Annual Report 2012

WARISAN TC HOLDINGS BERHAD
(424834-W)

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CORPORATE INFORMATION

DIRECTORS

Dato' Tan Heng Chew
Executive Chairman

Ngu Ew Look
Executive Director

Tan Keng Meng
Executive Director

Datuk Abdullah bin Abdul Wahab
Senior Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

Dato' Chong Kwong Chin
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Chong Kwong Chin
Chairman

Seow Thiam Fatt

Datuk Abdullah bin Abdul Wahab

NOMINATING COMMITTEE

Datuk Abdullah bin Abdul Wahab
Chairman

Seow Thiam Fatt

Dato' Chong Kwong Chin

COMPANY SECRETARIES

Ang Lay Bee
Chang Pie Hoon

REGISTERED OFFICE

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : 03-4047 8888
Facsimile : 03-4047 8636

CORPORATE OFFICE

3rd Floor, No 15, Jalan Ipoh Kecil
50350 Kuala Lumpur
Telephone : 03-4047 9733
Facsimile : 03-4047 9722
Email : corporate@wtch.com.my

REGISTRARS

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 03-2264 3883
Facsimile : 03-2282 1886
Email : is.enquiry@my.tricorglobal.com

AUDITORS

Mazars
Wisma Selangor Dredging
7th Floor, South Block, 142-A,
Jalan Ampang
50450 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
(Listed on 15 December 1999)

COMPANY WEBSITE

www.warisantc.com.my

BUSINESS DIVISIONS

MACHINERY

- Material handling equipment, forklift, factory scrubber and sweeper
- Construction equipment (road, earthwork, quarry and mining)
- Agricultural tractor, golf & turf equipment
- Engine & generator
- Air compressor

TRAVEL & CAR RENTAL

- Inbound tour
- Outbound tour
- Corporate travel
- Airline ticketing
- Car and coach rental

AUTOMOTIVE

- Light commercial truck
- Heavy commercial truck

CONSUMER PRODUCTS

- Cosmetics
- Hair care
- Lingerie

CORPORATE STRUCTURE

TRAVEL & CAR RENTAL DIVISION

100%
Mayflower Acme Tours Sdn Bhd

100%
Discovery Tours (Sabah) Sdn Bhd

100%
Mayflower Corporate Travel Services Sdn Bhd

MACHINERY DIVISION

100%
TCIM Sdn Bhd

100%
Jentrakel Sdn Bhd

AUTOMOTIVE DIVISION

100%
Angka-Tan Motor Sdn Bhd

70%
Kereta Komersil Seladang (M) Sdn Bhd

CONSUMER PRODUCTS DIVISION

100%
Tung Pao Sdn Bhd

100%
Tan Chong Apparels Manufacturer Sdn Bhd

50%
Shiseido Malaysia Sdn Bhd

50%
Wacoal Malaysia Sdn Bhd

OTHERS

100%
Warisan Captive Incorporated

100%
Grooming Expert Sdn Bhd

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Warisan TC Holdings Berhad ("the Company" or "WTCH"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2012.

Financial Highlights

For the year under review, revenue registered a growth of 10% to RM516.4 million from RM470.4 million in 2011. Profit before tax improved by 72% to RM39.0 million from RM22.6 million in 2011. The significant increase in profit before tax was largely due to the incorporation of a fair value gain on investment property of RM10.4 million arising from the valuation of an investment property of the Group during the financial year.

In line with the higher profit, earnings per share increased to 45.52 sen per share from 21.02 sen per share in 2011. Shareholders' funds as at 31 December 2012 stand at RM276.9 million compared to RM253.9 million as at the previous financial year end.

Dividends

The Board is pleased to recommend a final dividend of 6% (2011: 6%) less tax at 25% per share for the year ended 31 December 2012, subject to shareholders' approval at the forthcoming Annual General Meeting. Together with the interim dividend of 6% (2011: 6%) less tax at 25% per share already paid on 28 September 2012, this represents a total dividend of 12% (2011: 12%) less tax at 25% per share.

Review of Business Operations

For the financial year ended 31 December 2012, the Group continued to operate four (4) core businesses, namely Travel & Car Rental, Industrial Machinery and Equipment, Automotive and Consumer Products.

EXECUTIVE CHAIRMAN'S STATEMENT

TRAVEL AND CAR RENTAL

The operating environment during the year under review has been challenging with major global economies struggling to overcome economic woes.

However, Mayflower Acme Tours Sdn Bhd ("Mayflower") has been resilient, maintaining its leadership in the country for inbound tours. This was achieved by leveraging on inter alia online booking tools for better service deliveries. During the year, Mayflower handled its biggest ever inbound travel group of approximately 5,000 pax for a Fortune 500 company.

The corporate ticketing business has continued to record growth in revenue and profit notwithstanding cautious spending by corporate clients. This was achieved through the efforts of our travel consultants in meeting the demands of our clients and our collaboration for mutual benefit with American Express Limited.

On the car rental and leasing front, Mayflower Car Rental continues to maintain its status as the largest car rental operator in Malaysia having increased its car fleet size to 2700 units.

During the year, Mayflower was again a recipient of a prestigious award namely, "The Export Excellence (Services) 2011 Award" from the Ministry of International Trade and Industry ("MITI"). This was the fourth award from the MITI over the last 5 years.

The Export Excellence (Services) 2011 Award

INDUSTRIAL MACHINERY & EQUIPMENT DIVISION

During the year under review, the division expanded its product range to enhance its product offerings to various user segments. New products introduced included new models of excavators from Sumitomo, an improved compactor roller model from Sakai and a small size tractor model from John Deere.

In addition, the division set up two (2) additional 3S branches, in Tawau, Sabah and Miri, Sarawak to be nearer to our machine owners.

Our strong commitment in after sales support is affirmed when TCIM Sdn Bhd was awarded by John Deere "The Best After Market Support for 2012". Another accolade added to the list during the year was the award for "The Best Dealer For Key Account 2012 (for Wheel Loader Products)" by SDLG.

EXECUTIVE
CHAIRMAN'S
STATEMENT

AUTOMOTIVE
DIVISION

It has been another promising year for the Automotive Division with the launch of the Auman Heavy Duty Truck, manufactured by Beiqi Foton Motor Company Ltd ("BFM"), in April 2012. The four (4) models introduced into the market are BJ 3253 (6x4 Dump Truck, GVW 24,000 Kg), BJ 5253 (6x4 Concrete Mixer Truck, GVW 24,000 Kg), BJ 4253 (6x4 Prime Mover, GCW 65,000 Kg) and BJ 4187 (4x2 Prime Mover, GCW 55,000 Kg). With the successful launch of these heavy duty trucks, the Automotive Division was able to offer more choices to the market.

BFM had entered into a 50-50 joint venture with Daimler AG in February 2012 to produce technologically advanced commercial vehicles. Moving forward, the division is expected to benefit from this joint venture with the launch of more quality products manufactured by the joint venture company.

In addition, the division has set up two new branches in Johor and appointed a few more dealers to strengthen the sales coverage nationwide.

EXECUTIVE CHAIRMAN'S STATEMENT

CONSUMER PRODUCTS DIVISION

Shiseido

2012 witnessed the historic 140th anniversary of Shiseido, being one of the longest histories in the beauty industry. A grand celebration was held at the Shangri-La Hotel in September, attended by retailers, the media, brand ambassadors and celebrities.

New innovative Shiseido products launched in 2012 included Aupres cosmetics, which is designed by Asians for Asians, offering women the affordable yet prestige beauty option. Malaysia is Aupres' first international launch outside of China since its introduction in 1994.

Other new launches by Shiseido Malaysia during the year included Senka, a skincare brand launched exclusively for Watsons; the Tsubaki Head Spa range which is available in major departmental stores and pharmacy outlets; and Stage Works hairstyling products as well as The Hair Care product range, both of which by Shiseido Professional. These new product launches has served to expand our consumer base.

During the year under review, Shiseido products were again recognised as being among the best in the market. Shiseido White Lucent Intensive Spot Targeting Serum received three prestigious beauty awards namely "Her World 2012 Beauty Awards", "Female, Nuyou & EH! 2012 Beauty Best Seller" and "Citta Bella Beauty Best Buys 2012". On the other hand, Shiseido Global Suncare Perfect UV Protector received three awards i.e. "CLEO Beauty Hall of Fame 2012", "Cosmopolitan Anugerah Kecantikan Untukmu 2012" and "Cosmopolitan South East Asia Beauty Awards 2012".

EXECUTIVE CHAIRMAN'S STATEMENT

Wacoal

Wacoal Malaysia ("WM") continued to expand its presence in Malaysia in 2012.

Two (2) new "Young" counters were set up during the year, one at Isetan KLCC and the other at Isetan One Utama. These counters offer merchandise targeted exclusively at girls between the ages of 16 and 23 years.

For the more sophisticated ladies desiring a more exquisite innerwear, WM introduced the "Salute" brand of lingerie in July 2012. These are now available at Parkson Pavilion, Parkson Gurney and Parkson KLCC.

As with each year, October 2012 was dedicated to the Wacoal Pink Ribbon Campaign which creates awareness for Breast Cancer among women. In the campaign this year, talks were organised for women and pamphlets highlighting Breast Cancer and Breast Self Examination were freely distributed at all 100 Wacoal counters throughout the country. In addition, a radio campaign and an online "Love Your Breasts" contest were organised to create greater awareness.

EXECUTIVE CHAIRMAN'S STATEMENT

Hair Grooming

During the year under review, Grooming Expert Sdn Bhd ("GroomEXP") opened its first Shiseido Professional Beaute Parlor located at AEON Ipoh Station 18. This is a one-stop beauty centre which offers professional hairstyling, the renowned Shiseido Japonica facial treatment and make up services. The other GroomEXP hair salons are located in Pavilion Kuala Lumpur, Lot 10 Kuala Lumpur and Section 13, Petaling Jaya.

Prospects

The global economic outlook for 2013 remains uncertain weighed down by the macroeconomic conditions in the Eurozone. However, Malaysia's economy has been resilient amid the challenging economic environment globally and is envisaged to grow approximately 5% in 2013 supported by strong domestic demand.

The operating environment for the Travel & Car Rental Division is expected to remain challenging in view of the global uncertainties coupled with the increasingly competitive travel market. Nevertheless, the division will continue to strive to grow its market share of the travel business while at the same time manage costs and improve its service delivery. As for the car rental and leasing business, the division will continue to expand its car fleet to cater to market demand and maintain Mayflower's leadership as the largest car rental company in Malaysia.

The Industrial Machinery & Equipment Division is well positioned for further growth on the back of an expanded range of products introduced over the years. Furthermore, the implementation of projects under the 10th Malaysia Plan and the Economic Transformation Programme will augur well for the division.

It is envisaged that the Automotive Division will continue to register growth fuelled by demand for commercial vehicles. In addition, new products will be introduced into the market in 2013 and this is expected to further enhance the operating performance of the division.

The Malaysian consumer sector is envisaged to remain encouraging in 2013 underpinned by rising consumerism, high savings and stable labour market conditions. For 2013, the Consumer Products Division forecasts sustainable sales with more product categories serving multi price points and focus on brand building.

Acknowledgment

On behalf of the Board, I would like to extend my gratitude to the management and staff of the Group for their contributions toward the Group's good performance. To our customers, suppliers, distributors, business associates, shareholders, financiers, thank you for your continuous support over the years.

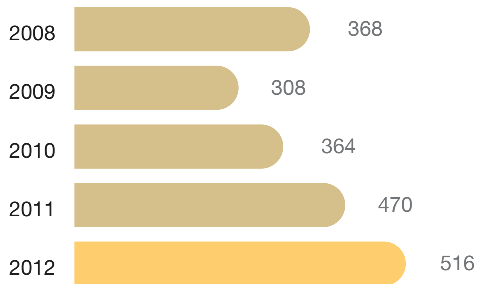
Last but not least, we like to thank our Board members for their valuable advice and contributions.

Dato' Tan Heng Chew JP, DJMK
Executive Chairman

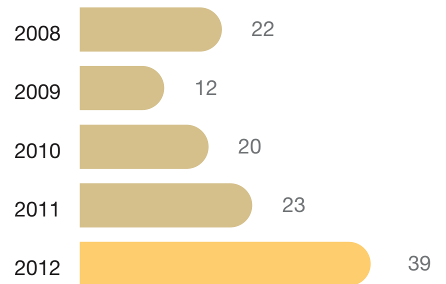
Kuala Lumpur
17 April 2013

FINANCIAL CHARTS

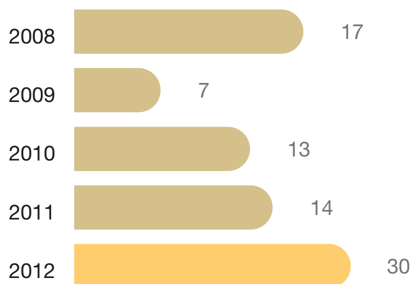
REVENUE
(RM Million)



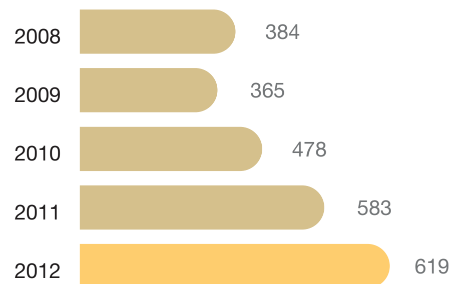
PROFIT BEFORE TAX
(RM Million)



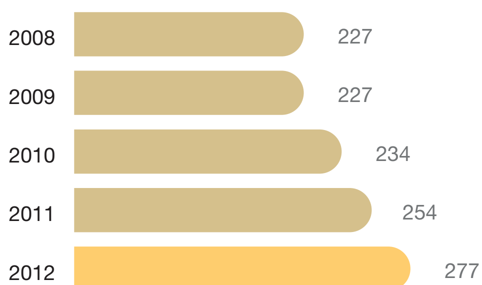
PROFIT AFTER TAX
(RM Million)



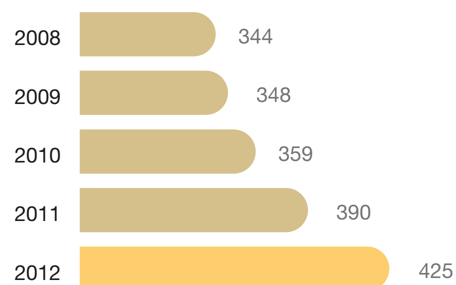
TOTAL ASSETS
(RM Million)



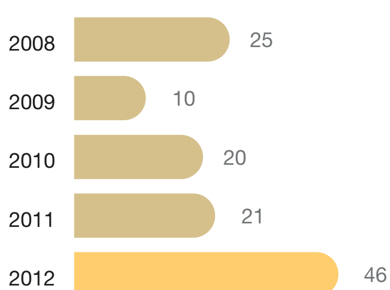
SHAREHOLDERS' FUNDS
(RM Million)



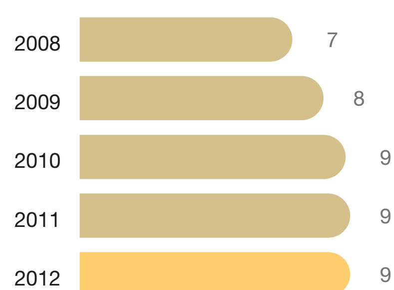
NET ASSETS PER SHARE
(sen)



EARNINGS PER SHARE
(sen)



NET DIVIDEND PER SHARE
(sen)



5-YEAR FINANCIAL HIGHLIGHTS

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
RESULTS					
Revenue	516,440	470,423	363,816	307,732	368,173
Profit before tax	39,022	22,638	20,039	11,967	21,899
Taxation	(9,375)	(8,909)	(6,959)	(5,224)	(5,240)
Profit after tax	29,647	13,729	13,080	6,743	16,659
Attributable to :					
Shareholders of the Company	29,651	13,700	13,236	6,743	16,811
Non-controlling interests	(4)	29	(156)	-	(152)
FINANCIAL POSITION					
Assets					
Property, plant and equipment	211,089	209,259	182,942	147,087	165,374
Investment properties	33,100	22,700	-	-	-
Other investments	35	35	35	35	35
Finance lease receivables	4,395	7,252	8,296	6,923	5,389
Deferred tax assets	951	893	471	765	551
Intangible assets	15,075	15,075	15,075	5,944	6,550
Total non-current assets	264,645	255,214	206,819	160,754	177,899
Current assets	354,640	327,457	271,450	204,236	206,248
Total Assets	619,285	582,671	478,269	364,990	384,147
Equity					
Share capital	67,200	67,200	67,200	67,200	67,200
Share premium	615	615	615	615	615
Reserves	213,254	190,110	169,939	163,048	161,292
Treasury shares	(4,128)	(4,051)	(3,933)	(3,679)	(2,394)
Total equity attributable to owners of the Company	276,941	253,874	233,821	227,184	226,713
Non-controlling interests	409	413	384	-	-
Total equity	277,350	254,287	234,205	227,184	226,713
Non-current liabilities	80,743	105,927	74,518	26,880	29,235
Current liabilities	261,192	222,457	169,546	110,926	128,199
Total Equity and Liabilities	619,285	582,671	478,269	364,990	384,147
FINANCIAL STATISTICS					
Basic earnings per share (sen)	45.5	21.0	20.3	10.3	25.4
Dividend per share (net of tax) (sen)	9.0	9.0	9.0	7.5	7.4
Net assets per share (sen)	425	390	359	348	344
Return on shareholders' equity (%)	10.7%	5.4%	5.6%	3.0%	7.3%
Net debt/Equity (%)	41.2%	45.1%	22.2%	-	6.0%
Dividend History					
Interim	6%	6%	6%	5%	5%
Final	6%	6%	6%	6%	5%
Total	12%	12%	12%	11%	10%

PROFILE OF THE DIRECTORS

DATO' TAN HENG CHEW

JP, DJMK

Dato' Tan Heng Chew, aged 66, a Malaysian, was the first director of the Company when it was incorporated on 26 March 1997. He was appointed the Chairman of the Board of Warisan TC Holdings Berhad on 1 November 1999 and was redesignated as Executive Chairman on 1 January 2011.

