borrowings	18	190,785	295,596	-	-	
Employee benefits	19	19,943	18,417	8,172	7,555	
Total non-current liabilities		226,290	328,730	15,779	12,096	
Payables and accruals	17	214,210	219,944	120,216	6,408	
Borrowings	18	379,184	158,542	_	-	
Taxation		6,718	1,362	-		
Total current liabilities		600,112	379,848	120,216	6,408	
Total liabilities		826,402	708,578	135,995	18,504	
Total equity and liabilities		2,251,420	1,944,920	1,220,397	1,136,129	

# **Consolidated Balance Sheet**

as at 31 December 2008

(In USD equivalent)

	2008 USD'000	2007 USD'000
Assets		
Property, plant and equipment	149,905	153,645
Prepaid lease payments	20,671	21,994
Investment properties	3,076	3,261
Investment in associates	5,240	5,381
Other investments	1,671	1,753
Deferred tax assets	1,295	1,626
Hire purchase receivables  Long term receivables	47,570 1,045	35,226 1,632
	<u> </u>	
Total non-current assets	230,473	224,518
Other investments	69,004	70,264
Hire purchase receivables	17,727	17,063
Receivables, deposits and prepayments	61,642	75,460
Current tax assets	1,026	2,643
Inventories	245,847	176,082
Cash and cash equivalents	22,078	21,116
Total current assets	417,324	362,628
Total assets	647,797	587,146
Equity		
Share capital	96,677	101,434
Reserves	316,065	272,350
Treasury shares	(3,747)	(1,679)
Total equity attributable to equity holders of the Company	408,995	372,105
Minority interest	1,023	1,130
Total equity	410,018	373,235
Liabilities		
Deferred tax liabilities	4,478	4,443
Borrowings	54,894	89,237
Employee benefits	5,738	5,560
Total non-current liabilities	65,110	99,240
Payables and accruals	61,634	66,398
Borrowings	109,102	47,862
Taxation	1,933	411
Total current liabilities	172,669	114,671
Total liabilities	237,779	213,911
Total equity and liabilities	647,797	587,146

The information presented on this page does not form part of the audited financial statements of the Group. Figures are converted into USD equivalent using the exchange rate of RM3.4755 = USD1.00 (2007-RM3.3125 = USD1.00), being the exchange rate ruling at the balance sheet date.

# **Income Statements**

for the year ended 31 December 2008

	Group		Company		
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	20	3,195,826	1,863,177	69,417	1,116,818
Cost of sales		(2,511,160)	(1,494,485)	-	-
Gross profit		684,666	368,692	69,417	1,116,818
Other income		25,347	17,877	-	2
Distribution expenses		(246,180)	(143,445)	-	-
Administrative expenses		(117,450)	(91,522)	(16,242)	(13,392)
Other expenses		(29,335)	(18,570)	(14,533)	(7,846)
Results from operating activities		317,048	133,032	38,642	1,095,582
Interest income		11,057	8,023	3,983	2,863
Finance costs		(21,433)	(18,704)	(325)	(378)
Operating profit	21	306,672	122,351	42,300	1,098,067
Share of profit after tax and minority					
interest of equity accounted associates		538	723	-	
Profit before tax		307,210	123,074	42,300	1,098,067
Tax expense	23	(61,489)	(22,934)	(18,680)	(293,123)
Profit for the year		245,721	100,140	23,620	804,944
Attributable to:					
Equity holders of the Company		245,802	99,568	23,620	804,944
Minority interest		(81)	572	-	_
Profit for the year		245,721	100,140	23,620	804,944
Basic earnings per ordinary share (sen)	24	36.9	14.9		

# **Consolidated Income Statements**

for the year ended 31 December 2008 (In USD equivalent)

