

# Financial Statements

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Directors' Report	<b>18</b>
Statutory Declaration	<b>23</b>
Report of the Auditors to the Members	<b>24</b>
Consolidated Balance Sheet	<b>25</b>
Consolidated Profit & Loss Account	<b>26</b>
Consolidated Balance Sheet (In US\$ Equivalent)	<b>27</b>
Consolidated Profit & Loss Account (In US\$ Equivalent)	<b>28</b>
Balance Sheet	<b>29</b>
Profit & Loss Account	<b>30</b>
Consolidated Cash Flow Statement	<b>31</b>
Notes to the Accounts	<b>33</b>

# Directors' Report

The directors have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31 December 1999.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consist of investment holding and the provision of management services to companies in the Group whilst the principal activities of the subsidiary companies are as stated in Note 10 to the accounts.

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

## RESULTS

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Profit for the year after taxation and minority interests	310,973	448,593
Unappropriated profits brought forward	396,464	62,523
Profits available for appropriation	707,437	511,116
Appropriation:		
Dividends	(297,509)	(297,509)
Unappropriated profits carried forward	409,928	213,607

## DIVIDENDS

The amounts paid by way of dividends by the Company since the end of the previous financial year pursuant to the TCMH Scheme (refer to Notes (b), (c) and (d) under 'Significant Events During The Year') were:

- i) Special Dividend in Cash (Dividend No. I) amounting to RM94,617,600 was paid on 26 November 1999;
- ii) Special Dividend in Specie (Dividend No. II) amounting to RM114,515,906 was paid on 1 December 1999;
- iii) Special Dividend in Specie (Dividend No. III) amounting to RM38,403,084 was paid on 1 December 1999; and
- iv) Special Dividend in Cash (Dividend No. IV) amounting to RM49,972,620 was paid on 25 February 2000.

Apart from the distributions made pursuant to the TCMH Scheme, the directors do not recommend the payment of any dividend for the year under review.

## RESERVES AND PROVISIONS

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

## DIRECTORS OF THE COMPANY

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

Dato' Tan Kim Hor  
 Ahmad bin Abdullah  
 Dato' Tan Heng Chew  
 Tan Eng Soon  
 Azman bin Badrillah  
 Geh Cheng Hooi  
 Yoshi Iwashita  
 Dato' Ng Mann Cheong

The shareholdings in the Company of those who were directors at year end are as follows:

Name	Balance at 1.1.1999	Acquired	Sold	Balance at 31.12.1999
Ordinary shares of RM0.50 each				
Dato' Tan Kim Hor				
– direct interest	3,074,834	–	–	3,074,834
– deemed interest	304,266,662	–	–	304,266,662
Dato' Tan Heng Chew				
– direct interest	25,662	–	–	25,662
– deemed interest	304,266,662	–	–	304,266,662
Tan Eng Soon				
– direct interest	1,400,000	–	–	1,400,000
– deemed interest	304,266,662	–	–	304,266,662
Azman bin Badrillah				
– direct interest	8,000	–	–	8,000

Dato' Tan Kim Hor, Dato' Tan Heng Chew and Tan Eng Soon are deemed interested in the shares of the subsidiaries of the Company by virtue of their shareholdings in the Company. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 10.1 of the accounts.

In accordance with Article 101 of the Company's Articles of Association, Dato' Tan Heng Chew and Azman bin Badrillah retire by rotation from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.

Dato' Tan Kim Hor who is over the age of seventy years, retires under Section 129 of the Companies Act, 1965 and seeks re-appointment under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting.

## 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 directors shown in the accounts) by reason of a contract made by the Company or a related company with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than certain directors who have interest in companies which traded with certain related companies in the ordinary course of business, rental payable by a related company to companies in which certain directors have significant financial interest, advances to and from certain companies in which certain directors have significant financial interest and legal fees paid to a director by the Company for professional services rendered.

There were no arrangements during and at the end of the year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the rights given to Ahmad bin Abdullah and Azman bin Badrillah to purchase ordinary shares of RM1.00 each in APM Automotive Holdings Berhad ("APM") and Warisan TC Holdings Berhad ("WTCH") held by the Company at RM1.74 and RM1.82 per ordinary share respectively as follows:

Name	Number of shares of RM1.00 each		
	Allocated and accepted	Purchased	Balance at 31.12.1999
<i>APM Automotive Holdings Berhad ("APM")</i>			
Ahmad bin Abdullah	13,235,000	–	13,235,000
Azman bin Badrillah	13,235,000	(2,150,000)	11,085,000
	<b>26,470,000</b>	<b>(2,150,000)</b>	<b>24,320,000</b>
<i>Warisan TC Holdings Berhad ("WTCH")</i>			
Ahmad bin Abdullah	4,000,000	–	4,000,000

As a condition for the listing of APM and WTCH on the Kuala Lumpur Stock Exchange, the Company was required to dispose of 30% of the shares in APM and WTCH amounting to 60,480,000 and 20,160,000 ordinary shares of RM1.00 each respectively to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"). The above directors were among the Bumiputera investors approved by the MITI to purchase these shares.

## SIGNIFICANT EVENTS DURING THE YEAR

In December 1999, the Company completed the reorganisation and demerger of its Autoparts and Non-Motor Divisions ("TCMH Scheme") the details of which were set out in the Circular To Shareholders dated 29 September 1999. The TCMH Scheme was approved by the shareholders of the Company in an Extraordinary General Meeting held on 14 October 1999.

The TCMH Scheme comprised the following steps:

- An internal reorganisation of the Autoparts and Non-Motor Divisions involving the re-grouping of companies comprising the Autoparts and Non-Motor Divisions under intermediate holding vehicles, APM and WTCH respectively, and the granting of rights to allotment ("RTAs") of 201,599,999 and 67,199,999 ordinary shares of RM1.00 each in APM and WTCH respectively to the Company.
- The Company paid special net dividends in specie (Dividends No. II and III) totalling RM152,918,990 or approximately 45.51% per TCMH share to the Company's shareholders, which was satisfied by the renunciation to the Company's shareholders of the RTAs of 50% of the enlarged share capital in APM and WTCH respectively.