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 Motor Holdings Berhad Group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan sits on the Board of Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and Group Managing Director and is also Executive Chairman of APM Automotive Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Dato' Tan attended all the five (5) Board Meetings held in 2012.

MR NGU EW LOOK

Mr Ngu Ew Look, aged 59, a Malaysian, is an Executive Director. He was appointed to the Board on 26 July 2002.

Mr Ngu is a Member of the Association of Chartered Certified Accountants. He joined the Tan Chong Motor Holdings Berhad ("TCMH") Group in September 1978 and served in various financial and management positions. He was an Accountant for the travel business and later became the Product Manager and subsequently promoted to General Manager of the industrial machinery business, both operations of which are now under the Warisan Group. Prior to his current appointment, he was a General Manager, in charge of the heavy commercial vehicles division of TCMH Group and overseeing the heavy commercial vehicle business of TCMH Group in East Malaysia.

Mr Ngu attended all the five (5) Board Meetings held in 2012.

PROFILE OF THE DIRECTORS

MR TAN KENG MENG

Mr Tan Keng Meng, aged 54, a Malaysian, is an Executive Director. He was appointed to the Board on 11 January 2012.

Mr Tan graduated from the University of Malaya with a Bachelor of Engineering degree in 1982. He joined TCIM Sdn Bhd ("TCIM"), a wholly-owned subsidiary of Warisan TC Holdings Berhad on 15 April 2010 and was subsequently appointed as Executive Director of TCIM taking charge of industrial machinery business. He has held senior management positions for more than 18 years with extensive Malaysian and international experience. Prior to joining the Group, he was the Group CEO/Director of Tasek Corporation Berhad, a public company listed on Bursa Malaysia Securities Berhad. He was previously the Managing Director-Asia with Friction Material Pacific Group, a joint venture company between Honeywell and Pacifica of Australia.

Mr Tan has extensive experience in a number of industries covering construction, automotive, and automotive component manufacturing.

Mr Tan attended all the five (5) Board Meetings held in 2012.

DATO' CHONG KWONG CHIN

JP, DIMP

Dato' Chong Kwong Chin, aged 60, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 3 March 2008 and is the Chairman of the Audit Committee. He also serves as a member of the Nominating Committee.

Dato' Chong is a Member of the Malaysian Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators (UK), a Member of the Institute of Certified Public Accountants Singapore, a Member of the Institute of Management (UK) and a Fellow of CPA Australia. Dato' Chong has been in public practice since 1979 when he started his own accounting firm, Eddy KC Chong & Co. The firm merged with Tet O. Chong & Co in 1990 and is now practising under the name of Ismail Chong & Associate, a firm affiliated with Moore Stephens, an international accounting firm. He is presently a senior partner of Moore Stephens and Ismail Chong & Associate, and Executive Chairman of Baker Tilly AC *(formerly known as Moore Stephens AC)*.

Dato' Chong attended all the five (5) Board Meetings held in 2012.

PROFILE OF THE DIRECTORS

MR SEOW THIAM FATT

Mr Seow Thiam Fatt, also known as Larry Seow, aged 72, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 26 July 2002 and is a member of the Audit Committee. He also serves as a member of the Nominating Committee.

Mr Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators (UK) 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 (4) years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE).

Mr Seow 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 position in several public companies and the Securities Commission of Malaysia.

He was an Independent Non-Executive Director of Affin Investment Bank Berhad from April 2004 to September 2011 and a past Independent Non-Executive Director of Malaysian Pacific Corporation Berhad and ING Insurance Berhad.

Mr Seow is also an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, ING Funds Berhad and Sersol Berhad *(formerly known as Sersol Technologies Berhad)*. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Mr Seow attended all the five (5) Board Meetings held in 2012.

DATUK ABDULLAH BIN ABDUL WAHAB

KMN, DPSJ, PJN

Datuk Abdullah bin Abdul Wahab, aged 62, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 3 March 2008 and is a member of the Audit Committee. He is also the Senior Independent Non-Executive Director of Warisan TC Holdings Berhad and the Chairman of the Nominating Committee.

Datuk Abdullah graduated from the Universiti Sains Malaysia (USM) with a Bachelor of Social Science (Honours) degree in 1976. He was an Administrative Officer at the School of Pharmacy, USM Penang from 1976 to 1980. He started his career at The Parliament of Malaysia as Assistant Secretary in 1980 and subsequently assumed all aspects of administrative functions at The Parliament. In 1999, he was appointed as Secretary to the Senate, and in 2004, he was elevated as Secretary to The Parliament and Secretary to the Dewan Rakyat. He retired from the civil service in 2006.

Datuk Abdullah attended all the five (5) Board Meetings held in 2012.

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

None of the Directors had convictions for any offence within the past ten (10) years. Except as disclosed above, none of the Directors have any conflict of interest in any business arrangement involving the Company.

CORPORATE GOVERNANCE STATEMENT

The Board of Warisan TC Holdings Bhd ("Company") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

As such, the Board seeks to embed in the Group a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This corporate governance statement ("Statement") sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and observed the 26 Recommendations supporting the Principles during the financial year following the release of the MCCG 2012 by the Securities Commission in late March 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee and Nominating Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

I Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. As at the end of the financial year under review, the Board Charter was not made publicly available. Nonetheless, steps have been taken to upload the salient features of the Charter on the Company's website at www.warisantc.com.my in line with Recommendation 1.7 of the MCCG 2012.

II Code of Ethics

At the date of this Statement, the Board has formalised a Directors' Code of Ethics setting out the standards of conduct expected from Directors. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been communicated to all levels of employees in the Group.

The Board has also formalised a Special Complaints Policy, which is equivalent to a whistle-blowing policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The Board recognises the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance, including steps to upload a summary of the Code of Ethics on the Company's website.

III Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organisations.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 30 of this Annual Report.

IV Access to Information and Advice

The Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

Principle 2 - Strengthen Composition of the Board

During the financial year under review, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 14 to 16 of this Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering; finance; accounting and audit; and marketing and operations.

I Nominating Committee – Selection and Assessment of Directors

For the financial year under review, a Nominating Committee was not formed as the Board considered the roles and responsibilities of the Nominating Committee on the selection and assessment of Directors could be more expediently assumed by the Board, as a whole. In the absence of such a Committee, the Board appointed an independent professional consultant, during the financial year under review, to assist it in developing pertinent criteria to assess the performance of the Board, as a whole, the Audit Committee and individual Directors based on self and peer assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considered and approved the recommendations on the re-election and re-appointment of Director at the Company's forthcoming Annual General Meeting.

On 23 January 2013, the Board established a Nominating Committee as it recognises the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. The newly formed Nominating Committee comprises the following members:

- Datuk Abdullah bin Abdul Wahab (Chairman and Senior Independent Non-Executive Director);
- Seow Thiam Fatt (Independent Non-Executive Director); and
- Dato' Chong Kwong Chin (Independent Non-Executive Director).

The Board has stipulated specific terms of reference for the Nominating Committee, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nominating Committee to review annually the required mix of skills and experience of Directors; succession plans and board diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

II Directors' Remuneration

The Board is of the view that the existing remuneration guidelines 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. The Board, as a whole, determines and recommends the remuneration packages of Independent Non-Executive Directors and Executive Directors with the Directors concerned abstaining from discussions on their individual remuneration. The remuneration policy of the Group essentially seeks to attract, retain and motivate employees of all levels, including Executive Directors, to contribute positively towards the Group's performance.

The quantum of annual performance bonus and increment for the employees of the Group is dependent on the operating results of the Group after taking into account the prevailing business conditions and the individual's performance. The same guidelines apply to the Executive Directors.

The aggregate remuneration of the Directors for the financial year ended 31 December 2012 are as follows:

	* **Executive Directors (RM)**	**Non-Executive Directors (RM)**
Directors' fee	-	130,680
Salaries & allowances	1,150,465	20,200
Bonus	356,160	-
Benefits in kind	18,147	-
Total	1,524,772	150,880

Range of remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	1	2
RM50,001 to RM100,000	-	1
RM700,001 to RM750,000	1	-
RM750,001 to RM800,000	1	-
Total	3	3

* *The Executive Director, Mr Tan Keng Meng received his remuneration from TC Management Services Corporation Sdn Bhd, a corporation which provided management services to the Company.*

Principle 3 – Reinforce Independence of the Board

The Company has an Executive Chairman who is primarily responsible for setting the Group's strategic direction and leading the Board in the oversight of management. The role of day-to-day management of the Group's business development and operations and implementation of policies and decisions of the Board is helmed by the other Executive Directors. The Board believes that such division of power and responsibilities helps ensure that no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

While the position of the Chairman is not held by an Independent Non-Executive Director, the Board has three (3) Independent Non-Executive Directors, constituting fifty percent (50%) of the composition of the Board. The Board acknowledges the importance of balance of power and authority of the Board and has identified Datuk Abdullah bin Abdul Wahab as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

The Executive Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence adopted by the Board.

Following an assessment by the Board, Mr Seow Thiam Fatt who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, has been recommended by the Board to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for his recommended continuance as Independent Non-Executive Director are as follows:

- he fulfils the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa and, therefore, is able to bring independent and objective judgment to the Board;
- his experience in the relevant industries enable him to provide the Board and Audit Committee, as the case may be, with pertinent expertise, skills and competence; and
- he has been with the Company long and therefore understands the Company's business operations which enable him to contribute actively and effectively during deliberations or discussions at Audit Committee and Board meetings, as the case may be.

Principle 4 – Foster commitment of Directors

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members at least seven (7) days before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. During the financial year under review, the Board convened five (5) Board meetings attended by all the Directors.

As stipulated in the Board Charter, the Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from Directors at the time of appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board or Board Committees.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact of such regulatory requirements have on the Group.

All Directors have completed the Mandatory Accreditation Programme. During the financial year under review, all Directors attended development and training programmes. The continuous education programmes attended by the Directors during the financial year ended 31 December 2012 include the following:

Name of Director	Details of Programme
Dato' Tan Heng Chew	• MFRS 10 – Consolidation : A new single control model • MFRS 11 – Reassessing Joint Ventures Accounting • Corporate Governance Update • Research and development session with part suppliers in Taiwan – localisation of automotive parts and technology updates • National Pingtung University of Science and Technology, Taiwan – Joint collaboration on some academic courses in vehicle engineering
Ngu Ew Look	• MFRS 10 – Consolidation : A new single control model • MFRS 11 – Reassessing Joint Ventures Accounting • Corporate Governance Update
Tan Keng Meng	• Corporate Social Responsibility and Sustainability • MFRS 10 – Consolidation : A new single control model • MFRS 11 – Reassessing Joint Ventures Accounting • Corporate Governance Update
Seow Thiam Fatt	• Financial Institution Directors Education: The Director's Legal Tool Kit • Financial Institution Directors Education: Nominating & Remuneration Committee • Financial Institution Directors Education: Insurance Insights • Bursa Malaysia's Governance Programme: Role of the Audit Committee in Assuring Audit Quality • Bursa Malaysia's Governance Programme: Understanding Financial Statements – Use of Healthy Scepticism • Bursa Malaysia's Seminar on Malaysian Budget 2013 • Bursa Malaysia's Governance Programme: Managing Corporate Risks and Achieving Internal Control through Statutory Compliance • Bursa Malaysia's Half Day Governance Programme: The Key components of establishing and maintaining world-class audit committee reporting capabilities • The Malaysian Code on Corporate Governance 2012: The Implication and Challenges to Public Listed Companies • Audit Committee Institute: Breakfast Roundtable – Red Flags; Indicators of Fraud; Audit Committee Oversight Role on Financial Reporting • Institute of Internal Auditors Malaysia National Conference: Rising Potential
Datuk Abdullah bin Abdul Wahab	• The Malaysian Code on Corporate Governance 2012: The Implication and Challenges to Public Listed Companies • MFRS 10 – Consolidation: A new single control model • MFRS 11 – Reassessing Joint Ventures Accounting • Corporate Governance Update • Bursa Malaysia's Governance Programme: Role of the Audit Committee in Assuring Audit Quality • Making the most of the Chief Financial Officer Role

Name of Director	Details of Programme
Dato' Chong Kwong Chin	• Auditor's Risk Assessment Procedures • MFRS Practical Implementation of Standards, IC Interpretations and Revised Bursa Listing Requirements • MFRS 10 – Consolidation: A new single control model • MFRS 11 – Reassessing Joint Ventures Accounting • Corporate Governance Update

The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The Group Financial Controller and External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Executive Chairman's statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Dato' Chong Kwong Chin as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 24 to 26 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, will adopt a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Principle 6 – Recognise and manage risks of the Group

The Board has established an Enterprise Risk Management ("ERM") framework to identify and manage significant risks of the Group to address key risks to Group's operations and strategic mission. For the effective implementation of ERM, the Board has formed a Risk Management Committee which is headed by an Executive Director and comprising key management personnel from respective business divisions. The Risk Management Committee reports to the Board, via the Audit Committee, on key risks identified and the implementation of action plans to mitigate the risks.

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Company has established the Systems & Internal Audit ("SIA") function, which reports directly to the Audit Committee on the effectiveness of the current system of internal controls from the perspectives of governance, risks and controls. All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The in-house SIA function is independent of the activities it audits and the scope of work covered by the SIA during the financial year under review is provided in the Audit Committee Report set out on pages 24 to 26 of this Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalise pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders and the Company's Annual Report may be accessed.

Principle 8 – Strengthen relationship between the Company and its shareholders

I Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman of the meeting invited shareholders to raise questions with responses from the Board and Senior Management.

The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

II Communication and engagement with shareholders and investors

The Board recognises the importance of being transparent and accountable to the Company's investors. The Company will hold group and individual discussions with analysts, institutional shareholders, and investment communities, at their request, with the view to fostering greater understanding of the business of the Group. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.warisantc.com.my where shareholders can access corporate information, annual reports, press releases, financial information, and company announcements. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. corporate@wtch.com.my to which stakeholders can direct their queries or concerns.

This Statement is dated 17 April 2013.

AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

The composition of the Audit Committee ("the Committee") and the attendance of its members at the five (5) meetings held in 2012 are set out below:

Name	Designation	Attendance
Dato' Chong Kwong Chin Independent Non-Executive Director	Chairman	5/5
Seow Thiam Fatt Independent Non-Executive Director	Member	5/5
Datuk Abdullah bin Abdul Wahab Independent Non-Executive Director	Member	5/5

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board of Directors (the "Board") from amongst the Directors and shall be composed of no fewer than three (3) members. All the Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.

The Committee shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one (1) of the associations specified in Part II of the said Schedule; or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

No Alternate Director shall be appointed a member of the Committee.

The members of the Committee shall elect a Chairman from amongst their numbers who shall be an Independent Director.