	2008 USD'000	2007 USD'000
Revenue	919,530	562,468
Gross profit Other income Distribution expenses Administrative expenses Other expenses  Results from operating activities Interest income Finance costs  Operating profit Share of profit after tax and minority interest of equity accounted associates  Profit before tax  Fax expense	(722,532)	(451,165)
Gross profit	196,998	111,303
Other income	7,293	5,397
Distribution expenses	(70,833)	(43,304)
Administrative expenses	(33,794)	(27,629)
Other expenses	(8,441)	(5,606)
Results from operating activities	91,223	40,161
Interest income	3,181	2,422
Finance costs	(6,167)	(5,647)
Operating profit	88,237	39,936
Share of profit after tax and minority		
	155	218
Profit before tax	88,392	37,154
Tax expense	(17,692)	(6,923)
Profit for the year	70,700	30,231
Attributable to:		
	70,723	30,058
	(23)	173
Profit for the year	70,700	30,231
Basic earnings per ordinary share (US cents)	10.6	4.5

The information presented on this page does not form part of the audited financial statements of the Group. Figures are converted into USD equivalent using the exchange rate of RM3.4755 = USD1.00 (2007-RM3.3125 = USD1.00), being the exchange rate ruling at the balance sheet date.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

		<b>←</b>		Attributable t	o equity holde	rs of the Compa	iny ———	<b></b>		
		<b>←</b>	Non-	distributable		Distribut	able ->			
						Capitalisation				
		Share	Treasury	Translation	revaluation	of retained	Retained		Minority	Total
	Note	capital	shares	reserve	of properties	profits	profits	Total	interest	equity
Group		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2007		336,000	(4,090)	-	23	100	831,337	1,163,370	18,995	1,182,365
Purchase of treasury shares		-	(1,471)	-	-	-	-	(1,471)	-	(1,471)
Foreign exchange translation										
difference		-	-	10	-	_	_	10	-	10
Additional shares subscribed by										
minority shareholders		_	_	_	-	_	_	_	1,276	1,276
Profit for the year		_	_	_	_	_	99,568	99,568	572	100,140
Dividends										
- 2006 final	25	_	_	-	-	_	(12,192)	(12,192)	_	(12,192)
- 2007 interim	25	-	-	-	-	-	(16,686)	(16,686)	(17,100)	(33,786)
At 31 December 2007		336,000	(5,561)	10	23	100	902,027	1,232,599	3,743	1,236,342
At 1 January 2008		336,000	(5,561)	10	23	100	902,027	1,232,599	3,743	1,236,342
Purchase of treasury shares		_	(7,463)	-	-	_	_	(7,463)		(7,463)
Foreign exchange translation			,					, , ,		,
difference		_	_	(2)	-	_	_	(2)	_	(2)
Acquisition of minority interest		_	_	-	-	_	(95)	(95)	(105)	(200)
Profit for the year		_	_	_	_	_	245,802	245,802	(81)	245,721
Dividends									. ,	
- 2007 final	25	_	_	_	-	_	(24,693)	(24,693)	_	(24,693)
- 2008 interim	25	-	-	-	-	-	(24,687)	(24,687)	-	(24,687)
At 31 December 2008		336,000	(13,024)	8	23	100	1,098,354	1,421,461	3,557	1,425,018

Note 16 Note 16

# Statement of Changes in Equity

for the year ended 31 December 2008

Company	Note	✓ Non-dis Share capital RM'000	tributable Treasury shares RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2007		336,000	(4,090)	11,120	343,030
Purchase of treasury shares		-	(1,471)	_	(1,471)
Profit for the year		-	_	804,944	804,944
Dividends					
- 2006 final	25	_	_	(12,192)	(12,192)
- 2007 interim	25	-	-	(16,686)	(16,686)
At 31 December 2007		336,000	(5,561)	787,186	1,117,625
At 1 January 2008		336,000	(5,561)	787,186	1,117,625
Purchase of treasury shares		-	(7,463)	-	(7,463)
Profit for the year		-	-	23,620	23,620
Dividends					
- 2007 final	25	-	-	(24,693)	(24,693)
- 2008 interim	25	-	-	(24,687)	(24,687)
At 31 December 2008		336,000	(13,024)	761,426	1,084,402
		Note 16	Note 16		