- (c) The Company disposed of 20% of the equity interest in APM and WTCH respectively to Parasand Ltd. ("the Controlling Shareholders") represented by the RTAs of 40,320,000 ordinary shares of RM1.00 each in APM and 13,440,000 ordinary shares of RM1.00 each in WTCH at RM1.74 and RM1.82 per ordinary share respectively for cash. The Company received a total cash consideration of RM94,617,600 from the Controlling Shareholders for the disposals.
- (d) The Company is to dispose of 30% of the equity interest in APM and WTCH respectively comprising the RTAs of 60,480,000 and 20,160,000 ordinary shares of RM1.00 each in APM and WTCH respectively to Bumiputera investors approved by MITI at RM1.74 and RM1.82 per ordinary share respectively for cash, in order to comply with the National Development Policy. The Company will receive a total of RM141,926,400 in cash upon full disposal of the equity interest to the Bumiputera investors. As at 31 December 1999, the Company disposed of 9.7% and 13.04% of the equity interest in APM and WTCH respectively to the Bumiputera investors for a total cash consideration of RM34,023,960 and RM15,948,660 respectively.
- (e) The entire issued and paid-up share capital of APM and WTCH comprising 201,600,000 and 67,200,000 ordinary shares of RM1.00 each respectively were listed on the Main Board of the Kuala Lumpur Stock Exchange on 15 December 1999.
- (f) The total cash proceeds of RM236,544,000 from the disposals will be distributed entirely to the shareholders of the Company on a pro-rata basis by way of special dividends. As at 31 December 1999, the Company had distributed RM94,617,600 to the shareholders of the Company by way of a special dividend in cash (Dividend No. I) and another payment of special dividend in cash (Dividend No. IV) of RM49,972,620 was paid on 25 February 2000.

### **SIGNIFICANT POST BALANCE SHEET EVENT**

On 24 March 2000, the Company completed the disposal of the remaining equity interest in APM and WTCH to the Bumiputera investors approved by the MITI.

The equity interest of 20.3% and 16.96% in APM and WTCH respectively comprising 40,926,000 and 11,397,000 ordinary shares of RM1.00 each in APM and WTCH respectively were disposed of at RM1.74 and RM1.82 per ordinary share respectively for cash. The Company received a total cash consideration of RM91,953,780 from the disposals and recorded an exceptional surplus of RM32,432,770 from the disposals.

The cash proceeds will be distributed entirely to the shareholders of the Company on a pro-rata basis by way of special dividend in cash (Dividend No. V), which will be paid on 19 May 2000.

### **ISSUE OF SHARES AND DEBENTURES**

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

### **OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES**

No options were granted to any person to take-up unissued shares/stocks and debentures of the Company during the year.

### **OTHER STATUTORY INFORMATION**

Before the accounts of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

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

## Directors' Report (Cont'd)

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

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

At the date of this report there does not exist:

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

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

In the opinion of the directors:

- i) except for the exceptional items as disclosed in Note 22 to the accounts, the results of the operations of the Group and of the Company for the financial year ended 31 December 1999 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report except for the exceptional surplus from the disposals of the remaining equity interest in APM and WTCH to the Bumiputera investors approved by MITI as disclosed in Note 31, and
- ii) the accounts of the Group and of the Company set out on pages 25 to 57, except for pages 27 and 28 which are expressed in US\$, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of their operations and cash flows of the Group for the year ended on that date.

### AUDITORS

The retiring auditors, Messrs KPMG (formerly known as KPMG Peat Marwick), have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

**Dato' Tan Kim Hor**  
Chairman

**Ahmad bin Abdullah**  
Vice Chairman

Kuala Lumpur  
3 April 2000

# Statutory Declaration

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I, TAN ENG GUAN, being the officer primarily responsible for the financial management of TAN CHONG MOTOR HOLDINGS BERHAD, do solemnly and sincerely declare that the accounts set out on pages 25 to 57, except for pages 27 and 28 which are expressed in US\$, are, to the best of my knowledge and belief, 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 by the abovenamed  
TAN ENG GUAN at Kuala Lumpur in the Federal Territory  
this 3rd day of April 2000.

Before me

MOHD RADZI BIN YASIN  
No. W327  
Commissioner for Oaths  
(*Pesuruhjaya Sumpah*)  
Kuala Lumpur

# Report of the Auditors to the Members

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We have audited the accounts set out on pages 25 to 57 except for pages 27 and 28 which are expressed in US\$. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 1999 and of the results of their operations and cash flows of the Group for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary company in respect of which we have not acted as auditors is identified in Note 10 to the accounts and we have considered the accounts and the auditors' report thereon except as mentioned in Note 10 to the accounts.

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

None of the audit reports on the accounts of the subsidiaries were subject to any qualification nor included any comment made under sub-section (3) of Section 174 of the Act.

## **KPMG**

Firm Number: AF 0758

Public Accountants

## **NG KIM TUCK**

Partner

Approval Number: 1150/03/02(J/PH)

Kuala Lumpur

3 April 2000



# Consolidated Balance Sheet

AT 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
SHARE CAPITAL	3	336,000	336,000
RESERVES	4	411,299	397,835
		<b>747,299</b>	733,835
MINORITY INTERESTS		6,473	6,325
DEFERRED TAXATION		686	934
RETIREMENT BENEFITS		5,869	6,911
TERM LOANS (UNSECURED)	5	–	147,500
		<b>760,327</b>	895,505
<b>CURRENT LIABILITIES</b>			
Trade creditors	6	60,537	19,460
Other creditors and accruals	7	52,057	59,217
Short term borrowings (unsecured)	8	1,656	3,607
Taxation		9,537	41,324
Proposed dividend		49,973	–
		<b>173,760</b>	123,608
		<b>934,087</b>	1,019,113
FIXED ASSETS	9	211,868	216,422
ASSOCIATED COMPANIES	11	3,155	2,917
LONG TERM INVESTMENTS	12	59,521	152,919
OTHER INVESTMENTS	13	1,808	1,808
HIRE PURCHASE DEBTORS	14	34,522	28,678
<b>CURRENT ASSETS</b>			
Stocks	15	290,092	367,515
Short term investment	16	100	–
Trade debtors	17	72,027	55,282
Hire purchase debtors	14	21,585	16,716
Other debtors, deposits and prepayments	18	34,840	83,460
Short term deposits	19	181,625	81,884
Cash and bank balances		22,944	11,512
		<b>623,213</b>	616,369
		<b>934,087</b>	1,019,113

The notes set out on pages 33 to 57 form an integral part of, and should be read in conjunction with, these accounts.

# Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
Turnover	20	<b>946,331</b>	483,228
Cost of sales		<b>810,256</b>	423,147
Operating profit/(loss)	21	<b>74,869</b>	(13,691)
Exceptional items	22	<b>297,055</b>	69,444
		<b>371,924</b>	55,753
Share of profit of associated companies		<b>283</b>	73
Profit before taxation		<b>372,207</b>	55,826
Taxation – Operating profit	23	<b>(70)</b>	(7,562)
– Exceptional items	23	<b>(60,861)</b>	(19,444)
		<b>(60,931)</b>	(27,006)
Profit after taxation		<b>311,276</b>	28,820
Minority interests		<b>(303)</b>	1,170
Profit attributable to members of the Company		<b>310,973</b>	29,990
Unappropriated profits brought forward		<b>396,464</b>	366,474
Profits available for appropriation		<b>707,437</b>	396,464
Appropriation:			
Dividends	24	<b>(297,509)</b>	–
Unappropriated profits carried forward	4.3	<b>409,928</b>	396,464
Unappropriated profits retained in:			
Holding company		<b>223,248</b>	73,345
Subsidiary companies		<b>184,150</b>	320,872
Associated companies		<b>2,530</b>	2,247
		<b>409,928</b>	396,464
Earnings per share including exceptional items (sen)	25	<b>46.3</b>	4.46
Earnings/(Loss) per share excluding exceptional items (sen)	25	<b>11.1</b>	(3.0)

The notes set out on pages 33 to 57 form an integral part of, and should be read in conjunction with, these accounts.

# Consolidated Balance Sheet

AT 31 DECEMBER 1999  
(IN US\$ EQUIVALENT)

	<b>1999</b> <b>US\$'000</b>	<b>1998</b> <b>US\$'000</b>
SHARE CAPITAL	<b>88,654</b>	88,654
RESERVES	<b>108,522</b>	104,970
	<b>197,176</b>	193,624
MINORITY INTERESTS	<b>1,708</b>	1,669
DEFERRED TAXATION	<b>181</b>	246
RETIREMENT BENEFITS	<b>1,549</b>	1,824
TERM LOANS (UNSECURED)	-	38,918
	<b>200,614</b>	236,281
CURRENT LIABILITIES		
Trade creditors	<b>15,973</b>	5,134
Other creditors and accruals	<b>13,735</b>	15,625
Short term borrowings (unsecured)	<b>437</b>	952
Taxation	<b>2,516</b>	10,903
Proposed dividend	<b>13,186</b>	-
	<b>45,847</b>	32,614
	<b>246,461</b>	268,895
FIXED ASSETS	<b>55,902</b>	57,103
ASSOCIATED COMPANIES	<b>832</b>	770
LONG TERM INVESTMENTS	<b>15,705</b>	40,348
OTHER INVESTMENTS	<b>477</b>	477
HIRE PURCHASE DEBTORS	<b>9,109</b>	7,567
CURRENT ASSETS		
Stocks	<b>76,542</b>	96,970
Short term investment	<b>26</b>	-
Trade debtors	<b>19,004</b>	14,586
Hire purchase debtors	<b>5,695</b>	4,411
Other debtors, deposits and prepayments	<b>9,193</b>	22,021
Short term deposits	<b>47,922</b>	21,605
Cash and bank balances	<b>6,054</b>	3,037
	<b>164,436</b>	162,630
	<b>246,461</b>	268,895

The information presented on this page does not form part of the audited accounts of the Group. Figures for both 1999 and 1998 are converted into US dollars equivalent using the same exchange rate of RM3.79 = US\$1.00, which approximates that prevailing on 31.12.1999.

# Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 1999  
(IN US\$ EQUIVALENT)

	<b>1999</b> <b>US\$'000</b>	<b>1998</b> <b>US\$'000</b>
Turnover	<b>249,692</b>	127,501
Cost of Sales	<b>213,788</b>	111,648
Operating profit/(loss)	<b>19,754</b>	(3,612)
Exceptional item	<b>78,379</b>	18,323
	<b>98,133</b>	14,711
Share of profit of associated companies	<b>75</b>	19
Profit before taxation	<b>98,208</b>	14,730
Taxation – Operating profit	<b>(19)</b>	(1,996)
– Exceptional items	<b>(16,058)</b>	(5,130)
	<b>(16,077)</b>	(7,126)
Profit after taxation	<b>82,131</b>	7,604
Minority interests	<b>(80)</b>	309
Profit attributable to members of the Company	<b>82,051</b>	7,913
Unappropriated profits brought forward	<b>104,608</b>	96,695
Profits available for appropriation	<b>186,659</b>	104,608
Appropriation:		
Dividends	<b>(78,498)</b>	–
Unappropriated profits carried forward	<b>108,161</b>	104,608
Unappropriated profits retained in:		
Holding company	<b>58,905</b>	19,352
Subsidiary companies	<b>48,588</b>	84,663
Associated companies	<b>668</b>	593
	<b>108,161</b>	104,608
Earnings per share including exceptional items (US cents)	<b>12.2</b>	1.2
Earnings/(Loss) per share excluding exceptional items (US cents)	<b>2.9</b>	(0.8)

The information presented on this page does not form part of the audited accounts of the Group. Figures for both 1999 and 1998 are converted into US dollars equivalent using the same exchange rate of RM3.79 = US\$1.00, which approximates that prevailing on 31.12.1999.

# Balance Sheet

AT 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
SHARE CAPITAL	3	336,000	336,000
UNAPPROPRIATED PROFITS	4.3	213,607	62,523
		<b>549,607</b>	398,523
RETIREMENT BENEFITS		868	1,964
TERM LOANS (UNSECURED)	5	–	147,500
CURRENT LIABILITIES			
Other creditors and accruals		4,550	3,993
Amount due to subsidiary companies	10	2,846	2,482
Taxation		5,732	5,732
Proposed dividend		49,973	–
		<b>63,101</b>	12,207
		<b>613,576</b>	560,194
FIXED ASSETS	9	1,191	844
SUBSIDIARY COMPANIES	10	307,090	257,256
LONG TERM INVESTMENTS	12	59,521	–
CURRENT ASSETS			
Other debtors, deposits and prepayments	18	8,633	59,454
Amount due from subsidiary companies	10	216,790	141,835
Dividend receivable from subsidiary companies	10	15,000	100,000
Cash and bank balances		5,351	805
		<b>245,774</b>	302,094
		<b>613,576</b>	560,194

The notes set out on pages 33 to 57 form an integral part of, and should be read in conjunction with, these accounts.

# Profit and Loss Account

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	1999 RM'000	1998 RM'000
Turnover	20	<b>406,312</b>	863,476
Operating (loss)/profit	21	<b>(5,077)</b>	18,009
Exceptional items	22	<b>559,448</b>	1,222,536
Profit before taxation		<b>554,371</b>	1,240,545
Taxation – Operating profit	23	<b>(195)</b>	(6,144)
– Exceptional items	23	<b>(105,583)</b>	(222,351)
		<b>(105,778)</b>	(228,495)
Profit after taxation		<b>448,593</b>	1,012,050
Unappropriated profits brought forward		<b>62,523</b>	104,586
Profits available for appropriation		<b>511,116</b>	1,116,636
Appropriation:			
Capitalisation for bonus issue	4.3	–	(1,054,113)
Dividends	24	<b>(297,509)</b>	–
		<b>(297,509)</b>	(1,054,113)
Unappropriated profits carried forward	4.3	<b>213,607</b>	62,523

The notes set out on pages 33 to 57 form an integral part of, and should be read in conjunction with, these accounts.