In the event of any vacancy in the Committee which results in a breach in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia, the vacancy must be filled within three (3) months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Authority

The Committee is authorised by the Board, and at the cost of the Company, to:

(1) investigate any matter within its Terms of Reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information pertaining to the Company or the Group;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(5) be able to obtain independent professional or other advice; and

(6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary.

Functions

The functions of the Committee shall be, amongst others:

(1) review the following and report the same to the Board:
   (a) the nature and scope of the audit plan, the evaluation of the system of internal control and the audit report with the external auditors; the assistance given by the employees of the Company or Group to the external auditors;
   (b) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;
   (c) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
   (d) the quarterly results and year end financial statements, prior to approval by the Board, focusing on:
      a. changes in or implementation of major accounting policies and practices;
      b. significant audit adjustments from the external auditors;
      c. the going concern assumption; and
      d. compliance with accounting standards established by professional bodies and other legal requirements;
   (e) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
   (f) any letter of resignation from the external auditors; and
   (g) whether there is any reason to believe that the external auditors are not suitable for re-appointment.

(2) consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

(3) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

(4) approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members;

(5) set policy on non-audit services which may be provided by the external auditors and conditions and procedures which must be adhered by the external auditors in the provision of such services;

(6) approval of non-audit services provided by external auditors;

(7) consider the major findings of internal investigations and management's response;

(8) review the risk management framework adopted within the Group and satisfy that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a timely manner which result in minimising losses and maximising opportunities of the Group; and

(9) any other function as may be required by the Board from time to time.

Conduct of Meetings

The Chairman shall call for meetings to be held not less than four (4) times in a year. Any member of the Committee may at any time, and the Secretary(ies) shall on requisition of the member, summon a meeting.

Except in the case of an emergency, seven (7) days notice of meeting shall be given in writing to all members.

A quorum of meeting shall be a majority of Independent Directors. Meeting shall be chaired by the Chairman, and in his absence, by an Independent Director.

Decision shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretary(ies) shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

Reporting Procedure

The Company Secretary(ies) shall record the proceeding of meetings. Minutes shall be circulated to all members of the Board.

The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The Committee may report to the stock exchange of a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

In discharging its responsibilities for the financial year, the Committee, in particular:

- reviewed the quarterly and year end financial statements and made recommendations to the Board.
- deliberated over the internal audit and compliance reports.
- reviewed and assisted in the development and implementation of sound and effective internal control and business systems within the Group.
- reviewed the external auditors' scope of work and audit plan for the year.
- discussed and reviewed with the external auditors the results of their examination and their auditors' report in relation to the audit and accounting issues arising from the audit.
- reviewed the Company's compliance with regard to the Listing Requirements of Bursa Malaysia and compliance with updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.
- reviewed related party transactions of the Company and the Group.
- reviewed key risks and their related control strategies of the Group.

INTERNAL AUDIT FUNCTION

The Committee is supported by Systems & Internal Audit Department, which reports functionally to the Committee and is independent of the activities they audit.

During the financial year, the Systems & Internal Audit Department carried out, inter alia, the following activities:

- formulated and agreed with the Committee on the audit plan, strategy and scope of work.
- reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- analysed and assessed certain key business processes, report findings, and made recommendations to improve their effectiveness and efficiency.
- other ongoing assurance and advisory work to the Board and management.

The Systems & Internal Audit Department also assists the Risk Management Committee to compile the key factors in identifying, evaluating and mitigating the risks of the Group.

INTERNAL CONTROL STATEMENT

Board Responsibility

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. Due to the inherent limitations in any system of risk management and internal control, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Internal Control System

The key elements of the Group's internal control system are described as below:

- Defined lines of responsibility, delegation of authority, segregation of duties and information flow;
- The Executive Management Committee (EMC) reviews high level operating policies as well as monitors the performance and profitability of business divisions;
- Internal policies and procedures have been established and documented for adherence by personnel in the Group;
- Business planning and budgeting process for business units with periodical monitoring of performance so that major variances are followed up and management action taken;
- The Group's performance is reviewed and deliberated by the Board on a quarterly basis with financial performance variances presented;
- Justification and approval process for major expenditures to ensure congruence with the Company's strategic objectives; and
- Independent appraisals by internal auditors to ensure ongoing compliance with policies and procedures whilst assessing the effectiveness of the Group's system of financial, compliance, environmental and operational control.

Risk Management Framework

The Board confirms that there is a continuous process to identify and manage the significant risks of the Group. Key risks relating to the Group's operations and strategic mission are addressed, evaluated and subsequently tabled and endorsed by the Board.

Recognising the importance of risk management, the Board has put in place a structured framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis.

The key features of the risk management framework are as follows:

- Establishment of a Risk Management Committee ("RMC") which is headed by an Executive Director and comprising key management personnel from respective business divisions. The RMC is entrusted with the responsibility to identify and communicate to the Board through the Audit Committee on the risks that the Group faces, their changes and management action plans to mitigate the risks. Minutes of RMC meetings are presented to the Audit Committee and the Board for notation;
- Adoption of the Risk Management Oversight Policies and Procedures which outlines the risk management framework for the Group and offers practical guidance on risk management issues; and
- Updates on Corporate Risk Scorecards by the heads of business divisions. The high risks and significant controls are subject to regular reviews.

The Board has also formalised the fraud prevention framework, which is complemented by the Special Complaints Policy. This aims to provide broad principles, strategy and policy for the Group to adopt in relation to fraud in order to promote high standard of integrity. This framework establishes comprehensive programs and controls for the Group as well as highlights the roles and responsibilities at every level for preventing and responding to fraud.

internal control statement

Internal Audit Function

An in-house internal audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance of the Group's system of internal control. Internal audit appraises and contributes towards improving the Group's risk management and control system and reports directly to the Audit Committee on a quarterly basis. The total costs incurred for the internal audit function in respect of the financial year 2012 amounted to about RM573,000.

The internal audit team is independent of the activities it audits and has no involvement in the operation of the Group.

Conclusion

During the year, there were no material losses that resulted from a breakdown in internal control.

On the basis of review of the Group's system of risk management and internal control, the Board is of the view that the system, which is in place for the year under review and up to the date of this Annual Report, is adequate to achieve the Group's business objectives.

The Board has received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the frameworks adopted by the Group.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:-

(i) Utilisation of Proceeds

There were no proceeds raised from corporate exercises during the financial year.

(ii) Share Buy-Back

During the financial year, the Company bought back a total of 30,200 shares of RM1.00 each from the open market. Details of the shares bought back during the financial year were as follows:

Month	Number of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration* (RM)
May	30,100	2.5500	2.5500	2.5500	77,315.56
November	100	2.5500	2.5500	2.5500	296.08
Total	**30,200**				**77,611.64**

Note: * Including transaction costs

All the shares bought back during the financial year are held as treasury shares. As at 31 December 2012, a total of 2,069,400 shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

(iii) Options, Warrants or Convertible Securities

There were no options, warrants and convertible securities issued during the financial year.

(iv) American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR Programme during the financial year.

(v) Sanctions and/or Penalties

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

(vi) Non-audit Fees

The amount of non-audit fees incurred for the services rendered to the Group by the external auditors or a firm or company affiliated to the external auditors during the financial year was RM79,246.

(vii) Variance in results

There was no significant variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on profit estimate, forecast or projection.

additional compliance information

(viii) Profit Guarantee

The Company did not give any profit guarantee during the financial year.

(ix) Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders, either subsisting at the end of the financial year or entered into since the end of the previous financial year.

(x) Corporate Social Responsibility

The Group acknowledges the importance of Corporate Social Responsibility (“CSR”) towards the community, workplace, environment and market place and has continuously made CSR as an integral part of business and the way it conduct business.

During the year, the Group continued its supports towards the community by sponsoring the conduct of English language classes to the villagers of Kampung Parit Penghulu, Sungai Rambai, Melaka to help them in the promotion of homestay to local and foreign tourists under the government’s Rural Transformation Centre program; bringing orphanage children for a day trip to KidZania, an educational experience for the children to try on different jobs and learn about their future careers; organising several activities for the under privileged children and participated in fund raising activities for the local charitable organisation. The Group also contributed to HOSPIS Malaysia, MERCY Malaysia and Malaysian Red Crescent Society.

The Group believes that it is the employees who have significantly contributed to its continued success and growth and we strive to motivate and retain the employees with the Long Service Award in recognisance of their loyalty and services towards the Company. Continuous learning and development opportunities are provided to all employees to prepare themselves for greater challenges in the workplace. The Group also provides financial assistance for eligible employees to pursue their higher level of studies in local and private universities with the educational assistance program. Employees were encouraged to participate in various games and sport activities such as futsal, badminton and indoor games organised throughout the year to foster better relationships and bonding among the Group’s employees.

The Group practices environmental preservation and strives to be environmental friendly in conducting its business. Employees are encouraged to conserve energy, re-use and recycle where possible to conserve natural resources. To minimise our impact on the environment, the Group will work closely with organisations to ensure the recycling of as much waste as is practical such as papers, plastics and bottles.

The Group develops good relationship with the customers, suppliers, business partners and other stakeholders, in a number of ways, such as supporting the market with good products, maintaining quality of its services and business offerings, creating solutions to grow their businesses and to operate in a mutually beneficial way.

SHAREHOLDERS' STATISTICS
AS AT 1 APRIL 2013

SHARE CAPITAL

Authorised	:	RM100,000,000
Issued and Fully Paid-up	:	RM67,200,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
Less than 100	2,011	35.37	93,774	0.14
100 - 1,000	2,792	49.11	927,610	1.38
1,001 - 10,000	699	12.30	2,343,504	3.49
10,001 - 100,000	131	2.30	4,343,021	6.46
100,001 - 3,256,529 (less than 5% of issued shares)	50	0.88	31,491,521	46.86
3,256,530 (5% of issued shares) and above	2	0.04	25,931,170	38.59
Sub-Total	5,685	100.00	65,130,600	96.92
Treasury shares			2,069,400	3.08
Total	**5,685**	**100.00**	**67,200,000**	**100.00**

DIRECTORS' SHAREHOLDINGS (as per Register of Directors' Shareholdings)

	Name	Direct No. of Shares Held	% [(1)]	Indirect No. of Shares Held	% [(1)]
1.	Dato' Tan Heng Chew	4,243,933	6.52	33,664,298	51.69 [(2)]
2.	Ngu Ew Look	10,000	0.02	-	-
3.	Tan Keng Meng	100	- [(3)]	-	-
4.	Seow Thiam Fatt	9,000	0.01	-	-
5.	Datuk Abdullah bin Abdul Wahab	-	-	-	-
6.	Dato' Chong Kwong Chin	-	-	-	-

Notes:

(1) Percentage is based on issued shares less treasury shares.

(2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act") and interest of spouse by virtue of Section 134(12)(c) of the Act.

(3) Less than 0.01%.

shareholders' statistics

AS AT 1 APRIL 2013

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	Name	Direct No. of Shares Held	% (5)	Indirect No. of Shares Held	% (5)
1.	Tan Chong Consolidated Sdn Bhd	24,232,670	37.21	2,248,209	3 .45 (1)
2.	Dato' Tan Heng Chew	4,243,933	6.52	30,878,879	47.41 (2)
3.	Wealthmark Holdings Sdn Bhd	4,398,000	6.75	-	-
4.	Tan Eng Soon	-	-	30,948,879	47.52 (3)
5.	Tan Kheng Leong	10,000	0.02	26,480,879	40.66 (4)

Notes:

(1) Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Bhd (as to voting rights only).

(2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC") and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 6A of the Companies Act, 1965 ("the Act").

(3) Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act.

(4) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.

(5) Percentage is based on issued shares less treasury shares.

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%*
1.	Tan Chong Consolidated Sdn Bhd	21,861,070	33.56
2.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for The Bank of New York Mellon SA/NV (BDS Jersey)*	4,070,100	6.25
3.	Tan Chong Consolidated Sdn Bhd	2,371,600	3.64
4.	Citigroup Nominees (Asing) Sdn Bhd *CBHK for Platinum Broking Company Limited (client a/c)*	2,300,000	3.53
5.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew (MM1063)*	2,262,100	3.47
6.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN for HSBC (Malaysia) Trustee Berhad (D09-6061)*	2,248,209	3.45
7.	Wealthmark Holdings Sdn Bhd	2,222,100	3.41
8.	Tan Kim Hor	1,769,491	2.72
9.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208)*	1,375,169	2.11
10.	Wealthmark Holdings Sdn Bhd	1,222,000	1.88
11.	Key Development Sdn Berhad	1,130,000	1.73
12.	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Khor Swee Wah @ Koh Bee Leng (SIN 7029-9)*	1,100,000	1.70
13.	Wealthmark Holdings Sdn Bhd	953,900	1.46

shareholders' statistics

AS AT 1 APRIL 2013

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%*
14.	Wong Yu @ Wong Wing Yu	730,000	1.12
15.	Gan Teng Siew Realty Sdn Berhad	692,500	1.06
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (8041121)*	601,200	0.92
17.	Pang Sew Ha @ Phang Sui Har	596,040	0.92
18.	Chinchoo Investment Sdn Berhad	583,700	0.90
19.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (E-KLC)*	561,300	0.86
20.	Tan Boon Pun	465,657	0.71
21.	Yoke & Tans Holding Sdn Bhd	420,000	0.64
22.	Tan Ban Leong	409,776	0.63
23.	Tan Beng Keong	409,776	0.63
24.	Tan Chee Keong	409,776	0.63
25.	Tan Hoe Pin	409,776	0.63
26.	Key Development Sdn Berhad	358,900	0.55
27.	Rengo Malay Estate Sendirian Berhad	330,000	0.51
28.	Perak Traders Holdings Sdn Bhd	329,800	0.51
29.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (473963)*	325,000	0.50
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Maybank Kim Eng Securities Pte Ltd for Lem Kim Wan @ Lim Hong Gee*	316,700	0.49
	TOTAL	**52,835,640**	**81.12**

Note :
** Percentage is based on issued shares less treasury shares*

GROUP PROPERTIES

AS AT 31 DECEMBER 2012

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)	Date of acquisition	Year of revaluation
18 Jalan Segambut Pusat 51200 Kuala Lumpur	Office & vehicle storage yard	17,574	18,160	Leasehold 16.6.2067	1.6	36	1.10.1977	1984
Lot 9, Jalan Delima 1/1 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	98,349	53,766	Freehold	4.2	20	20.12.1990	-
43 Jalan IMJ 3 Taman Industry Malim Jaya 75050 Malacca	Office and workshop	11,087	3,700	Leasehold 18.11.2095	0.3	16	12.12.1996	-
19 Jalan Bertam 8 Taman Daya 81100 Johor Bahru Johor	Office and workshop	8,456	7,553	Freehold	0.6	20	20.5.2000	-
Lot 1A Jalan Kemajuan Seksyen 13 46200 Petaling Jaya Selangor	Office and warehouse	94,596	33,900	Leasehold 10.6.2058	33.1	38	10.9.2004	2012
Lot 29 Jalan Delima 1/3 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	125,871	40,808	Freehold	7.4	20	2.3.2004	-
Lot 22, Ground Floor Wisma Sabah Jalan Tun Razak 88000 Kota Kinabalu Sabah	Office lot	-	595	Leasehold 31.12.2072	0.2	35	23.10.2002	-
No 3, Jalan Perusahaan Perkhidmatan Pengkalan Taman Pengkalan Maju 34700 Simpang, Taiping Perak	Office building annexed with factory	72,646	57,464	Freehold	2.6	12	5.4.2007	-
No 1 Jalan Metro Pudu Fraser Business Park Off Jalan Yew 55100 Kuala Lumpur	Commercial shop office	2,902	16,296	Freehold	9.8	5	6.6.2008	2008
610 Jalan Nilai 3/15 Kawasan Perindustrian Nilai 3 71800 Nilai, Negeri Sembilan	Industrial building	3,003	3,003	Freehold	0.2	13	20.7.2004	-
18 VSIP II Street 2 Vietnam Singapore Industrial Park II (VSIP II) Binh Duong Industry-Service-Urban Complex Hoa Phu Ward Thu Dau Mot Town Binh Duong Province, Vietnam	Industrial land & building	135,108	9,890	Leasehold 30.11.2055	2.6	2	2.12.2009	-

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company and their financial performance and cash flows for the financial year.

In preparing the financial statements for the year ended 31 December 2012, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965 are complied with.