# **Cash Flow Statements**

for the year ended 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	307,210	123,074	42,300	1,098,067
Adjustments for:				
Amortisation and impairment loss on				
development cost	-	3,545	_	_
Amortisation of prepaid lease payments	1,108	1,125	_	_
Allowance for diminution in value of				
investment in subsidiaries	_	-	14,959	_
Depreciation of property, plant and				
equipment	56,718	37,598	416	600
Depreciation of investment properties	111	110	_	_
Dividend income	(1,289)	(1,462)	(67,579)	(1,114,061)
(Gain)/loss on disposal of property,				
plant and equipment	(2,148)	(1,617)	(49)	304
Gain on disposal of other investments	(8)	(1,271)	_	_
Interest expense	21,433	18,704	325	378
Interest income	(11,057)	(8,023)	(3,983)	(2,863)
Impairment loss on property, plant and				
equipment	4,479	-	_	-
Property, plant and equipment written off	1,778	358	_	-
Retirement benefits charged	3,319	1,708	964	213
Share of profit of associates	(538)	(723)	-	_
Operating profit/(loss) before working				
capital changes	381,116	173,126	(12,647)	(17,362)
Changes in working capital:				
Inventories	(271,170)	38,268	_	_
Hire purchase receivables	(53,731)	54,250	_	_
Receivables, deposits and prepayments	37,496	(10,256)	98,690	(3,902)
Payables and accruals	(5,734)	70,331	113,808	(3,132)
Cash generated from/(used in) operations	87,977	325,719	199,851	(24,396)
Tax paid	(60,728)	(28,104)	(17,479)	(298,097)
Tax refund	11,512	17,963	3,696	2,651
Interest paid	(21,433)	(18,704)	(325)	(378)
Interest received	11,057	8,023	3,983	2,863
Employee benefits paid	(1,793)	(895)	(12)	(2)
Employee benefits transferred	-	-	(335)	(3)
Net cash generated from/(used in)				
operating activities	26,592	304,002	189,379	(317,362)

# **Cash Flow Statements**

for the year ended 31 December 2008

	Group		Company	
	2008		2008 RM'000	2007 RM'000
	RM'000			
Cash flows from investing activities				
(Repayment from)/Advances to subsidiaries	-	-	(182,874)	2,074
Acquisition of minority interest	(200)	-	-	-
Subscription to subsidiaries' share capital	-	-	(20,101)	(765,384)
Subscription of additional shares				
by minority shareholders	-	1,276	-	_
Investment in associates	-	(1)	-	_
Dividends received from other investments	1,289	1,462	-	_
Dividends received from associate	150	_	-	_
Dividends received from subsidiaries	-	_	67,579	1,114,061
Proceeds from disposal of property,				
plant and equipment	6,028	5,544	1,489	357
Proceeds from disposal of other investments	1,322	1,271	-	_
Purchase of property, plant and equipment	(78,898)	(174,872)	(1,203)	(578)
Purchase of prepaid lease payments	(96)	(410)	-	-
Purchase of other investments	(8,387)	(47,003)	-	_
Effects of exchange rate change on				
cash and cash equivalents	(2)	10	-	_
Net cash (used in)/generated from				
investing activities	(78,794)	(212,723)	(135,110)	350,530
Cash flows from financing activities				
Dividends paid to shareholders of the Company	(49,380)	(28,878)	(49,380)	(28,878)
Dividend paid to minority shareholders	-	(17,100)	-	-
Purchase of own shares	(7,463)	(1,471)	(7,463)	(1,471)
Proceeds from bills payable	317,602	202,574	-	-
Repayment of bills payable	(212,122)	(191,857)	-	-
Proceeds from term loans	85,000	-	-	-
Repayment of term loans	(67,874)	(103,210)	-	-
Repayment of Cagamas Berhad	(7,334)	(14,577)	-	
Net cash generated from/(used in)				
financing activities	58,429	(154,519)	(56,843)	(30,349)

# **Cash Flow Statements**

for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net increase/(decrease) in cash and cash equivalents	6,227	(63,240)	(2,574)	2,819
Cash and cash equivalents at 1 January	69,947	133,187	4,310	1,491
Cash and cash equivalents at 31 December	76,174	69,947	1,736	4,310

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	54,842	52,499	1,736	4,310
Deposits with licensed banks	21,891	17,448	-	-
Bank overdraft	(559)	-	-	-
	76,174	69,947	1,736	4,310