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 1999

	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>372,207</b>	55,826
Adjustments for:		
Bad debts recovered	<b>(393)</b>	(91)
Bad debts written off	<b>96</b>	5
Surplus arising from the reorganisation and demerger of Autoparts and Non-Motor Divisions	<b>(51,194)</b>	–
Deferred expenditure amortised/written off	<b>–</b>	7
Depreciation and amortisation of fixed assets	<b>11,449</b>	12,349
Dividends received from companies in the APM Group and WTCH Group	<b>(245,861)</b>	–
Dividends received from other investments	<b>(353)</b>	–
Fixed assets written off	<b>2</b>	523
Gain on disposal of fixed assets	<b>(299)</b>	(352)
Interest expense	<b>8,843</b>	14,950
Interest income	<b>(7,232)</b>	(4,981)
Provision for doubtful debts	<b>1,048</b>	7,237
Provision for retirement benefits	<b>1,191</b>	1,605
Provision for slow moving stocks	<b>3,326</b>	17,298
Share of profit of associated companies (net of dividends received)	<b>(283)</b>	(73)
Stocks written off	<b>–</b>	846
Write back of stocks written off	<b>(5,405)</b>	(5,265)
Write back of provision for doubtful debts	<b>(5,377)</b>	(547)
Write back of provision for slow moving stocks	<b>(6,790)</b>	(3)
Operating profit before working capital changes	<b>74,975</b>	99,334
Increase/(Decrease) in working capital:		
Stocks	<b>86,291</b>	122,152
Trade debtors	<b>(12,119)</b>	55,108
Other debtors, deposits and prepayments	<b>50,083</b>	(19,616)
Hire purchase debtors	<b>(10,713)</b>	12,181
Amount due from associated companies	<b>45</b>	(897)
Trade creditors	<b>41,077</b>	(63,182)
Other creditors	<b>(7,160)</b>	(42,169)
Cash generated from operations	<b>222,479</b>	162,911
Interest paid	<b>(8,843)</b>	(14,950)
Interest received	<b>7,232</b>	4,981
Retirement benefits paid	<b>(2,233)</b>	(2,041)
Taxation paid	<b>(92,966)</b>	(88,972)
Net cash generated from operating activities	<b>125,669</b>	61,929

# Consolidated Cash Flow Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 1999

	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in associated company	–	(150)
Acquisition of short term investment	<b>(100)</b>	–
Dividends received from companies in the APM Group and WTCH Group	<b>245,861</b>	–
Dividends received from other investments	<b>353</b>	–
Net funds from minority interests	–	(51)
Proceeds from disposal of fixed assets	<b>680</b>	590
Proceeds from disposal of long term investments	<b>144,592</b>	–
Purchase of fixed assets	<b>(8,744)</b>	(12,470)
Net cash generated from/(used in) investing activities	<b>382,642</b>	(12,081)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to minority shareholders	<b>(151)</b>	(410)
Dividends paid to shareholders	<b>(247,536)</b>	(16,934)
Repayment of term loans	<b>(147,500)</b>	(10,000)
Net cash used in financing activities	<b>(395,187)</b>	(27,344)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CONSOLIDATION</b>		
	–	87
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>113,124</b>	22,591
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>89,789</b>	67,198
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>202,913</b>	89,789
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Short term deposits	<b>181,625</b>	81,884
Cash and bank balances	<b>22,944</b>	11,512
Short term borrowings	<b>(1,656)</b>	(3,607)
	<b>202,913</b>	89,789

The notes set out on pages 33 to 57 form an integral part of, and should be read in conjunction with, these accounts.



## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consist of investment holding and the provision of management services to companies in the Group whilst the principal activities of the subsidiary companies are as stated in Note 10 to the accounts.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings and certain investment in subsidiary companies, and in compliance with approved accounting standards in Malaysia.

### 2.2 Basis of Consolidation

The Group accounts consolidate the audited accounts made up to 31 December 1999 of the Company and its subsidiary companies remaining within the Group as at year end.

### 2.3 Depreciation

Freehold land is not amortised. Leasehold land is amortised over the period of the lease which ranges from 999 years to 34 years. All other fixed assets are depreciated on a straight line basis to write off the cost or valuation of each asset over its estimated useful life.

The following annual depreciation rates are used by the Group:

Buildings	2% – 4%
Plant, machinery and equipment	10% – 50%
Furniture, fixtures, fittings and office equipment	10% – 50%
Motor vehicles	10% – 20%

It is the Group's policy to state fixed assets at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then and was not intended to effect a change in the accounting policy to one of revaluation of properties.

The directors are of the opinion that the current market values of the revalued properties are no less than their net book values as at 31 December 1999. The Group is following the transitional provisions to International Accounting Standard (IAS) No. 16 on "Property, Plant and Equipment" as approved by the Malaysian Accounting Standards Board ("MASB"). The transitional provisions allow the Group to retain the carrying amounts of the revalued assets on the basis of their previous revaluations subject to continuity in their depreciation policy and the requirement to write an asset down to its recoverable amount. Accordingly, the above valuations have not been updated.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.4 Hire Purchase Revenue

Hire purchase revenue is recognised evenly over the period of repayment.

### 2.5 Deferred Taxation

Provision for deferred taxation is made under the liability method in respect of all material timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

### 2.6 Foreign Currencies

Assets and liabilities in foreign currencies are translated at exchange rates approximating those ruling at balance sheet date or contracted rates where applicable. Transactions in foreign currencies during the year have been translated at rates approximate to those prevailing on the transaction dates. Exchange differences arising from translations are included in the operating results of the year.

On consolidation, the assets and liabilities of foreign incorporated subsidiary companies are translated into Ringgit Malaysia at the exchange rates approximating those ruling at balance sheet date whilst the operating results are translated into Ringgit Malaysia at the average rates of exchange for the year. The resulting difference arising from such translation is taken to the Exchange Adjustment Account.

### 2.7 Stocks

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

Cost of assembled motor vehicles, work-in-progress and unassembled vehicle packs is determined at standard cost adjusted for variances which approximates actual cost on a specific identification basis.

Cost of trading stocks is determined on the weighted average basis.