The Directors have the responsibility for ensuring that the Company and the Group keep proper and adequate accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and to ensure that the financial statements comply with the requirements of the Companies Act, 1965. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiary companies are indicated in Note 4 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	29,647	18,999
Attributable to:		
Owners of the Company	29,651	18,999
Non-controlling interests	(4)	-
	29,647	18,999

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2011, as proposed in the Directors' Report for that year:	
- a final dividend of 6% less tax at 25%	2,931
In respect of the financial year ended 31 December 2012:	
- an interim dividend of 6% less tax at 25%	2,931
	5,862

The Directors proposed the payment of a final dividend of 6% less tax at 25% in respect of the financial year ended 31 December 2012.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity set out on pages 45 and 50.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

At the Annual General Meeting ("AGM") held on 17 May 2006, shareholders approved the share buy-back of up to 10% of the Company's issued share capital or up to 6,720,000 ordinary shares of RM1.00 each. The authority from shareholders has been renewed at each of the subsequent AGMs of the Company, the latest being the AGM held on 24 May 2012. The authority will expire at the conclusion of the forthcoming AGM.

At 31 December 2012, treasury shares held by the Company were as follows:

Year of buy-back	No. of ordinary shares	Average price per share RM	Total Cost RM
2006	158,100	1.70	268,636
2007	799,200	1.85	1,476,109
2008	332,700	1.95	649,382
2009	591,400	2.17	1,285,134
2010	111,000	2.29	253,904
2011	46,800	2.51	117,423
2012	30,200	2.57	77,612
	2,069,400		4,128,200

DIRECTORS

The Directors in office since the date of the last report are:

Dato' Tan Heng Chew
Ngu Ew Look
Tan Keng Meng
Dato' Chong Kwong Chin
Seow Thiam Fatt
Datuk Abdullah bin Abdul Wahab

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings required to be kept under Section 134 of the Companies Act 1965, the Directors' interests in shares in the Company and its related corporations during the financial year were as follows:

	-------- Number of ordinary shares of RM1 each --------			
	At 1.1.2012/ Date of Appointment	Additional	Disposal	At 31.12.2012
Dato' Tan Heng Chew				
- direct interest	2,641,733	1,580,300	-	4,222,033
- indirect interest ^	30,709,463	1,721,600	1,552,184^^	30,878,879
- indirect interest #	1,635,419##	1,150,000	-	2,785,419
Ngu Ew Look				
- direct interest	10,000	-	-	10,000
Tan Keng Meng *(Appointed on 11.01.2012)*				
- direct interest	100	-	-	100
Seow Thiam Fatt				
- direct interest	9,000	-	-	9,000

^ *Indirect interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC") and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("Act").*

^^ *Release of shares by way of the 4th instalment to the exiting shareholders of TCC named in the Court Order and Compromise and Settlement Agreement dated 22 June 2009 as amended by a Supplemental Agreement dated 28 July 2009 entered into between and amongst TCC and all of its shareholders.*

Include disclosure of interest held by spouse pursuant to Section 134(12)(c) of the Act.

Including 310,250 shares purchased by spouse prior to 2009 which were inadvertently omitted in previous disclosures.

By virtue of his interests in shares in the Company, Dato' Tan Heng Chew is deemed to have an interest in shares in all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office as at 31 December 2012 has any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements of the Group, the Company and/or its 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 except for any benefits which may be deemed to be have arisen from transactions disclosed in Note 30(c) to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the 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.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

   (i) which would render the amount written off for bad debts or 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

   (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company 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.

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

   (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company or its subsidiary companies 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 affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The subsequent event is as disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Mazars, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a Directors' resolution dated 17 April 2013

NGU EW LOOK
Director

TAN KENG MENG
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WARISAN TC HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of Warisan TC Holdings Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 102.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 1965 in Malaysia, and 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the 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 Company'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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 ("the Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, and which are indicated in Note 4 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit report on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

independent auditors' report

TO THE MEMBERS OF WARISAN TC HOLDINGS BERHAD

Other Reporting Responsibilities

The supplementary information set out in Note 41 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 Disclosures 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.

Other Matters

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

This report is made solely to 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 to any other person for the content of this report.

MAZARS
No. AF: 1954
Chartered Accountants

YAP CHING SHIN
No. 2022/03/14 (J)
Chartered Accountant

Kuala Lumpur

17 April 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	*2*	211,089	209,259	182,942
Investment properties	*3*	33,100	22,700	-
Intangible assets	*6*	15,075	15,075	15,075
Deferred tax assets	*7*	951	893	471
Finance lease receivables	*8*	4,395	7,252	8,296
Other investments	*9*	35	35	35
		264,645	255,214	206,819
CURRENT ASSETS				
Inventories	*10*	129,813	104,363	81,017
Trade and other receivables	*11*	119,464	117,251	99,790
Derivative financial assets		*35*	118	100
Current tax assets		7,546	5,922	3,555
Cash and cash equivalents	*12*	97,782	99,803	86,988
		354,640	327,457	271,450
TOTAL ASSETS		619,285	582,671	478,269
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*14*	67,200	67,200	67,200
Share premium		615	615	615
Treasury shares	*15*	(4,128)	(4,051)	(3,933)
Merger reserve		(41,614)	(41,614)	(41,614)
Translation reserve		(228)	181	-
Hedging reserve	*16*	(284)	(48)	-
Revaluation reserve		12,205	12,205	-
Retained earnings		243,175	219,386	211,553
Total equity attributable to owners of the Company		276,941	253,874	233,821
Non-controlling interests		409	413	384
TOTAL EQUITY		277,350	254,287	234,205

consolidated statement of financial position

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
NON-CURRENT LIABILITIES				
Bank term loans (unsecured)	*17*	57,931	85,635	58,344
Retirement benefit obligations	*18*	2,836	2,522	2,303
Deferred tax liabilities	*19*	19,976	17,770	13,871
		80,743	105,927	74,518
CURRENT LIABILITIES				
Trade and other payables	*20*	104,150	91,699	87,814
Bank borrowings (unsecured)	*21*	154,144	128,887	80,565
Current tax liabilities		2,484	1,689	1,067
Derivative financial liabilities		414	182	100
		261,192	222,457	169,546
TOTAL LIABILITIES		341,935	328,384	244,064
TOTAL EQUITY AND LIABILITIES		619,285	582,671	478,269

Notes to and forming part of the financial statements are set out on pages 53 to 102

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM'000	2011 RM'000
Revenue	*22*	516,440	470,423
Cost of sales		(358,853)	(324,869)
Gross profit		157,587	145,554
Other income		7,213	4,321
Fair value gain on investment properties		10,400	500
Selling and distribution expenses		(69,519)	(64,080)
Administrative and general expenses		(56,454)	(54,974)
Profit from operations	*23*	49,227	31,321
Finance costs	*24*	(10,205)	(8,683)
Profit before tax		39,022	22,638
Tax expense	*25*	(9,375)	(8,909)
Profit for the year		29,647	13,729
Other comprehensive (loss) / income, net of tax			
Change in fair value of cash flow hedge		(236)	(48)
Foreign currency translation		(409)	181
Revaluation of property, plant and equipment upon transfer to investment properties		-	12,205
Other comprehensive (loss) / income for the year, net of tax		(645)	12,338
Total comprehensive income for the year		29,002	26,067
Profit attributable to:			
Owners of the Company		29,651	13,700
Non-controlling interests		(4)	29
Profit for the year		29,647	13,729
Total comprehensive income attributable to:			
Owners of the Company		29,006	26,038
Non-controlling interests		(4)	29
Total comprehensive income for the year		29,002	26,067
Basic earnings per share (sen)	*26*	45.52	21.02
Dividend per share (net of tax) (sen)	*27*	9.0	9.0

Notes to and forming part of the financial statements are set out on pages 53 to 102

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

		← Attributable to owners of the Company →										
		← Non-distributable						→ Distributable				
	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Translation reserve RM'000	Hedging reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011												
- as previously stated		67,200	615	(3,933)	(41,614)	(662)	-	-	212,215	233,821	384	234,205
- effect of adoption of MFRS 1		-	-	-	-	662	-	-	(662)	-	-	-
At 1 January 2011 - restated		67,200	615	(3,933)	(41,614)	-	-	-	211,553	233,821	384	234,205
Foreign currency translation differences for foreign operations		-	-	-	-	181	-	-	-	181	-	181
Cash flow hedge		-	-	-	-	-	(48)	-	-	(48)	-	(48)
Revaluation of property, plant and equipment upon transfer to investment properties		-	-	-	-	-	-	12,205	-	12,205	-	12,205
Total other comprehensive income for the year		-	-	-	-	181	(48)	12,205	-	12,338	-	12,338
Profit for the year		-	-	-	-	-	-	-	13,700	13,700	29	13,729
Total comprehensive income for the year		-	-	-	-	181	(48)	12,205	13,700	26,038	29	26,067
Purchase of treasury shares		-	-	(118)	-	-	-	-	-	(118)	-	(118)
Dividends to owners of the Company	*27*	-	-	-	-	-	-	-	(5,867)	(5,867)	-	(5,867)
At 31 December 2011		67,200	615	(4,051)	(41,614)	181	(48)	12,205	219,386	253,874	413	254,287
At 1 January 2012		67,200	615	(4,051)	(41,614)	181	(48)	12,205	219,386	253,874	413	254,287
Foreign currency translation differences for foreign operations		-	-	-	-	(409)	-	-	-	(409)	-	(409)
Cash flow hedge		-	-	-	-	-	(236)	-	-	(236)	-	(236)
Total other comprehensive income for the year		-	-	-	-	(409)	(236)	-	-	(645)	-	(645)
Profit for the year		-	-	-	-	-	-	-	29,651	29,651	(4)	29,647
Total comprehensive income for the year		-	-	-	-	(409)	(236)	-	29,651	29,006	(4)	29,002
Purchase of treasury shares		-	-	(77)	-	-	-	-	-	(77)	-	(77)
Dividends to owners of the Company	*27*	-	-	-	-	-	-	-	(5,862)	(5,862)	-	(5,862)
At 31 December 2012		67,200	615	(4,128)	(41,614)	(228)	(284)	12,205	243,175	276,941	409	277,350

Notes to and forming part of the financial statements are set out on pages 53 to 102

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		39,022	22,638
Adjustments for:			
Allowance for doubtful debts, net of write backs		490	158
Bad debts written off		45	8
Fair value adjustment on investment properties		(10,400)	(500)
Depreciation		49,871	43,921
Gain on disposal of property, plant and equipment		(1,082)	(1,255)
Gain on disposal of assets held for rental		(1,791)	(2,802)
Interest expense		10,205	8,683
Finance income		(2,180)	(2,170)
Inventories written down		2,399	2,330
Inventories written off		-	59
Property, plant and equipment written off		58	352
Retirement benefits		387	352
Unrealised (gain)/loss on foreign exchange (net)		(232)	134
Operating profit before working capital changes		86,792	71,908
Changes in inventories		(26,471)	(24,453)
Changes in receivables		(71)	(16,583)
Changes in payables		12,683	3,751
Cash generated from operations		72,933	34,623
Proceeds from disposal of assets held for rental		3,298	12,717
Tax paid, net of refunds		(7,977)	(7,161)
Retirement benefits paid		(73)	(133)
Net cash generated from operating activities		68,181	40,046
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(58,354)	(98,462)
Proceeds from disposal of property, plant and equipment		4,889	7,968
Finance income received		2,180	2,170
Net cash used in investing activities		(51,285)	(88,324)

consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM'000	2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank term loans	20,000	70,000
Repayment of bank term loans	(42,995)	(19,356)
Drawdown of revolving credits	116,000	114,000
Repayment of revolving credits	(84,000)	(110,000)
(Repayment)/drawdown of bankers' acceptances (net)	(11,452)	20,969
Dividends paid	(5,862)	(5,867)
Interest paid	(10,205)	(8,683)
Treasury shares acquired	(77)	(118)
Net cash (used in)/generated from financing activities	(18,591)	60,945
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,695)	12,667
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	99,803	86,988
Foreign exchange differences	(326)	148
CASH AND CASH EQUIVALENTS CARRIED FORWARD	97,782	99,803
Represented by:		
Short term investments	13,666	16,341
Fixed deposits with licensed banks	33,516	38,641
Cash and bank balances	50,600	44,821
	97,782	99,803

Notes to and forming part of the financial statements are set out on pages 53 to 102

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	*2*	995	989	799
Investment properties	*3*	-	22,700	22,200
Investment in subsidiary companies	*4*	130,208	128,422	118,162
Investment in jointly controlled entities	*5*	24,568	24,568	24,568
Deferred tax assets	*7*	66	112	112
		155,837	176,791	165,841
CURRENT ASSETS				
Trade and other receivables	*11*	6,510	5,602	14,604
Current tax assets		4,902	3,531	1,950
Cash and cash equivalents	*12*	3,205	4,546	20,448
		14,617	13,679	37,002
Assets classified as held for sale	*13*	33,100	-	-
		47,717	13,679	37,002
TOTAL ASSETS		203,554	190,470	202,843
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*14*	67,200	67,200	67,200
Treasury shares	*15*	(4,128)	(4,051)	(3,933)
Revaluation reserve		930	930	930
Retained earnings		114,071	100,934	102,781
TOTAL EQUITY		178,073	165,013	166,978
NON-CURRENT LIABILITIES				
Bank term loan (unsecured)	*17*	8,649	15,135	20,000
Retirement benefit obligations	*18*	408	425	467
		9,057	15,560	20,467
CURRENT LIABILITIES				
Trade and other payables	*20*	9,938	5,032	15,398
Bank term loan (unsecured)	*21*	6,486	4,865	-
		16,424	9,897	15,398
TOTAL LIABILITIES		25,481	25,457	35,865
TOTAL EQUITY AND LIABILITIES		203,554	190,470	202,843

Notes to and forming part of the financial statements are set out on pages 53 to 102

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM'000	2011 RM'000
Revenue	*22*	21,310	16,658
Other income		573	797
Fair value gain on investment properties		10,400	500
Administrative and general expenses		(11,011)	(12,236)
Profit from operations	*23*	21,272	5,719
Finance costs	*24*	(1,224)	(1,391)
Profit before tax		20,048	4,328
Tax expense	*25*	(1,049)	(308)
Profit for the year		18,999	4,020
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		18,999	4,020

Notes to and forming part of the financial statements are set out on pages 53 to 102

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Non-distributable Share capital RM'000	Non-distributable Treasury shares RM'000	Non-distributable Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2011		67,200	(3,933)	930	102,781	166,978
Total comprehensive income for the year		-	-	-	4,020	4,020
Purchase of treasury shares		-	(118)	-	-	(118)
Dividends to owners of the Company	*27*	-	-	-	(5,867)	(5,867)
At 31 December 2011		67,200	(4,051)	930	100,934	165,013
At 1 January 2012		67,200	(4,051)	930	100,934	165,013
Total comprehensive income for the year		-	-	-	18,999	18,999
Purchase of treasury shares		-	(77)	-	-	(77)
Dividends to owners of the Company	*27*	-	-	-	(5,862)	(5,862)
At 31 December 2012		67,200	(4,128)	930	114,071	178,073

Notes to and forming part of the financial statements are set out on pages 53 to 102

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,048	4,328
Adjustments for:		
Depreciation	200	291
Dividend income	(19,529)	(14,919)
Fair value adjustment on investment properties	(10,400)	(500)
Loss on disposal of property, plant and equipment	-	62
Property, plant and equipment written off	1	-
Impairment in value of investment in subsidiary companies	2,909	3,020
Finance income	(101)	(588)
Interest expense	1,224	1,391
Reversal of retirement benefits	(17)	(42)
Operating loss before working capital changes	(5,665)	(6,957)
Changes in receivables	(908)	9,002
Changes in payables	4,906	(10,366)
Net cash used in from operations	(1,667)	(8,321)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(216)	(640)
Proceeds from disposal of property, plant and equipment	9	97
Subscription of additional shares in subsidiary companies	(4,695)	(13,280)
Finance income received	101	588
Dividends received from subsidiary companies	15,492	11,709
Dividends received from jointly controlled entities	1,663	1,321
Net cash from/(used in) investing activities	12,354	(205)

statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 RM'000	2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,224)	(1,391)
Dividends paid	(5,862)	(5,867)
Treasury shares acquired	(77)	(118)
Repayment of term loan	(4,865)	-
Net cash used in financing activities	(12,028)	(7,376)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,341)	(15,902)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	4,546	20,448
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,205	4,546
Represented by:		
Short term investments	1,486	2,423
Fixed deposits with licensed banks	129	126
Cash and bank balances	1,590	1,997
	3,205	4,546

Notes to and forming part of the financial statements are set out on pages 53 to 102

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards, and the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs. The MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts of transition to MFRSs are disclosed in note 37.