Work-in-progress, manufactured stocks and locally assembled vehicles include direct materials, labour and production overheads.

### 2.8 Associated Company

An associated company is defined as a company, not being a subsidiary, in which the Group has a substantial interest (not less than 20% of the equity) and in whose financial and operating policy decisions the Group exercises significant influence.

Investment in associated companies is stated at cost. Provision is made for any permanent diminution in value of the investment.

The Group's share of profits less losses of associated companies is included in the consolidated profit and loss account while the Group's share of post-acquisition retained profits and reserves is added to the carrying value of the investment in the consolidated balance sheet.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.9 Investments**

Investments in subsidiary and associated companies are stated at cost or valuation determined by the Directors based on the values of the underlying net tangible assets, after the revaluation of the properties of the subsidiary companies and was carried out primarily for the purpose as explained in Note 2.3. A provision is made when the Directors are of the view that there is a permanent diminution in their values.

Long term investments are stated at cost with a provision for permanent diminution when the Directors are of the view that there is a permanent diminution in their values.

Short term unquoted investments are stated at the lower of cost and market value on an investment portfolio basis with a specific write down for shares where permanent diminution has occurred.

**2.10 Cash and Cash Equivalents in Cash Flow Statement**

Cash and cash equivalents consist of cash on hand, balances with banks and short term, highly liquid investments with an original maturity period of no more than three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

**3. SHARE CAPITAL**

	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised:		
Ordinary shares of RM0.50 each		
Balance at 1 January	<b>500,000</b>	400,000
Created during the year		
– 2,308,226,000 new ordinary shares	–	1,154,113
Capital reduction		
– Cancellation of 2,108,226,000 new ordinary shares	–	(1,054,113)
Balance at 31 December	<b>500,000</b>	500,000
Issued and fully paid:		
Ordinary shares of RM0.50 each		
Balance at 1 January	<b>336,000</b>	336,000
Created during the year		
– Bonus issue of 2,108,226,000 new ordinary shares at 3.137 new ordinary shares for one (1) existing ordinary share	–	1,054,113
Capital reduction		
– Cancellation of 2,108,226,000 new ordinary shares	–	(1,054,113)
Balance at 31 December	<b>336,000</b>	336,000

The movements in share capital of the Company in the previous year were due to the rationalisation and demerger of its Foreign Division.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 4. RESERVES

	Group	
	1999 RM'000	1998 RM'000
Capital reserve (Note 4.1)	123	123
Exchange adjustment account (Note 4.2)	1,366	1,366
Reserve on consolidation	(118)	(118)
Unappropriated profits (Note 4.3)	409,928	396,464
	<b>411,299</b>	<b>397,835</b>
4.1 Capital Reserve		
Surplus on revaluation of properties		
– non-distributable	23	23
Capitalisation of unappropriated profits		
– distributable	100	100
	<b>123</b>	<b>123</b>
4.2 Exchange Adjustment Account		
Non-distributable:		
Arising from translation of foreign subsidiary companies:		
Balance at 1 January	1,366	1,279
Net movement from exchange adjustment	–	87
Balance at 31 December	<b>1,366</b>	<b>1,366</b>

### 4.3 Unappropriated Profits

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Distributable:				
Balance at 1 January	396,464	366,474	62,523	104,586
Profit during the year	310,973	29,990	448,593	1,012,050
Capitalisation for bonus issue during the year	–	–	–	(1,054,113)
Dividends	(297,509)	–	(297,509)	–
Balance at 31 December	<b>409,928</b>	<b>396,464</b>	<b>213,607</b>	<b>62,523</b>

The Company has sufficient tax credits and tax exempt income to frank the payment of dividends out of all its unappropriated profits at 31 December 1999.

Pursuant to the requirements of Section 365(1A) of the Companies Act, 1965, future distribution of profits as dividends will be restricted to the greater of the profit after tax for a particular financial year and the average dividends declared in respect of the two financial years immediately preceding that financial year.

Section 365(1A) was repealed pursuant to the Budget Proposals for Year 2000 on 29 October 1999. However, the restriction on payment of dividends will still be applicable pending the gazette of the Bill by Parliament.

**5. TERM LOANS (UNSECURED)**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Repayable after one year	–	147,500	–	147,500

The term loans of the Company borne interest at 8.55% (1998 – 8.55%) per annum and were fully repaid during the year.

**6. TRADE CREDITORS****Group**

Included in trade creditors are amounts totalling RM10.567 million (1998 – RM4.178 million) and RM1.842 million (1998 – RM0.915 million) owing to certain companies of the APM and WTCH Groups respectively.

APM and WTCH Groups refer to companies in the APM Automotive Holdings Berhad (“APM”) Group and Warisan TC Holdings Berhad (“WTCH”) Group respectively. The APM and WTCH Groups were previously subsidiary companies of the Tan Chong Motor Holdings Berhad Group.

**7. OTHER CREDITORS AND ACCRUALS****Group**

Included in other creditors and accruals are amounts totalling RM0.28 million (1998 – RM51.667 million) and RM0.344 million (1998 – RM16.367 million) owing to certain subsidiary companies of the APM and WTCH Groups respectively.

The amounts owing are non-trade in nature, unsecured and are subject to interest at negotiated rates.

**8. SHORT TERM BORROWINGS (UNSECURED)**

	<b>Group</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
Bills payable	452	1,646
Bank overdrafts	1,204	1,961
	<b>1,656</b>	<b>3,607</b>

Interest levied on short term borrowings of subsidiary companies is at 3.65% to 9.00% (1998 – 8.05% to 15.70%) per annum.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 9. FIXED ASSETS

Group	At	Additions	Disposals	Taken	Transfers	Assets	At
	1.1.1999			to		written	31.12.1999
	RM'000	RM'000	RM'000	other	RM'000	off	RM'000
				debtors			
				RM'000		RM'000	
<b>Cost/Valuation</b>							
Freehold land	63,971	1,029	-	-	-	-	65,000
Long term leasehold land	75,866	875	-	-	-	-	76,741
Short term leasehold land	6,798	-	-	-	-	-	6,798
Buildings	89,223	696	(42)	-	-	-	89,877
Plant, machinery and equipment	61,312	1,249	(35)	-	-	-	62,526
Furniture, fixtures, fittings and office equipment	30,301	1,439	(526)	-	458	(68)	31,604
Motor vehicles	10,767	2,136	(1,588)	-	-	-	11,315
Work-in-progress	3,003	1,320	-	(1,465)	(458)	-	2,400
	<b>341,241</b>	<b>8,744</b>	<b>(2,191)</b>	<b>(1,465)</b>	<b>-</b>	<b>(68)</b>	<b>346,261</b>

	At 31.12.1999		
	Cost	1984	Total
	RM'000	Valuation	RM'000
		RM'000	RM'000
Representing items:			
Freehold land	23,683	41,317	65,000
Long term leasehold land	15,923	60,818	76,741
Short term leasehold land	6,160	638	6,798
Buildings	38,857	51,020	89,877
Plant, machinery and equipment	62,526	-	62,526
Furniture, fixtures, fittings and office equipment	31,604	-	31,604
Motor vehicles	11,315	-	11,315
Work-in-progress	2,400	-	2,400
	<b>192,468</b>	<b>153,793</b>	<b>346,261</b>

## 9. FIXED ASSETS (Cont'd)

Group	At	Additions	Disposals	Taken	Transfers	Assets	At
	1.1.1999			to other		written	31.12.1999
	RM'000	RM'000	RM'000	debtors	RM'000	off	RM'000
				RM'000		RM'000	
<b>Accumulated depreciation</b>							
Freehold land	-	-	-	-	-	-	-
Long term leasehold land	11,456	868	-	-	-	-	12,324
Short term leasehold land	1,486	186	-	-	-	-	1,672
Buildings	33,359	2,719	(2)	-	-	-	36,076
Plant, machinery and equipment	46,750	4,182	(24)	-	-	-	50,908
Furniture, fixtures, fittings and office equipment	23,830	1,960	(359)	-	-	(66)	25,365
Motor vehicles	7,938	1,534	(1,424)	-	-	-	8,048
Work-in-progress	-	-	-	-	-	-	-
	<b>124,819</b>	<b>11,449</b>	<b>(1,809)</b>	<b>-</b>	<b>-</b>	<b>(66)</b>	<b>134,393</b>

Group	Net book value		Depreciation
	1999	1998	charge for the
	RM'000	RM'000	year ended
			31 December 1998
			RM'000
Freehold land	65,000	63,971	-
Long term leasehold land	64,417	64,410	865
Short term leasehold land	5,126	5,312	240
Buildings	53,801	55,864	2,695
Plant, machinery and equipment	11,618	14,562	4,916
Furniture, fixtures, fittings and office equipment	6,239	6,471	2,146
Motor vehicles	3,267	2,829	1,487
Work-in-progress	2,400	3,003	-
	<b>211,868</b>	<b>216,422</b>	<b>12,349</b>

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 9. FIXED ASSETS (Cont'd)

Company	At 1.1.1999 RM'000	Additions RM'000	Disposals RM'000	Assets written off RM'000	At 31.12.1999 RM'000
<b>Cost</b>					
Buildings	690	-	-	-	690
Furniture, fixtures, fittings and office equipment	386	50	-	(27)	409
Motor vehicles	695	617	(695)	-	617
	<b>1,771</b>	<b>667</b>	<b>(695)</b>	<b>(27)</b>	<b>1,716</b>
<b>Accumulated depreciation</b>					
Buildings	69	14	-	-	83
Furniture, fixtures, fittings and office equipment	297	47	-	(25)	319
Motor vehicles	561	174	(612)	-	123
	<b>927</b>	<b>235</b>	<b>(612)</b>	<b>(25)</b>	<b>525</b>

	Net book value		Depreciation charge for the year ended
	1999 RM'000	1998 RM'000	31 December 1998 RM'000
Buildings	607	621	14
Furniture, fixtures, fittings and office equipment	90	89	45
Motor vehicles	494	134	103
	<b>1,191</b>	<b>844</b>	<b>162</b>

The net book value of the revalued fixed assets had they been stated at cost less accumulated depreciation calculated on original cost as required by International Accounting Standard (IAS) No. 16 on "Property, Plant and Equipment" is not shown as the records are not available since the revaluation was done in 1984.



## 10. SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares		
At cost	<b>135,289</b>	50,827
At Directors' valuation in 1984	<b>179,300</b>	213,928
	<b>314,589</b>	264,755
Provision for diminution in value of investment in subsidiary companies	<b>(7,499)</b>	(7,499)
	<b>307,090</b>	257,256
Amount due from subsidiary companies	<b>218,932</b>	145,158
Provision for amount due from subsidiary companies	<b>(2,142)</b>	(3,323)
	<b>216,790</b>	141,835
Dividends receivable from subsidiary companies	<b>15,000</b>	100,000
Amount due to subsidiary companies	<b>(2,846)</b>	(2,482)

Investments in subsidiary companies are stated at Directors' valuation conducted in 1984 based on the net tangible assets value of the subsidiary companies after the revaluation of their properties and was carried out primarily for the purpose as explained in Note 2.3.

The amounts due to/from subsidiary companies are non-trade in nature, unsecured and are subject to interest at negotiated rates.

Details of subsidiary companies are as follows:

<b>Name</b>	<b>Principal activities</b>	<b>Equity held</b>	
		<b>1999</b>	<b>1998</b>
		%	%
<b>Incorporated in Malaysia:</b>			
Auto Blend Sdn Bhd	Blending of battery water and brake fluid	<b>100</b>	100
Auto Components Manufacturers Sdn Bhd	Property holding	<b>100</b>	100
Auto Infiniti Sdn Bhd	Distribution of auto accessories	<b>100</b>	100
Ceranamas Sdn Bhd	Property and investment holding	<b>100</b>	100
Cyberguard Vehicle Security Technologies Sdn Bhd	Trading and marketing of car alarms	<b>100</b>	100
Edaran Tan Chong Motor Sdn Bhd	Distribution of motor vehicles	<b>100</b>	100

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 10. SUBSIDIARY COMPANIES (Cont'd)

Name	Principal activities	Equity held	
		1999 %	1998 %
<b>Incorporated in Malaysia (Cont'd):</b>			
Hikmat Asli Sdn Bhd	Property holding	100	100
Pemasaran Alat Ganti Sdn Bhd	Distribution of automotive spare parts	100	100
Perwiramas Sdn Bhd	Investment holding	100	100
Rustcare Sdn Bhd	Rust proofing	100	100
Sungei Bintang Sdn Bhd	Property holding	100	100
Tan Chong & Sons Motor Co Sdn Bhd	Distribution of motor vehicles	100	100
Tan Chong Agency Sdn Bhd	Insurance agency and property holding	100	100
Tan Chong Ekspres Auto Servis Sdn Bhd	Automotive workshop services	100	100
Tan Chong Industrial Equipment (Sabah) Sdn Bhd	Distribution of commercial vehicles, heavy equipment and machineries	100	100
Tan Chong Industrial Equipment Sdn Bhd	Distribution of commercial vehicles	100	100
Tan Chong Motor Assemblies Sdn Bhd	Assembly of motor vehicles	70	70
Tan Chong Trading (M) Sdn Bhd	Distribution of automotive parts and accessories	100	100
Tanahku Holdings Sdn Bhd	Property holding	100	100
TC Auto Tooling Sdn Bhd	Fabrication of jigs and engineering services	100	100
TC Motors (Sarawak) Sdn Bhd	Distribution of commercial vehicles, heavy equipment and machineries	100	100
TCCL Sdn Bhd	Insurance agency	100	100
TCM Stamping Products Sdn Bhd	Manufacture of automotive press metal parts	100	100
Truckquip Sdn Bhd	Distribution of automotive spare parts and construction of vehicle bodies	100	100
TC Hartanah Sdn Bhd	Property Holding	100	100