The accounting policies set out herein have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, together with the comparative information as at and for the year ended 31 December 2011 and the opening statement of financial position at 1 January 2011 (the Group's and Company's date of transition to MFRS).

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

Certain comparative information has been reclassified to conform with the current financial year's presentation as disclosed in note 38 to the financial statements.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following standards, amendments and interpretations that have been issued by the MASB but are not yet effective.

		Effective Date
Amendments to MFRS 1	Government Loans	01-Jan-2013
Amendments to MFRS 1	Annual Improvements 2009-2011 Cycle	01-Jan-2013
Amendments to MFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities	01-Jan-2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	01-Jan-2013
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	01-Jan-2014
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	01-Jul-2012
Amendments to MFRS 101	Annual Improvements 2009-2011 Cycle	01-Jan-2013
Amendments to MFRS 116	Annual Improvements 2009-2011 Cycle	01-Jan-2013
Amendments to MFRS 132	Annual Improvements 2009-2011 Cycle	01-Jan-2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	01-Jan-2014
Amendments to MFRS 134	Annual Improvements 2009-2011 Cycle	01-Jan-2013
Amendment to IC Interpretation 2	Annual Improvements 2009-2011 Cycle	01-Jan-2013
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	01-Jan-2015
MFRS 10	Consolidated Financial Statements	01-Jan-2013
MFRS 11	Joint Arrangements	01-Jan-2013
MFRS 12	Disclosure of Interests in Other Entities	01-Jan-2013
MFRS 13	Fair Value Measurement	01-Jan-2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	01-Jan-2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued that are not yet effective (continued)

		Effective Date
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	01-Jan-2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	01-Jan-2013
MFRS 141	Agriculture	01-Jan-2014
IC Interpretation 15	Agreements for the Construction of Real Estate	01-Jan-2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	01-Jan-2013

The impacts of initial application of a standard, an amendment or an interpretation are discussed below:

- Amendments to MFRS 7, *Disclosures – Offsetting Financial Assets and Financial Liabilities*

  The disclosures would provide users with information to better assess the effect or potential effect of offsetting arrangements on the Group's and the Company's financial position.

  The Group and the Company do not anticipate significant impact to the financial statements upon adoption of these amendments.

- Amendment to MFRS 101, *Presentation of Items of Other Comprehensive Income*

  The amendment introduces a requirement for entities to group items presented in other comprehensive income on the basis whether they are potentially reclassifiable to profit or loss subsequently.

  The amendment may result in some presentation changes but is not expected to have a significant impact on the Group's and the Company's financial statements.

- Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

  The amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

  The Group and the Company do not anticipate significant impact to the financial statements upon adoption of these amendments.

- MFRS 9, *Financial Instruments*

  MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. For financial liabilities, the standard retains most of the FRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess MFRS 9's full impact and intends to adopt MFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- MFRS 10, *Consolidated Financial Statements*

  MFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The control is based on the elements of power, returns and the link between power and returns.

  The Group and the Company do not anticipate significant impact to the financial statements upon adoption of this standard.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued that are not yet effective (continued)

- MFRS 11, *Joint Arrangements*

  MFRS 11 supersedes MFRS 131, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-Monetary Contributions by Venturers. It requires a party to a joint arrangement to determine the type of joint arrangement (i.e., whether it is a joint operation or a joint venture) in which it is involved by assessing its rights and obligations arising from the arrangement. For a joint operation, the Company will need to account for each asset, liability, revenue and expense directly based on its right and obligations in the arrangement. For a joint venture, the Company will need to apply the equity method of accounting for its investment in the joint venture in accordance with MFRS 128, Investments in Associates and Joint Ventures (2011). The use of proportionate consolidation is not permitted.

  When applied, MFRS 11 is expected to have an impact on the Group's consolidated financial statements as the proportionate consolidation method currently applied by the Group is not permitted. The Group is assessing the impact of this change since the effect would only be observable for the financial year ending 31 December 2013.

- MFRS 12, *Disclosures of Interests in Other Entities*

  MFRS 12 sets out the required disclosures for entities reporting under MFRS 10 and MFRS 11. MFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

  The standard will not have any impact on the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's and the Company's investments.

- MFRS 13, *Fair Value Measurement*

  MFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. This MFRS explains how to measure fair value of assets, liabilities and equity but does not introduce new fair value measurement requirements.

  The Group and the Company do not anticipate significant impact to the financial statements upon adoption of this standard.

- MFRS 119, *Employee Benefits (2011*)

  Under the amended MFRS 119, the corridor approach has been eliminated and all actuarial gains and losses are recognised in other comprehensive income as they occur. All current and past service costs have to be immediately recognised in the income statement. Expected return on plan assets and interest costs are replaced with a net interest amount that is calculated by applying the discount rate to the net defined liability/(asset). This will replace the finance charge and the expected return on plan assets.

  The Group and the Company are assessing the potential impact of adopting the amendments to MFRS 119.

- MFRS 127, *Separate Financial Statements (2011)*

  The amended MFRS 127 deals solely with separate financial statements after the control provisions of MFRS 127 have been included in the new MFRS 10.

  There will be no impact on the consolidated financial statements as the changes only affect the separate financial statements of the investing entity.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued that are not yet effective (continued)

- MFRS 128, *Investments in Associates and Joint Ventures (2011)*

  Pursuant to the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. The amended MFRS 128 now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

  The application of other new standards, amendments and interpretations on their respective effective date are not expected to have significant impact to the amounts reported in the Group's and the Company's financial statements for the current and prior periods.

(c) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Depreciation

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates these useful lives to be 50 - 55 years for buildings and within 2 to 10 years for other property, plant and equipment.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2012 were RM211,089,000 and RM995,000 (2011: RM209,259,000 and RM989,000), respectively.

Estimation of the fair value of investment properties

The Company determines the fair value of its investment property based on a valuation carried out by an independent firm of professional valuers on the open market value basis.

Provision for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Provision for stock obsolescence and inventories write down (continued)

Inventories are reviewed on a regular basis and the Group will make a provision for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional provisions for slow moving inventories may be required.

The carrying amount of the Group's inventories as at 31 December 2012 was RM129,813,000 (2011: RM104,363,000).

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the creditworthiness and the past collection history of each customer.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2012 were RM119,464,000 and RM6,510,000 (2011: RM117,251,000 and RM5,602,000), respectively.

Impairment of goodwill and brands

Goodwill and brands are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill and brands are allocated.

Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and brands and sensitivity analysis to changes in the assumptions are given in note 6.

The net carrying amount of the Group's goodwill as at 31 December 2012 was RM14,375,000 (2011: RM14,375,000).

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax loses 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting judgements and estimates (continued)

Key sources of estimation uncertainty (continued)

Income taxes (continued)

The carrying amounts of the Group's and the Company's current tax assets as at 31 December 2012 were RM7,546,000 and RM4,902,000 (2011: RM5,922,000 and RM3,531,000), respectively.

The carrying amounts of the Group's and the Company's deferred tax assets as at 31 December 2012 were RM951,000 and RM66,000 (2011: RM893,000 and RM112,000), respectively.

The carrying amounts of the Group's current and deferred tax liabilities as at 31 December 2012 were RM2,484,000 (2011: RM1,689,000) and RM19,976,000 (2011: RM17,770,000), respectively.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of an asset.

Revalued property, plant and equipment

It is the Group's policy to state property, plant and equipment at cost. The revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares and was not intended to effect a change in the accounting policy to one of revaluation of properties.

Upon transition to MFRS, the Group has elected to apply the optional exemption and measure all its property, plant and equipment using the cost model under MFRS 116, Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the revalued amounts as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date.

(ii) Subsequent costs and disposals

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land and capital work-in-progress are not amortised. Buildings erected on leasehold land are depreciated over the shorter of the lease term and their useful lives. Leasehold land is amortised on a straight-line basis over the remaining period of the lease.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives are as follows:

Buildings	50 - 55 years
Plant, machinery and equipment	2 - 7 years
Equipment for hire	3 - 5 years
Furniture, fixtures, fittings and office equipment	3 - 7 years
Renovation	3 - 4 years
Coaches, motor vehicles for hire and other motor vehicles	4 - 10 years
Cars for hire	4 - 5 years
Boats, rafts and cabins	5 - 7 years

Capital work-in-progress will only be depreciated when the assets are ready for their intended use.

The depreciable amount is determined after deducting the residual value.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

(e) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(f) Subsidiary companies

A subsidiary company is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Company has the power to govern the financial and operating policies of an entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amounts of the subsidiary company disposed of is taken to profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Basis of consolidation

(i) Transaction eliminated on consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

(ii) Accounting for business combinations

Except for those subsidiary companies specifically identified in note 4 which are consolidated on the merger method of accounting, all subsidiary companies are consolidated on the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

In respect of subsidiary companies consolidated under the merger method of accounting, the Group has chosen to adopt the provisions of MFRS 3, Business Combinations prospectively, as permitted under the transitional provisions of MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards. Accordingly, the effects of the merger method of accounting under Malaysian Accounting Standard No. 2 have been retained.

The Group has changed its accounting policy with respect to accounting for business combinations. There was no financial impact on the financial statements of the Group as there was no new business combination during the year.

The goodwill is accounted for in accordance with the accounting policy set out in Note 1(i)(i).

Goodwill arising on the acquisition of subsidiary companies is presented separately in the statement of financial position.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iii) Non-controlling interest

Non-controlling interests at the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements by the proportionate consolidation method of accounting.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the jointly controlled entity disposed of is taken to profit or loss.

(i) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions before 1 January 2011

The Company elected not to restate those business combinations that occurred prior to 1 January 2011 (the date of transition to MFRS), where goodwill recognised under FRS framework in Malaysia had been carried forward as at the date of transition.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets (continued)

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(j) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and financial liability or equity of another enterprise.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract which terms require delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Regular way purchase or sale of financial assets (continued)

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading including derivatives (except for a derivative that is a financial guarantee contract or a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group or the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(c) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment loss. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(iii) Financial instrument categories and subsequent measurement (continued)

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 1(p)).

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iv) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts to manage its exposure to foreign currency risk. The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group has chosen to adopt the cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is classified from equity into profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(iv) Derivative financial instruments and hedge accounting (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Leases

(i) As lessee

Finance lease, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

(ii) As lessor

Leases where the Group retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy on rental income is set out in note 1(r).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on either the specific identification basis, standard cost basis or weighted average basis, depending on the nature of the inventories. Cost comprises the landed cost of goods purchased, other costs incurred in bringing the inventories to their present location and condition, and in the case of finished goods and work-in-progress, includes an appropriate proportion of factory overheads.

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

(m) Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Company for expenses incurred are recognised as income over the periods necessary to match the grants on a systematic basis to the costs that it is intended to compensate.

(n) Share capital

Ordinary shares are recorded at nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss.

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

Treasury shares

When shares of the Company that have been recognised as equity is repurchased, the amount of the consideration paid, included directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(o) Foreign currencies

(i) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Foreign currencies (continued)

(ii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

(p) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associated company) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

Assets carried at amortised cost

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

Available-for-sale financial assets

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified form equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for investment in an equity instrument is not reversed through the profit or loss.

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 loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of non-financial assets

(i) Goodwill

Goodwill is reviewed for impairment annually, or more frequently if events of changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in profit or loss when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit.

Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Property, plant and equipment, investment in subsidiary companies and jointly controlled entities

Property, plant and equipment, investment in subsidiary companies and jointly controlled entities are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(r) Revenue and other income

Revenue is recognised when it is probable that economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Sales of goods

Revenue from sales of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the customers.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue and other income (continued)

(ii) Services

Revenue from services rendered is recognised on an accrual basis as and when the services are rendered.

(iii) Car rental income

Car rental income is recognised on a time proportion basis over the lease term.

(iv) Finance lease income

Income from finance lease transactions is recognised based on the sum-of-digits method. Where an account becomes non-performing, interest income is suspended until it is realised on a cash basis. An account is classified as non-performing where repayments are in arrears for more than six months.

(v) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

(vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the specific tenure of the respective leases.

(vii) Dividend income

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

(s) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Post-employment benefits

Defined contribution plan

The Group pays monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Group is limited to the amount that it agrees to contribute to the EPF. Contributions to the EPF are charged to profit or loss in the period to which they relate.

Defined benefit plan

The Group's net obligation in respect of their defined benefit plans is calculated by estimating the discounted present value of future benefit that employees have earned in return for their services in the current and prior periods.

The discount rate is the market yield at the reporting date on high quality corporate bonds. The calculation is performed by an independent firm of actuaries using the projected unit credit method once in 3 years in advance.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Defined benefit plan (continued)

Any increase in benefits to employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

In calculating the Group's obligations in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the present value of the defined benefit obligations, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(iii) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(t) 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 capitalised as part of the cost of those assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(u) Taxation

The tax expense in profit or loss comprises current tax and deferred tax.

Current tax is an estimate of tax payable in respect of taxable profit for the year based on the tax rate enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in full, based on the liability method, for taxation deferred in respect of all material temporary differences arising from differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the following temporary differences arising from the initial recognition of:

i. goodwill,
ii. assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

Deferred tax is calculated at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Current and deferred tax is recognised as an income or an expense in profit or loss or is credited or charged directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or different period, directly to other comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, time deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

Cash and cash equivalents are categorised and measured as loans and receivables.

(w) Operating segment

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

2. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Equipment for hire RM'000	Furniture, fixtures, fittings and office equipment RM'000	Renovation RM'000	Coaches, motor vehicles for hire and other motor vehicles RM'000	Cars for hire RM'000	Boats, rafts and cabins RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2011	15,437	12,400	14,753	1,706	50,875	30,292	4,051	32,113	126,384	122	939	289,072
Additions	-	96	-	12	14,407	3,404	618	9,800	68,840	-	1,285	98,462
Disposals	-	-	-	-	(5,639)	(34)	-	(13,180)	(13,809)	-	-	(32,662)
Reclassification	-	-	-	459	-	45	-	6,006	(6,051)	-	(459)	-
Write-off	-	-	-	-	-	(970)	(188)	(1)	-	-	(5)	(1,164)
Adjustment	-	-	-	(1)	-	(5)	-	-	-	-	-	(6)
Transfer to investment properties	-	(10,200)	(1,300)	-	-	-	-	-	-	-	-	(11,500)
Transfer to inventories	-	-	-	-	(6,936)	-	-	-	-	-	-	(6,936)
Effects of movements in exchange rates	-	23	-	-	-	-	-	-	-	-	10	33
At 31 December 2011	**15,437**	**2,319**	**13,453**	**2,176**	**52,707**	**32,732**	**4,481**	**34,738**	**175,364**	**122**	**1,770**	**335,299**
At 31 December 2011/ 1 January 2012	15,437	2,319	13,453	2,176	52,707	32,732	4,481	34,738	175,364	122	1,770	335,299
Additions	-	-	548	32	10,817	3,906	879	4,410	37,762	-	-	58,354
Disposals	-	-	-	-	(9,935)	(429)	(110)	(3,490)	(3,934)	(14)	-	(17,912)
Reclassification	-	-	1,227	533	-	515	(12)	974	(1,477)	-	(1,760)	-
Transfer	-	-	-	-	-	180	-	-	-	-	-	180
Write-off	-	-	-	-	(103)	(838)	(161)	-	-	(108)	-	(1,210)
Effects of movements in exchange rates	-	(34)	(37)	-	-	(2)	-	-	-	-	(10)	(83)
At 31 December 2012	**15,437**	**2,285**	**15,191**	**2,741**	**53,486**	**36,064**	**5,077**	**36,632**	**207,715**	**-**	**-**	**374,628**
Accumulated Depreciation and impairment loss												
At 1 January 2011	-	1,727	2,430	1,491	20,299	22,663	1,968	17,162	38,288	102	-	106,130
Charge for the year	-	25	254	191	8,595	3,619	442	4,542	26,244	9	-	43,921
Disposals	-	-	-	-	(4,729)	(30)	-	(6,857)	(8,507)	-	-	(20,123)
Reclassification	-	-	-	-	-	(15)	15	-	-	-	-	-
Write-off	-	-	-	-	-	(745)	(66)	(1)	-	-	-	(812)
Adjustment	-	-	(5)	(1)	-	-	-	-	-	-	-	(6)
Transfer to investment properties	-	(1,323)	(182)	-	-	-	-	-	-	-	-	(1,505)
Transfer to inventories	-	-	-	-	(1,565)	-	-	-	-	-	-	(1,565)
At 31 December 2011/ 1 January 2012	-	429	2,497	1,681	22,600	25,492	2,359	14,846	56,025	111	-	126,040
Charge for the year	-	37	377	173	8,862	3,462	706	4,289	31,957	8	-	49,871
Disposals	-	-	-	-	(6,111)	(366)	(59)	(2,125)	(2,546)	(13)	-	(11,220)
Reclassification	-	-	-	-	-	5	(5)	481	(481)	-	-	-
Write-off	-	-	-	-	(94)	(796)	(156)	-	-	(106)	-	(1,152)
At 31 December 2012	**-**	**466**	**2,874**	**1,854**	**25,257**	**27,797**	**2,845**	**17,491**	**84,955**	**-**	**-**	**163,539**
Group Carrying amounts												
At 31 December 2011	15,437	1,890	10,956	495	30,107	7,240	2,122	19,892	119,339	11	1,770	209,259
At 31 December 2012	**15,437**	**1,819**	**12,317**	**887**	**28,229**	**8,267**	**2,232**	**19,141**	**122,760**	**-**	**-**	**211,089**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2011	861	390	860	2,111
Additions	-	53	587	640
Disposals	-	-	(283)	(283)
At 31 December 2011/1 January 2012	861	443	1,164	2,468
Additions	4	57	155	216
Disposals	(24)	(13)	-	(37)
Write off	-	(1)	-	(1)
At 31 December 2012	841	486	1,319	2,646
Accumulated depreciation				
At 1 January 2011	842	222	248	1,312
Charge for the year	13	51	227	291
Disposals	-	-	(124)	(124)
At 31 December 2011/1 January 2012	855	273	351	1,479
Charge for the year	6	51	143	200
Disposals	(24)	(4)	-	(28)
Write off	-	-	-	-
At 31 December 2012	837	320	494	1,651
Net carrying amount				
At 31 December 2011	6	170	813	989
At 31 December 2012	4	166	825	995

	Net carrying amount 2012 RM'000	Net carrying amount 2011 RM'000
The Group's buildings are situated as follows:		
On leasehold land	2,661	1,059
On freehold land	9,421	9,656
In a multi-storey office complex with strata title	235	241
	12,317	10,956

3. INVESTMENT PROPERTIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	22,700	-	22,700	22,200
Transfer from property, plant and equipment	-	9,995	-	-
Increase resulting from accumulated revaluation	-	12,205	-	-
Changes in fair value for the year	10,400	500	10,400	500
Transferred to assets classified as held for sale	-	-	(33,100)	-
At 31 December	33,100	22,700	-	22,700
Investment properties comprise:				
Long term leasehold land	30,300	19,900	-	19,900
Buildings	2,800	2,800	-	2,800
	33,100	22,700	-	22,700

The fair value of the investment properties at 31 December 2012 is based on a valuation carried out by Rahim & Co Chartered Surveyors Sdn Bhd on 26 September 2012.

4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	158,103	153,408
Less: Accumulated impairment loss	(27,895)	(24,986)
	130,208	128,422

The subsidiary companies are as follows:

	Equity interest 2012 %	Equity interest 2011 %	Country of incorporation	Principal activities
Tung Pao Sdn Bhd +	100	100	Malaysia	Distribution and sale of healthcare and consumer products
HairBiz College of Hairdressing Professionals Sdn Bhd +	100	100	Malaysia	Inactive
Tan Chong Apparels Sdn Bhd +	100	100	Malaysia	Inactive
Tan Chong Apparels Manufacturer Sdn Bhd +	100	100	Malaysia	Manufacture of ladies undergarments

4. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

	Equity interest 2012 %	Equity interest 2011 %	Country of incorporation	Principal activities
TCIM Sdn Bhd +	100	100	Malaysia	Distribution, sale and rental of material handling equipment, agriculture tractors, engine, construction equipment and parts as well as provision of after sales services
TCIM Esasia Sdn Bhd (70% equity is held by TCIM Sdn Bhd)	70	70	Malaysia	Inactive
Jentrakel Sdn Bhd +	100	100	Malaysia	Rental and sale of industrial machinery and equipment
Mayflower Acme Tours Sdn Bhd +	100	100	Malaysia	Operation of inbound and outbound tours, rental of cars and coaches as well as air-ticketing services
Discovery Tours (Sabah) Sdn Bhd (100% of equity is held by Mayflower Acme Tours Sdn Bhd)	100	100	Malaysia	Operation of inbound and outbound tours, rental of cars and coaches as well as air-ticketing services
Warisan Captive Incorporated	100	100	Labuan Malaysia	Underwriting of captive insurance
Belize Holdings Sdn Bhd +	100	100	Malaysia	Investment holding
Excess Line Sdn Bhd	100	100	Malaysia	Inactive
Comit Communication Technologies (M) Sdn Bhd +	100	100	Malaysia	Property holding
Virtual Travel Sdn Bhd +	100	100	Malaysia	Inactive
Grooming Expert Sdn Bhd +	100	100	Malaysia	Hairdressing salons and beauty parlours
Angka-Tan Motor Sdn Bhd +	100	100	Malaysia	Assembly, distribution and sale of commercial vehicles
Mayflower (Labuan) Pte Ltd	100	100	Labuan Malaysia	Investment holding
Mayflower-My 2nd Home (MM2H) Sdn Bhd	100	100	Malaysia	Dormant
TC Machinery Vietnam Pte Ltd *	100	100	Vietnam	Manufacturing, assembly, distribution, sale, maintaining and repairing of generator sets, air compressors, garage lifts and light duty cultivators
Mayflower Holidays Sdn Bhd	100	100	Malaysia	Dormant

4. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

	Equity interest 2012 %	Equity interest 2011 %	Country of incorporation	Principal activities
Warisan Automotif Holdings Sdn Bhd	100	100	Malaysia	Dormant
ATM (Labuan) Pte Ltd	100	100	Labuan Malaysia	Dormant
Mayflower Corporate Travel Services Sdn Bhd	100	100	Malaysia	Operation of inbound tours and provision of air-ticketing services
Kereta Komersil Seladang (M) Sdn Bhd	70	70	Malaysia	Manufacturing, assembly and sale of commercial vehicles
MAT (Labuan) Pte Ltd	100	100	Labuan Malaysia	Investment holding
MAT Tours And Travel (Cambodia) Pte Ltd *	100	100	Cambodia	Dormant
Mayflower ITravel Sdn Bhd	100	100	Malaysia	Dormant
TCIM (Labuan) Pte Ltd	100	-	Labuan Malaysia	Dormant
WTC Automotif (M) Sdn Bhd	100	-	Malaysia	Dormant
Warisan TC Management Services Sdn Bhd	100	-	Malaysia	Dormant

+ *Subsidiary companies which are consolidated on the merger method of accounting*

* *Not audited by Mazars*

5. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	24,568	24,568

The jointly controlled entities, all incorporated in Malaysia, are as follows:

Name	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %	Principal activities
Wacoal Malaysia Sdn Bhd	50	50	Distribution and sale of ladies undergarments
Shiseido Malaysia Sdn Bhd **	50	50	Distribution and sale of cosmetics and consumer products

** *Not audited by Mazars*

6. INTANGIBLE ASSETS

	Goodwill RM'000	Group Licence RM'000	Total RM'000
Cost			
At 1 January 2011	14,375	700	15,075
Addition	-	-	-
At 31 December 2011/31 December 2012	14,375	700	15,075

Impairment testing of goodwill

Goodwill acquired has been allocated to the following cash-generating units ("CGU"):

	2012 RM'000	2011 RM'000
Inbound tours and air-ticketing services	8,431	8,431
Cosmetics and consumer products	4,183	4,183
Ladies undergarments	1,761	1,761
	14,375	14,375

Recoverable amount based on value-in-use

The recoverable amounts of the above CGU are determined based on value-in-use calculations using cash flow projections covering three to five years. The growth rates used for the cash flow projections ranges between 0% and 7%.

The value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on a pre-tax discount rate of 10% to 17%.

Sensitivity to changes in assumptions

In assessing the value-in-use, management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

7. DEFERRED TAX ASSETS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	893	471	112	112
Origination/(Reversal) for the year (net)	58	422	(46)	-
At 31 December	951	893	66	112

The Group has recognised the deferred tax assets as it is probable that its existing business would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

7. DEFERRED TAX ASSETS (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
The deferred tax assets arose from:				
Deductible temporary differences	1,330	1,246	200	163
Taxable temporary differences between net carrying amount and tax written down value of property, plant and equipment	(379)	(353)	(134)	(51)
	951	893	66	112

The following temporary differences exist as at 31 December the deferred tax benefits of which have not been recognised in the financial statements:

	Group	
	2012 RM'000	2011 RM'000
Deductible temporary differences		
- between net carrying amount and tax written down value of property, plant and equipment	(652)	(560)
- unutilised tax losses	9,780	7,726
- unabsorbed capital allowances	2,552	3,112
- other temporary differences	1,040	510
	12,720	10,788

8. FINANCE LEASE RECEIVABLES

	Group	
	2012 RM'000	2011 RM'000
Finance lease instalments receivable		
- later than one year	11,407	14,373
- later than one year but not later than five years	4,747	7,862
	16,154	22,235
Unexpired term charges	(1,091)	(1,485)
Outstanding principal	15,063	20,750
Outstanding principal receivable not later than one year *(see note 11)*	(10,668)	(13,498)
Outstanding principal receivable later than one year but not later than five years	4,395	7,252

The interest rate of the finance leases is 5% - 6% (2011: 5% - 6%) per annum depending on the amount financed and the tenure of the lease.

9. OTHER INVESTMENTS

	Group 2012 RM'000	Group 2011 RM'000
<u>Classified as available-for-sale financial assets</u>		
Unquoted shares, at cost	10	10
Transferable recreation club membership fee, at cost	25	25
	35	35

10. INVENTORIES

Group	2012 At cost RM'000	2012 At net realisable value RM'000	2012 Total RM'000	2011 At cost RM'000	2011 At net realisable value RM'000	2011 Total RM'000
Raw materials	1,901	212	2,113	1,627	1,050	2,677
Work-in-progress	104	-	104	126	-	126
Equipment and machinery	71,475	8,453	79,928	55,867	7,201	63,068
Trading inventories	7,085	6,222	13,307	11,476	1,137	12,613
Spare parts and workshop inventories	15,817	2,410	18,227	10,780	2,066	12,846
Commercial vehicles	4,319	-	4,319	2,714	-	2,714
CKD kits and accessories	11,815	-	11,815	10,319	-	10,319
	112,516	17,297	129,813	92,909	11,454	104,363

11. TRADE AND OTHER RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Gross trade receivables	100,997	88,166	-	-
Allowance for doubtful debts	(3,460)	(2,981)	-	-
	97,537	85,185	-	-
Finance lease receivables *(see note 8)*	10,668	13,498	-	-
Other receivables	3,775	3,395	-	4
Sundry deposits	1,995	2,045	54	65
Prepayments	4,493	9,787	28	74
Subsidiary companies	-	-	6,319	5,453
Jointly controlled entities	814	354	-	6
Related parties	182	2,987	109	-
	119,464	117,251	6,510	5,602

11. TRADE AND OTHER RECEIVABLES (continued)

Customers are granted credit periods of between 30 to 60 days. For major established customers, the credit terms may be extended to 90 days based on the discretion of management.

The amount owing by subsidiary companies are unsecured, non trade receivables which are interest free and receivable on demand.

The amount owing by jointly controlled entities comprises:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	814	348	-	-
Non trade receivables	-	6	-	6
	814	354	-	6

The non trade receivables are unsecured, interest free and receivable on demand. The trade accounts have normal credit period of 30 to 60 days.

The amount owing by related parties in which a Director of the Company has substantial interest are trade receivables which are unsecured, interest free and have a normal credit period of 60 - 120 days.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term investments	13,666	16,341	1,486	2,423
Fixed deposits with licensed banks	33,516	38,641	129	126
Cash and bank balances	50,600	44,821	1,590	1,997
	97,782	99,803	3,205	4,546

The short term investments represent investments in short term funds which are managed and invested into fixed income securities and money market instruments by fund management companies. The short term funds are readily convertible to cash.

Fixed deposits are placed with licensed banks with effective interest rates ranging from 0.25% to 3.20% (2011: 0.24% to 3.4%). All deposits had maturity periods of less than one year.

13. ASSETS CLASSIFIED AS HELD FOR SALE

Land and buildings held by the Company are presented as assets held for sale during the financial year following the commitment of the Company's management to a plan to sell the assets. The Company entered into an Agreement To Transfer with its wholly-owned subsidiary, Comit Communication Technologies (M) Sdn Bhd ("Comit") on 3 January 2013 to transfer the property to the latter for a total consideration of RM33.1 million satisfied by the issuance of 33,100,000 new ordinary shares of RM1.00 each in Comit to the Company at an issue price of RM1.00 per share.

13. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

	Company 2012 RM'000
Transfer from investment properties	
Long term leasehold land	30,300
Buildings	2,800
	33,100

14. SHARE CAPITAL

	Group and Company	
	2012 RM'000	2011 RM'000
Authorised		
100,000,000 ordinary shares of RM1 each	100,000	100,000
Issued and fully paid		
67,200,000 ordinary shares of RM1 each	67,200	67,200

15. TREASURY SHARES

	Group and Company			
	Number of shares		At cost	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
At 1 January	2,039	1,992	4,051	3,933
Additions	30	47	77	118
At 31 December	2,069	2,039	4,128	4,051

The treasury shares have no rights to voting, dividends or participation in other distribution.

16. HEDGING RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

17. BANK TERM LOANS (unsecured)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Repayments due within the next 12 months *(see note 21)*	44,928	40,219	6,486	4,865
Repayments due after 12 months	57,931	85,635	8,649	15,135
	102,859	125,854	15,135	20,000

The long term loans bear interest as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 3.88% per annum	1,938	5,274	-	-
At 4.40% per annum	17,225	-	-	-
At 4.67% per annum	30,826	40,000	-	-
At 4.70% per annum	2,593	7,037	-	-
At 4.93% per annum	8,182	11,455	-	-
At 4.95% per annum	17,550	27,510	-	-
At 4.98% per annum	15,135	20,000	15,135	20,000
At 5.10% per annum	1,065	3,287	-	-
At 5.14% per annum	8,345	11,291	-	-
	102,859	125,854	15,135	20,000

18. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined benefit plan for staff whose entitlements are calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The movements during the financial year and the amounts recognised in the statement of financial position are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	2,522	2,303	425	467
Charged to profit or loss	404	394	-	-
Reversal	(17)	(42)	(17)	(42)
Retirement benefits paid	(73)	(133)	-	-
At 31 December	2,836	2,522	408	425

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

At 31 December, the provision for retirement benefits recognised in the statement of financial position is analysed as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Present value of unfunded obligations	2,836	2,522	408	425

The expense recognised in profit or loss is analysed as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current service cost	309	273	29	27
Interest cost	115	120	9	7
Actuarial (loss)/gain	(37)	(41)	(55)	(76)
Total included in employee costs	387	352	(17)	(42)

The principal actuarial assumptions used in respect of the defined benefit plan were as follows:

	2012	2011
Discount rate	5.9%	5.9%
Expected rate of salary increases	6.0%	6.0%
Price inflation	3.5%	3.5%

19. DEFERRED TAX LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
At 1 January	17,770	13,871
Origination for the year (net)	2,206	3,899
At 31 December	19,976	17,770

The deferred tax liabilities arose from:

Taxable temporary differences		
- between net carrying amount and tax written down value of property, plant and equipment	22,142	22,084
Deductible temporary differences on		
- unutilised tax losses	-	(29)
- unabsorbed capital allowances	(167)	(2,212)
- other temporary differences	(1,999)	(2,073)
	19,976	17,770

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	48,782	38,490	-	-
Other payables	15,217	14,534	970	715
Deposits received	16,441	18,079	92	-
Accruals	19,390	17,988	1,038	82
Subsidiary companies	-	-	3,592	1,658
Jointly controlled entities	2	-	2	-
Related parties	4,318	2,608	4,244	2,577
	104,150	91,699	9,938	5,032

The normal credit periods granted by trade suppliers range from 30 to 120 days.