10. **SUBSIDIARY COMPANIES (Cont'd)**

Name	Principal activities	Equity held	
		1999 %	1998 %
<b>Incorporated in Malaysia (Cont'd):</b>			
Vincus Holdings Sdn Bhd	Investment holding	100	100
West Anchorage Sdn Bhd	Investment holding	100	100
TCM Accessories Sdn Bhd (formerly known as APM Accessories Sdn Bhd)	Dormant	100	100
Auto Research and Development Sdn Bhd	Dormant	100	100
Auto Trucks & Components Sdn Bhd	Dormant	100	100
Autokita Sdn Bhd	Dormant	100	100
Fujiyama Car Cooler Sdn Bhd	Dormant	100	100
Motor Image Enterprises Sdn Bhd	Dormant	100	100
Perusahaan Komponen Kendaraan Sdn Bhd	Dormant	100	70
TCRG Sdn Bhd	Dormant	100	100
<b>Incorporated in the British Virgin Islands:</b>			
Nissan TCM Pty Ltd	Investment holding	75	75
<b>Incorporated in Vietnam:</b>			
* Nissan TCM Vietnam Co Ltd	Assembly of Nissan vehicles in Vietnam	56	56

\* *Company not audited by KPMG. Consolidated using management account.*

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 10. SUBSIDIARY COMPANIES (Cont'd)

10.1 The Company's shareholding in non-wholly owned subsidiaries are as follows:

	Balance at 1.1.1999	Subscribed	Sold	Balance at 31.12.1999
Ordinary shares of RM1 each:				
Tan Chong Motor Assemblies Sdn Bhd	700,000	-	-	700,000
Ordinary shares of US\$1 each:				
Nissan TCM Pty Ltd	941,250	-	-	941,250
Paid-in capital in US\$:				
Nissan TCM Vietnam Co Ltd	369,554	-	-	369,554

## 11. ASSOCIATED COMPANIES

	Group	
	1999 RM'000	1998 RM'000
Unquoted shares – at cost	625	625
Share of retained profits	2,530	2,247
	<b>3,155</b>	2,872
Amount due from/(to) associated companies	-	45
	<b>3,155</b>	2,917

Details of associated companies are as follows:

Name	Principal activities	Equity held	
		1999 %	1998 %
<b>Incorporated in Malaysia:</b>			
Autoscope Sdn Bhd	Export agency for automotive accessories	50	50
Structurflex Sdn Bhd	Manufacture of truck side curtains components	50	50

## 12. LONG TERM INVESTMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Quoted shares - at cost	<b>59,521</b>	152,919	<b>59,521</b>	-
Market value	<b>117,121</b>	-	<b>117,121</b>	-
Sales consideration based on approved disposal price	<b>91,954</b>	-	<b>91,954</b>	-

The long term investments comprise the remaining equity interest in APM and WTCH respectively which are to be disposed to Bumiputera investors at a sales consideration of RM1.74 and RM1.82 per ordinary share for APM and WTCH respectively.

The Securities Commission had, on 12 July 1999, approved a period of one (1) year from the date of admission of APM and WTCH respectively to the Main Board of the Kuala Lumpur Stock Exchange for the disposal of the entire 30% equity interest in APM and WTCH to Bumiputera investors.

## 13. OTHER INVESTMENTS

	Group	
	1999 RM'000	1998 RM'000
Unquoted shares - at cost	<b>3,176</b>	3,176
Provision for diminution in value of investments	<b>(1,368)</b>	(1,368)
	<b>1,808</b>	1,808

## 14. HIRE PURCHASE DEBTORS

	Group	
	1999 RM'000	1998 RM'000
Hire purchase debtors	<b>73,925</b>	62,847
Unearned interest	<b>(15,648)</b>	(15,300)
	<b>58,277</b>	47,547
Provision for doubtful debts	<b>(2,170)</b>	(2,153)
	<b>56,107</b>	45,394
Receivable within twelve months	<b>21,585</b>	16,716
Receivable after twelve months	<b>34,522</b>	28,678
	<b>56,107</b>	45,394

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 15. STOCKS

	Group	
	1999 RM'000	1998 RM'000
Raw materials	13,307	9,234
Finished goods, trading stocks and assembled motor vehicles	124,172	227,811
Work-in-progress	14,149	15,817
Unassembled vehicle packs	124,611	109,549
Spare parts and others	33,854	32,244
	<b>310,093</b>	394,655
Provision for slow moving stocks	<b>(20,001)</b>	(27,140)
	<b>290,092</b>	367,515

## 16. SHORT TERM INVESTMENT

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted investment – at cost	100	–	–	–

## 17. TRADE DEBTORS

	Group	
	1999 RM'000	1998 RM'000
Trade debtors	84,486	69,230
Provision for doubtful debts	<b>(12,459)</b>	(13,948)
	<b>72,027</b>	55,282

Included in trade debtors are amounts totalling RM9.325 million (1998 – RM9.475 million) and RM2.181 million (1998 – RM0.663 million) owing by certain subsidiary companies of the APM and WTCH Groups respectively.

**18. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS****Group**

Included in other debtors, deposits and prepayments are amounts totalling RM19.213 million (1998 – RM68.602 million) and RM0.645 million (1998 – RM3.273 million) owing by certain companies of the APM and WTCH Groups respectively.

The amounts owing are non-trade in nature, unsecured and are subject to interest at negotiated rates.

**Company**

Included in other debtors, deposits and prepayments are amounts totalling RM7.513 million (1998 – RM57.058 million) and RM0.593 million (1998 – RM2.204 million) owing by certain companies of the APM and WTCH Groups respectively.

The amounts owing are non-trade in nature, unsecured and are subject to interest at negotiated rates.