The amount owing to subsidiary companies comprises non trade payables which are unsecured and interest free except for an amount of RM3,200,000 (2011: RM1,200,000) which is subject to interest fixed at 3% (2011: 3%) per annum. The non trade payables are payable on demand.

The related parties are companies in which a Director of the Company has substantial interest. The amounts owing to the related parties represent non trade payables which are unsecured, interest free and payable on demand.

21. BANK BORROWINGS (unsecured)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current portion of long term loans *(see note 17)*	44,928	40,219	6,486	4,865
Bankers' acceptances	38,716	50,168	-	-
Revolving credits	70,500	38,500	-	-
	154,144	128,887	6,486	4,865

The bankers' acceptances are supported by a negative pledge over a subsidiary company's current and future assets.

The bankers' acceptances bear effective interest rates ranging between 3.35% to 4.08% (2011: 3.10% to 4.20%).

Revolving credits bear effective interest rates at 3.79% to 4.35% (2011: 3.47% to 4.35%) per annum.

22. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gross dividends from subsidiary companies	-	-	17,726	13,193
Gross dividends from jointly controlled entities	-	-	1,803	1,726
Sales of goods	282,725	241,359	-	-
Sale proceeds from disposal of assets held for rental	3,298	12,717	-	-
Services rendered including car hire income	224,110	207,622	1,781	1,739
Finance lease income	1,128	1,233	-	-
Operating lease income	5,179	7,492	-	-
	516,440	470,423	21,310	16,658

23. PROFIT FROM OPERATIONS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit from operations is stated after charging:				
Allowance for doubtful debts	697	619	-	-
Auditors' remuneration				
- statutory audit	216	197	30	27
- other fee	14	-	13	-
Bad debts written off	45	8	-	-
Depreciation of property, plant and equipment	49,871	43,921	200	291
Directors' remuneration				
- fees	131	131	131	131
- other emoluments	2,981	4,069	1,527	2,559
Direct operating expenses on rental income generating investment properties	83	26	83	26
Impairment in value of investment in subsidiary companies	-	-	2,909	3,020
Inventories written off/down	2,399	2,389	-	-
Loss on disposal of property, plant and equipment	62	97	-	62
Property, plant and equipment written off	58	352	1	-
Rental expense				
- land and buildings	3,565	2,671	16	46
- car park	59	53	-	-
- car	-	-	-	12
- equipment	460	198	-	-
Retirement benefit obligations	404	394	-	-
Unrealised loss on foreign exchange, net	-	134	-	-
and crediting:				
Allowance for doubtful debts written back	207	461	-	-
Bad debts recovered	104	5	-	-
Distribution income from short term investments	425	433	62	124
Gain on disposal of property, plant and equipment	1,144	1,352	-	-
Gain on disposal of assets held for rental	1,791	2,802	-	-

23. PROFIT FROM OPERATIONS (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on foreign exchange, net				
- realised	2,227	600	-	-
- unrealised	232	-	-	-
Gain on fair value adjustment on investment properties	10,400	500	10,400	500
Interest income from				
- fixed deposits	1,755	1,737	33	379
- subsidiaries	-	-	6	85
Rental income from				
- asset held for sale	-	-	413	-
- investment properties	367	-	-	166
- land and buildings	38	56	-	-
Reversal of retirement benefit obligations	17	42	17	42

Directors' remuneration of the Group and the Company does not include the estimated monetary value of benefits-in-kind amounted to RM74,543 and RM18,147 (2011 : RM90,214 and RM41,181) respectively.

24. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest paid and payable on:				
Bank term loans	5,573	5,223	904	1,026
Bankers' acceptances	2,198	1,658	-	-
Revolving credits	2,009	1,757	-	-
Others	425	45	320	365
	10,205	8,683	1,224	1,391

25. TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian taxation based on results for the year				
- current	7,257	3,934	1,067	363
- deferred	2,379	4,136	(32)	-
	9,636	8,070	1,035	363
Under/(Over) provision in prior years				
- current	(109)	1,498	(64)	(55)
- deferred	(152)	(659)	78	-
	9,375	8,909	1,049	308

Domestic tax rate is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

25. TAX EXPENSE (continued)

The reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Accounting profit	39,022	22,638	20,048	4,328
Tax at applicable tax rates	9,756	5,659	5,012	1,082
Tax effect of expenses not deductible in determining taxable profit	4,163	4,017	570	1,274
Tax effect of income not taxable in determining taxable profit	(4,680)	(2,236)	(4,547)	(1,966)
Change in unrecognised temporary differences	483	630	-	(27)
Tax effect of different tax rates of subsidiaries	(86)	-	-	-
(Over)/Under provision in prior years	(261)	839	14	(55)
Tax expense for the year	9,375	8,909	1,049	308

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends, the entire retained earnings of the Company is available for distribution by way of dividends without incurring additional tax liability.

26. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's profit for the year attributable to shareholders of the Company of RM29,651,000 (2011: RM13,700,000) by the weighted average number of shares in issue of 65,140,717 (2011: 65,188,050). The weighted average number of shares in issue is calculated as follows:

	2012	2011
Number of ordinary shares at 1 January	67,200,000	67,200,000
Weighted average effect of treasury shares held	(2,059,283)	(2,011,950)
Weighted average number of ordinary shares at 31 December	65,140,717	65,188,050

27. DIVIDENDS

	2012 RM'000	2011 RM'000
In respect of the financial year ended 31 December 2010:		
Final dividend of 6% less 25% income tax	-	2,934
In respect of the financial year ended 31 December 2011:		
Interim dividend of 6% less 25% income tax	-	2,933
Final dividend of 6% less 25% income tax	2,931	-
In respect of the financial year ended 31 December 2012:		
Interim dividend of 6% less 25% income tax	2,931	-
	5,862	5,867

Subsequent to 31 December 2012, the Directors proposed a final dividend of 6% less 25% income tax in respect of the financial year ended 31 December 2012.

28. INCORPORATION OF SUBSIDIARIES

(i) On 29 March 2012, a new wholly-owned subsidiary, TCIM (Labuan) Pte Ltd ("TCIM Labuan") was incorporated with a paid up capital of USD1.00 to cater for the Group's expansion needs. The intended principal activities of TCIM Labuan is investment holding. The issued and paid-up share capital of TCIM Labuan is USD1 (approximately RM3.058) as at 31 December 2012.

(ii) On 17 July 2012, a new wholly-owned subsidiary, WTC Automotif (M) Sdn Bhd ("WTCA") was incorporated to cater for the Group's business needs. The intended principal activities of WTCA are to carry on business of manufacturing, assembly, distribution and sale of passenger and commercial vehicles. The issued and paid-up share capital of WTCA is RM2 as at 31 December 2012.

(iii) On 20 December 2012, a new wholly-owned subsidiary, Warisan TC Management Services Sdn Bhd ("WTCMS") was incorporated to cater for the Group's business needs. The intended principal activity of WTCMS is to carry on the business of provision of management services. The issued and paid-up share capital of WTCMS is RM2 as at 31 December 2012.

29. EMPLOYEE INFORMATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Employee costs	74,463	70,180	4,114	4,728

Included in the employee costs are:

EPF contributions	7,275	6,719	465	469
Defined benefit plan provisions	387	352	(17)	(42)

30. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has related party relationships with its direct and indirect subsidiaries, jointly controlled entities, and companies in which a Director of the Company has substantial interest.

These related party transactions have been entered into in the normal course of business and have been established under negotiated terms.

Significant related party transactions during the financial year were as follows:

(a) Transactions with subsidiary companies

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest received and receivable	-	-	6	85
Management fee received and receivable	-	-	1,781	1,739
Rental received and receivable	-	-	413	166
Interest paid and payable	-	-	61	379
Dividend received	-	-	17,726	13,193

(b) Transactions with jointly controlled entities

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales	6,572	6,311	-	-
Travel agency, car rental and workshop services	1,108	1,445	-	-
Purchase of products	380	210	-	-
Dividend received	-	-	1,803	1,726

notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2012

30. RELATED PARTY DISCLOSURES (continued)

(c) Transactions with Tan Chong Motor Holdings Berhad ("TCMH") and APM Automotive Holdings Berhad ("APM") Groups, companies in which a Director of the Company namely Dato'Tan Heng Chew is deemed to have substantial financial interests.

With TCMH Group

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales	41,329	21,718	-	-
Travel agency, car rental and workshop services	4,445	4,896	-	-
Rental income	516	33	417	-
Purchase of trucks	888	1,307	-	-
Purchase of spare parts	1,015	341	-	-
Workshop services	1,934	1,630	19	20
Rental expense	97	74	15	15
Purchase of property, plant and equipment	26,175	26,240	-	587
Insurance agency services	3,311	2,679	71	58
Administrative services*	2,806	3,350	1,825	1,849
Assembly services	3,682	5,380	-	-

* Included in administrative services expenses is an amount of RM349,132 (2011: Nil) paid/payable to TCMH Group in respect of the services provided to the Group by a director of the Company.

With APM Group

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales	1	90	-	-
Travel agency, car rental and workshop services	2,029	1,402	-	-
Rental income	636	-	-	-
Purchase of spare parts	20	143	-	-
Workshop services	8	-	-	-

Information regarding outstanding balances arising from related party transactions at reporting date is disclosed in the respective notes to the financial statements

31. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management personnel comprises the Director (whether executive or otherwise) of the Company and certain senior management personnel of the Group.

Compensation paid to key management personnel during the year comprises:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits (salaries, allowances, bonuses and benefits-in-kind)	4,133	5,380	1,834	2,775
Post-employment benefits				
- EPF	495	603	199	317
- Defined benefit plan provisions	-	97	-	-
	4,628	6,080	2,033	3,092
Directors	3,187	4,290	1,676	2,731
Other key management personnel	1,441	1,790	357	361
	4,628	6,080	2,033	3,092

32. COMMITMENTS

	Group	
	2012 RM'000	2011 RM'000
Capital commitments		
Contracted capital expenditure not provided for in the financial statements	16,718	6,400

Operating lease commitments

(i) The Group as lessor

The Group has entered into commercial vehicle leases to earn rental income. These leases have remaining non-cancelled lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge after expiry, based on prevailing market conditions.

The future minimum lease rentals receivable under non-cancellable leases are as follows:

	2012 RM'000	2011 RM'000
Not later than one year	40,557	41,589
Later than one year but not later than five years	45,724	58,076
	86,281	99,665

32. COMMITMENTS (continued)

(ii) The Group as lessee

The Group leases office premises from various parties under non-cancellable operating leases for its operations. The leases have tenures of between 1 and 5 years, with an option to renew after expiry. Any increase in lease payments is negotiated and normally reflects market rentals.

The future minimum lease payments under the above non-cancellable operating leases are as follows:

	2012 RM'000	2011 RM'000
Not later than one year	2,366	1,825
Later than one year but not later than five years	1,707	1,482
	4,073	3,307

33. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Loans and receivables (L&R);
(ii) Available-for-sale financial assets (AFS);
(iii) Other liabilities (OL)

	2012			2011		
	Carrying amount RM'000	L&R RM'000	AFS RM'000	Carrying amount RM'000	L&R RM'000	AFS RM'000
Financial assets:						
Assets as per statement of financial position						
Group						
Other investments	35	-	35	35	-	35
Finance lease receivables	4,395	4,395	-	7,252	7,252	-
Trade and other receivables, excluding prepayments	114,971	114,971	-	107,464	107,464	-
Derivative financial assets	35	35	-	118	118	-
Cash and cash equivalents	97,782	97,782	-	99,803	99,803	-
	217,218	217,183	35	214,672	214,637	35
Company						
Trade and other receivables, excluding prepayments	6,482	6,482	-	5,528	5,528	-
Cash and cash equivalents	3,205	3,205	-	4,546	4,546	-
	9,687	9,687	-	10,074	10,074	-

33. FINANCIAL INSTRUMENTS (continued)

(a) Classification of financial instruments

	2012 Carrying amount RM'000	2012 OL RM'000	2011 Carrying amount RM'000	2011 OL RM'000
Financial liabilities:				
Liabilities as per statement of financial position				
Group				
Loans and borrowings	212,075	212,075	214,522	214,522
Trade and other payables	104,150	104,150	91,699	91,699
Derivative financial liabilities	414	414	182	182
	316,639	316,639	306,403	306,403
Company				
Loans and borrowings	15,135	15,135	20,000	20,000
Trade and other payables	9,938	9,938	5,032	5,032
	25,073	25,073	25,032	25,032

(b) Fair value of financial instruments

The carrying amounts of each cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares and club membership due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
2012				
Financial assets:				
Finance lease receivables	4,395	4,252	-	-
Financial liabilities:				
Bank term loans	102,859	102,944	15,135	15,183
2011				
Financial assets:				
Finance lease receivables	7,252	7,017	-	-
Financial liabilities:				
Bank term loans	125,854	126,034	20,000	20,098

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Interest rate risk
(d) Foreign currency risk

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, loans and advances to subsidiaries. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counter parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. Loans and advances are only provided to subsidiaries which are wholly-owned by the Company.

At reporting date, the Group and the Company did not have any significant exposure to any individual customer or counter party or any major concentration of credit risk related to any financial asset.

Aging analysis of trade receivables

The aging analysis of the Group's trade receivables is as follows:

Group

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2012				
Not past due	54,660	(44)	(75)	54,541
Past due 0-30 days	25,935	(44)	(11)	25,880
Past due 31-120 days	21,643	(346)	(12)	21,285
Past due more than 120 days	9,427	(2,127)	(801)	6,499
	111,665	(2,561)	(899)	108,205
2011				
Not past due	58,018	-	(74)	57,944
Past due 0-30 days	17,973	-	(15)	17,958
Past due 31-120 days	17,728	-	(46)	17,682
Past due more than 120 days	7,945	(1,026)	(1,820)	5,099
	101,664	(1,026)	(1,955)	98,683

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

The movements in the allowance for impairment losses of trade receivables during the year were:

Group	2012 RM'000	2011 RM'000
At 1 January	2,981	2,898
Impairment loss recognised	697	619
Impairment loss reversed	(207)	(461)
Impairment loss written off	(11)	(75)
At 31 December	3,460	2,981

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	104,150	-	-	104,150
Loans and borrowings	159,637	60,287	-	219,924
Total	263,787	60,287	-	324,074
Company				
Financial liabilities:				
Trade and other payables	9,938	-	-	9,938
Loans and borrowings	7,091	8,953	-	16,044
Total	17,029	8,953	-	25,982

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

2011	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	91,699	-	-	91,699
Loans and borrowings	135,218	91,028	-	226,246
Total	226,917	91,028	-	317,945
Company				
Financial liabilities:				
Trade and other payables	5,032	-	-	5,032
Loans and borrowings	5,780	16,044	-	21,824
Total	10,812	16,044	-	26,856

(c) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk. The Group's policy is to manage interest cost using a mix of fixed and floating debts.

The Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date was:

	2012 RM'000	2011 RM'000
Fixed rate instruments		
Financial assets	48,500	59,391
Financial liabilities	(100,266)	(118,817)
	(51,766)	(59,426)
Floating rate instruments		
Financial liabilities	(111,809)	(95,705)

<u>Sensitivity analysis for interest rate risk</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A sensitivity analysis has been performed on the variable rate borrowings of the Group as at the reporting date. A change of 50 basis points in interest rate at the reporting date would have increased (decreased) post-tax profit or loss by RM419,284, with all other variables remain constant.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Renminbi (RMB), Japanese Yen (JPY), Euro and Singapore Dollar (SGD).

The Group hedges at least 50 percent of its foreign currency denominated trade receivables and trade payables. At any point in time the Group also hedges 50 percent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following six months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date was:

Group	**2012 Denominated in**				
	USD	**SGD**	**RMB**	**Euro**	**JPY**
In thousands RM					
Trade receivables	413	8	382	-	-
Trade payables	(2,907)	(15)	-	(577)	(2,532)
Net exposure	(2,494)	(7)	382	(577)	(2,532)

Group	**2011 Denominated in**					
	USD	**SGD**	**RMB**	**Euro**	**JPY**	**GBP**
In thousands RM						
Trade receivables	1,922	8	588	-	-	-
Trade payables	(1,424)	(10)	-	(31)	(3,442)	(12)
Net exposure	498	(2)	588	(31)	(3,442)	(12)

Sensitivity analysis for foreign currency risk

A sensitivity analysis has been performed on the outstanding foreign currency receivables and payables of the Group as at reporting date.

A 10 percent strengthening of the above mentioned foreign currencies against Ringgit Malaysia (RM) at the reporting date would have decreased post-tax profit or loss by RM247,818 with all other variables remain constant.

A 10 percent weakening of the above mentioned foreign currencies against Ringgit Malaysia (RM) at the reporting date would have had equal but opposite effect on the above currencies to the amounts shown above, with all other variables remain constant.

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns.

35. CAPITAL MANAGEMENT (continued)

During 2012, the Group's strategy, which was unchanged from 2011, was to maintain the gearing ratio at the lower end range within 0.2: 1 to 0.5: 1. The gearing ratios at 31 December are as follows:

	2012 RM'000	2011 RM'000
Loans and borrowings *(notes 17 and 21)*	212,075	214,522
Less : Cash and cash equivalents	(97,782)	(99,803)
Net debt	114,293	114,719
Total equity	277,350	254,287
Gearing ratio	41%	45%

36. SEGMENTAL ANALYSIS

	Machinery		Travel and car rental		Consumer products		Automotive		Other operations		Total	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Segment profit	26,777	23,467	55,926	49,631	7,479	5,380	1,853	671	132	400	92,167	79,549
Included in the measure of segment profit are:												
Revenue from external Customers	204,901	184,228	202,069	197,109	64,801	63,981	41,446	22,295	3,223	2,810	516,440	470,423
Inter-segment revenue	-	-	1,199	1,316	-	-	-	218	-	-	1,199	1,534
Inventories written off/down	(456)	(453)	-	-	(1,943)	(1,877)	-	-	-	-	(2,399)	(2,330)
Not included in the measure of segment profit but provided to Chief Executive Officer:												
Depreciation and amortisation	(10,495)	(10,019)	(36,394)	(30,869)	(1,996)	(2,250)	(477)	(308)	(309)	(184)	(49,671)	(43,630)
Finance costs	(4,942)	(3,328)	(3,759)	(4,206)	-	-	(336)	(123)	-	-	(9,037)	(7,657)
Finance income	1,002	763	355	543	695	348	9	-	24	13	2,085	1,667
Income tax expense	(3,482)	(3,895)	(4,867)	(5,091)	(1,866)	(1,369)	(463)	(115)	(22)	(20)	(10,700)	(10,490)
Segment assets	240,585	223,637	219,813	220,648	73,695	73,707	34,666	26,138	7,282	6,431	576,041	550,561
Included in the measure of segment assets are:												
Additions to non-current assets other than financial instruments and deferred tax assets	13,456	17,415	42,042	76,123	1,870	2,485	421	1,445	349	354	58,138	97,822

36. SEGMENTAL ANALYSIS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items:

	2012 RM'000	2011 RM'000
Profit or loss		
Total profit or loss for reportable segments	92,167	79,549
Depreciation and amortisation	(49,871)	(43,921)
Finance costs	(10,205)	(8,683)
Finance income	2,180	2,170
Non reportable segment income/(expenses)	4,751	(6,477)
Consolidated profit before tax	39,022	22,638

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2012						
Total reportable segments	516,440	(49,671)	(9,037)	2,085	576,041	58,138
Other non-reportable segments	-	(200)	(1,168)	95	43,244	216
Consolidated total	516,440	(49,871)	(10,205)	2,180	619,285	58,354
2011						
Total reportable segments	470,423	(43,630)	(7,657)	1,667	550,561	97,822
Other non-reportable segments	-	(291)	(1,026)	503	32,110	640
Consolidated total	470,423	(43,921)	(8,683)	2,170	582,671	98,462

37. EXPLANATION OF TRANSITION FROM FRS TO MFRS

As stated in note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRS. An explanation of how the transition from previous FRS to MFRS has affected the Group's equity is set out below.

37. EXPLANATION OF TRANSITION FROM FRS TO MFRS (continued)

Reconciliation of Equity

At the date of transition to MFRS, the cumulative translation reserve of RM662,000 is adjusted to retained earnings. The reconciliation of equity for comparative periods and of equity at date of transition reported under FRS to those reported for periods and at the date of transition under MFRS is as follows:

Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 1.1.2011	Effect of transition to MFRS	MFRS as at 1.1.2011
Equity			
Translation reserve	(662)	662	-
Retained earnings	212,215	(662)	211,553

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.2011	Effect of transition to MFRS	MFRS as at 31.12.2011
Equity			
Translation reserve	(481)	662	181
Retained earnings	220,048	(662)	219,386

38. CHANGES IN COMPARATIVE INFORMATION

The comparative amounts of the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income and cash flows for the year ended 31 December 2011 have been reclassified to conform with current year presentation.

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Statement of financial position as at 31 December 2011			
Group			
Current Assets			
Fixed deposits	54,982	(54,982)	-
Cash and bank balances	44,821	(44,821)	-
Cash and cash equivalents	-	99,803	99,803
Company			
Current Assets			
Fixed deposits	2,549	(2,549)	-
Cash and bank balances	1,997	(1,997)	-
Cash and cash equivalents	-	4,546	4,546

38. CHANGES IN COMPARATIVE INFORMATION (continued)

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Statement of financial position as at 1 January 2011			
Group			
Current Assets			
Fixed deposits	56,301	(56,301)	-
Cash and bank balances	30,687	(30,687)	-
Cash and cash equivalents	-	86,988	86,988
Company			
Current Assets			
Fixed deposits	18,014	(18,014)	-
Cash and bank balances	2,434	(2,434)	-
Cash and cash equivalents	-	20,448	20,448
Statement of comprehensive income for the year ended 31 December 2011			
Group			
Other income	4,821	(500)	4,321
Fair value gain on investment properties	-	500	500
Company			
Other income	1,297	(500)	797
Fair value gain on investment properties	-	500	500
Statement of cash flows for the year ended 31 December 2011			
Group			
Short term investments	-	16,341	16,341
Fixed deposits with licensed banks	54,982	(16,341)	38,641
Company			
Short term investments	-	(2,423)	2,423
Fixed deposits with licensed banks	2,549	(2,423)	126

39. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The Company had on 3 January 2013 entered into an Agreement To Transfer with its wholly-owned subsidiary, Comit Communication Technologies (M) Sdn Bhd ("Comit") for the transfer of a long term leasehold land and buildings for a total consideration of RM33.1 million and was satisfied by the issuance of 33,100,000 new ordinary shares of RM1.00 each in Comit to the Company at an issue price of RM1.00 per share.

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 17 April 2013 by the Board of Directors.

41. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012, into realised and unrealised profits/losses, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits				
Realised	252,242	242,491	92,980	90,289
Unrealised	(7,660)	(15,480)	21,091	10,645
	244,582	227,011	114,071	100,934
Total share of retained profits from jointly controlled entities				
Realised	12,704	9,397	-	-
Unrealised	343	373	-	-
	13,047	9,770	-	-
Less : Consolidation adjustments	(14,454)	(17,395)	-	-
Total retained profits as per statement of financial position	243,175	219,386	114,071	100,934

The determination of realised and unrealised profits or losses is compiled based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Accordingly, the unrealised retained profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains or losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be used for any other purposes.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Ngu Ew Look and Tan Keng Meng, being two of the Directors of Warisan TC Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 102 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their financial performance and cash flows for the year ended on that date.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Directors in accordance with a Directors' resolution dated 17 April 2013

NGU EW LOOK
Director

TAN KENG MENG
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Ngu Ew Look, being the Director primarily responsible for the financial management of Warisan TC Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 42 to 103 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
on 17 April 2013)
)
)
) **NGU EW LOOK**
)

Before me:

Commissioner for Oaths

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of Warisan TC Holdings Berhad ("Company") will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Thursday, 23 May 2013 at 11:00 a.m. to transact the following businesses:

As Ordinary Business

1. To receive the Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. ***Resolution 1***

2. To declare a final dividend of 6% less income tax for the financial year ended 31 December 2012. ***Resolution 2***

3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 96 of the Company's Articles of Association:

   (i) Mr Ngu Ew Look ***Resolution 3***

   (ii) Datuk Abdullah bin Abdul Wahab ***Resolution 4***

4. To consider and if thought fit, to pass the following resolution:

   "THAT Mr Seow Thiam Fatt be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company." ***Resolution 5***

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

As Special Business

To consider and if thought fit, to pass the following resolutions:

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT, subject to the passing of Resolution 5, approval be hereby given for Mr Seow Thiam Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." ***Resolution 7***

7. **PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

   "THAT, subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***Resolution 8***

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire:

(i) at the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) at the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities." ***Resolution 9***

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.1 of the Circular to Shareholders dated 30 April 2013 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." ***Resolution 10***

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("WTCH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.2 of the Circular to Shareholders dated 30 April 2013 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." ***Resolution 11***

11. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"THAT the Articles of Association of the Company be amended as follows:

(i) By inserting the following new definition immediately after Article 2.11:

<u>Article 2.11A</u>

"Exempt Authorised Nominee" means an Authorised Nominee which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(ii) By substituting the following new Article for Article 70:

<u>Article 70. Proxy need not be a member</u>

70.1 A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

70.2 Subject to Articles 70.3, 70.4, 70.5 and 70.6, a member shall be entitled to appoint not more than two (2) proxies to attend and vote at a meeting of the Company.

70.3 Subject to Articles 70.5 and 70.6, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors requested by the Company pursuant to Article 52.2(ii) for the purposes of the meeting for which the Authorised Nominee is appointing proxies.

70.4 Subject to Articles 70.5 and 70.6, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors requested by the Company pursuant to Article 52.2(ii) for the purposes of the meeting for which the Exempt Authorised Nominee is appointing proxies, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

70.5 Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee pursuant to this Article shall be by a separate instrument of proxy which shall specify:

(i) the securities account number;
(ii) the name of beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
(iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.

70.6 Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected." ***Special Resolution***

12. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Sixteenth Annual General Meeting of Warisan TC Holdings Berhad, a final dividend of 6% less income tax for the financial year ended 31 December 2012 will be paid on 20 June 2013. The entitlement date shall be 30 May 2013.

A depositor shall qualify for the entitlement to the dividend only in respect of:

(1) shares transferred into the depositor's securities account before 4:00 p.m. on 30 May 2013 in respect of ordinary transfers; and
(2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By Order of the Board
ANG LAY BEE (MAICSA 0825641)
CHANG PIE HOON (MAICSA 7000388)
Company Secretaries

Kuala Lumpur
30 April 2013

NOTES:

1. A depositor whose name appears in Record of Depositors of the Company as at 15 May 2013 shall be regarded as a member entitled to attend, speak and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney duly authorised.

4. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of beneficial owner for whom the authorised nominee is acting.

5. Where a member of the Company is an exempt authorised nominee (as defined under the Securities Industry (Central Depositories) Act, 1991) which holds shares in the Company for multiple beneficial owners in one 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.

6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

notice of annual general meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(1) Continuing In Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event that the Company intends to retain the independent director who has served in that capacity for more than nine (9) years.

Following an assessment by the Board, Mr Seow Thiam Fatt who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years as at the date of this Notice, has been recommended by the Board to continue to act as an Independent Non-Executive Director, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for his recommended continuance as an Independent Non-Executive Director are as follows:

(1) He fulfils the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, is able to bring independent and objective judgment to the Board.
(2) His experiences in the relevant industries enable him to provide the Board and Audit Committee, as the case may be, with pertinent expertise, skills and competence.
(3) He has been with the Company long and therefore understands the Company's business operations which enable him to contribute actively and effectively during deliberations at Audit Committee and Board meetings.

(2) Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under normal circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued and paid-up share capital of the Company.

To avoid delay and cost involved in convening a general meeting to approve such issue of shares, the Directors of the Company had obtained the general mandate at the Company's 15th Annual General Meeting held on 24 May 2012 to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being, for such purpose. The Company has not issued any new shares under the general mandate granted to the Directors at the 15th Annual General Meeting which will lapse at the conclusion of the 16th Annual General Meeting to be held on 23 May 2013.

A renewal of the mandate is being sought at the 16th Annual General Meeting under proposed Resolution 8. The renewed mandate, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

(3) Proposed Share Buy-Back

The proposed Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 30 April 2013 despatched together with the Company's 2012 Annual Report.

(4) Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolutions 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on Resolutions 10 and 11 are set out in the Circular to Shareholders dated 30 April 2013 despatched together with the Company's 2012 Annual Report.

(5) Special Resolution - Proposed Amendments to the Articles of Association of the Company

The proposed amendments to the Articles of Association ("Proposed Amendments") are to align the Articles of Association of the Company with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the following which took effect on 3 January 2012:

(1) To allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds. However in order to treat all members pari passu or equally, all members including beneficial owners who hold ordinary shares in the Company, whether through a securities account or an omnibus account, shall be entitled to appoint up to two (2) proxies.

(2) To clarify that proxies have the same right as members to speak at the general meeting.

The full text of the proposed new Article 70 of the Articles of Association of the Company, marked up to show changes from the existing Article 70 is set out below:

Article 70. Proxy need not be a member

70.1 A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

70.2 Subject to Articles 70.3, 70.4, 70.5 and 70.6, a ~~A~~ member shall be entitled to appoint not more than two (2) proxies to attend and vote at a meeting of the Company. ~~except where~~

70.3 Subject to Articles 70.5 and 70.6, where ~~the~~ a member is a Depositor who is also an Authorised Nominee, ~~then~~ the Authorised Nominee may appoint not more than two (2) proxies ~~one proxy~~ in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors requested by the Company pursuant to Article 52.2(ii) for the purposes of the meeting for which the Authorised Nominee is appointing proxies. ~~the proxy Each appointment of proxy by an Authorised Nominee pursuant to this Article shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the Authorised Nominee is acting~~.

70.4 Subject to Articles 70.5 and 70.6, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors requested by the Company pursuant to Article 52.2(ii) for the purposes of the meeting for which the Exempt Authorised Nominee is appointing proxies, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

70.5 Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee pursuant to this Article shall be by a separate instrument of proxy which shall specify:

(i) the securities account number;
(ii) the name of beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
(iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.

70.6 Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

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WARISAN TC HOLDINGS BERHAD (424834-W)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Acoount No.

I/We ____(*name of shareholder, in capital letters*)

NRIC No./Company No. ____(*new*)____________________________(*old*)

of ____

______________________ (*full address*) being a member(s) of WARISAN TC HOLDINGS BERHAD, hereby appoint

____(*name of proxy as per NRIC, in capital letters*)

NRIC No. ____(*new*) _____________________(*old*) or failing him/her

____ (*name of proxy as per NRIC, in capital letters*)

NRIC No. ____(*new*) _____________________(*old*) or failing him/her,

the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Thursday, 23 May 2013 at 11:00 a.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-election of Mr Ngu Ew Look as Director		
Resolution 4	Re-election of Datuk Abdullah bin Abdul Wahab as Director		
Resolution 5	Re-appointment of Mr Seow Thiam Fatt as Director in accordance with Section 129(6) of the Companies Act, 1965		
Resolution 6	Re-appointment of Messrs Mazars as Auditors		
Resolution 7	Continuing in office for Mr Seow Thiam Fatt as an Independent Non-Executive Director		
Resolution 8	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Renewal of Authority for the Company to purchase its own shares		
Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad and its subsidiaries		
Special Resolution	Proposed Amendments to the Company's Articles of Association		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____
Signature/Common Seal

Number of shares held : ____________________

Date : ____________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1	____________________	%
Proxy 2	____________________	%
Total		100 %

Notes:

1. A depositor whose name appears in Record of Depositors of the Company as at 15 May 2013 shall be regarded as a member entitled to attend, speak and vote at the meeting.

2. A member entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote on his behalf. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of its officer or attorney duly authorised.

4. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of beneficial owner for whom the authorised nominee is acting.

5. Where a member of the Company is an exempt authorised nominee (as defined under the Securities Industry (Central Depositories) Act, 1991) which holds shares in the Company for multiple beneficial owners in one 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.

6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

Fold here

Affix
Stamp
here

Company Secretary
WARISAN TC HOLDINGS BERHAD
62-68 Jalan Ipoh
51200 Kuala Lumpur

Fold here

Warisan TC Holdings Berhad
(424834-W)

62-68 Jalan Ipoh
51200 Kuala Lumpur

Tel : 03 4047 8888
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