**19. SHORT TERM DEPOSITS**

	<b>Group</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	<b>111,656</b>	6,631
Deposits with finance companies	<b>24,586</b>	72,838
Deposits with other corporations	<b>45,383</b>	2,415
	<b>181,625</b>	81,884

**20. TURNOVER**

The Group's turnover represents the invoiced value (including Government duties and taxes) of goods and services supplied to customers.

The Company's turnover comprises dividends and management fees from companies in the Group.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 21. OPERATING PROFIT/(LOSS)

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Operating profit/(loss) is arrived at after charging:				
Auditors' remuneration				
– current year provision	<b>200</b>	194	<b>32</b>	8
– underprovision in previous year	<b>15</b>	11	<b>23</b>	12
Bad debts written off	<b>96</b>	5	–	–
Deferred expenditure amortised/written off	–	7	–	–
Depreciation and amortisation of fixed assets	<b>11,449</b>	12,349	<b>235</b>	162
Directors' remuneration				
– fees	<b>84</b>	84	<b>84</b>	84
– emoluments	<b>4,429</b>	4,089	<b>3,668</b>	3,304
– benefits-in-kind	<b>102</b>	142	<b>102</b>	128
Fees paid to a director for professional services rendered	<b>41</b>	–	<b>41</b>	–
Fixed assets written off	<b>2</b>	523	<b>2</b>	–
Investment in a subsidiary company written off	–	4,798	–	–
Loss on foreign exchange	–	208	–	206
Other interest expense	<b>2,645</b>	1,942	<b>95</b>	135
Provision for doubtful debts	<b>1,048</b>	7,237	–	–
Provision for retirement benefits	<b>1,191</b>	1,605	<b>709</b>	1,365
Provision for slow moving stocks	<b>3,326</b>	17,298	–	–
Rental of premises				
– related companies	–	–	<b>491</b>	491
– others	<b>3,812</b>	4,051	<b>13</b>	24
Stocks written off	–	846	–	–
Term loan interest	<b>6,198</b>	13,008	<b>6,196</b>	12,611
And after crediting:				
Bad debts recovered	<b>393</b>	91	–	–
Gain on disposal of fixed assets	<b>299</b>	352	<b>189</b>	–
Gain on foreign exchange	<b>371</b>	–	<b>25</b>	–
Gross dividends from subsidiary companies	–	–	<b>694</b>	24,251
Gross dividends from other investments	<b>353</b>	–	–	–
Interest income				
– subsidiary companies	–	–	<b>8,830</b>	13,118
– others	<b>7,232</b>	4,981	–	–
Management fees from subsidiary companies	–	–	<b>14</b>	11
Rental income of properties	<b>6,338</b>	1,052	<b>18</b>	–
Write back of stocks written off	<b>5,405</b>	5,265	–	–
Write back of provision for diminution				
– in value of investments	–	–	<b>1,920</b>	–
Write back of provision for doubtful debts	<b>5,377</b>	547	<b>1,181</b>	–
Write back of provision for slow moving stocks	<b>6,790</b>	3	–	–



## 22. EXCEPTIONAL ITEMS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Surplus arising from the disposal of APM and WTCH shares	51,194	–	51,194	–
Surplus arising from the reorganisation of Autoparts and Non-Motor Divisions	–	–	102,671	–
Surplus arising from the rationalisation of Foreign Division	–	–	–	383,333
Gross dividends from companies in the APM and WTCH Groups	245,861	69,444	245,861	69,444
Gross dividends from companies in the TCMH, APM and Foreign Groups	–	–	159,722	769,759
	<b>297,055</b>	69,444	<b>559,448</b>	1,222,536

## 23. TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Operating Profit				
Taxation based on the results for the year:				
Malaysian taxation	328	8,303	195	6,791
Taxation overprovided in respect of prior years	(10)	(448)	–	(647)
Deferred taxation	(248)	(387)	–	–
	<b>70</b>	7,468	<b>195</b>	6,144
Share of associated companies' taxation	–	94	–	–
	<b>70</b>	7,562	<b>195</b>	6,144
Current year taxation on dividend income taken up in exceptional items (Note 22)	60,861	19,444	105,583	222,351
	<b>60,931</b>	27,006	<b>105,778</b>	228,495

The taxation charge for the Company for the previous year was lower than the statutory tax rate due mainly to the surplus arising from the rationalisation and demerger of the Foreign Division which are not taxable. The Group's taxation charge for the previous year relates to tax on profits of certain subsidiary companies which cannot be off-set against losses of other subsidiary companies for tax purposes as group relief is not available.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 23. TAXATION (Cont'd)

The current year's taxation charge for the Company in relation to its dividend income is lower than the statutory tax rate as part of the dividends were tax exempt. Surplus arising from the reorganisation and demerger of the Autoparts and Non-Motor Divisions are not taxable.

No provision for taxation was made on the operating profit of the Group for the financial year due to the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999. The taxation on exceptional items at both the Group and Company level is due to non-tax exempt dividend income received by the Group and the Company from its former subsidiary companies.

## 24. DIVIDENDS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Dividends paid:				
Special Dividend in Cash (Dividend No. I)	94,617	–	94,617	–
Special Dividend in Specie (Dividend No. II)	114,516	–	114,516	–
Special Dividend in Specie (Dividend No. III)	38,403	–	38,403	–
Dividends proposed:				
Special Dividend in Cash (Dividend No. IV)	49,973	–	49,973	–
	<b>297,509</b>	–	<b>297,509</b>	–

## 25. EARNINGS PER SHARE – GROUP

The earnings per share including exceptional items for the year is 46.3 sen (1998 – earnings per share of 4.46 sen). This is calculated by dividing the Group profit attributable to members of the Company and including exceptional items of RM310.973 million (1998 – profit of RM29.990 million) by the number of shares of the Company in issue during the year.

The earnings per share excluding exceptional items is 11.1 sen (1998 – loss per share of 3.0 sen). This is calculated by dividing the Group profit attributable to members of the Company and excluding exceptional items of RM74.779 million (1998 – loss of RM20.010 million) by the number of shares of the Company in issue during the year.

**26. CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>1999</b> <b>RM'000</b>	<b>1998</b> <b>RM'000</b>
Capital expenditure approved and contracted for	–	112
Capital expenditure approved but not contracted for	<b>42,305</b>	43,004

**27. CONTINGENT LIABILITIES (UNSECURED)**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b> <b>RM'000</b>	<b>1998</b> <b>RM'000</b>	<b>1999</b> <b>RM'000</b>	<b>1998</b> <b>RM'000</b>
Guarantees to banks for credit facilities utilised by:				
– subsidiary companies	–	–	<b>92</b>	3
– third party	<b>720</b>	1,203	–	–
Compensation claim on breach of contract	<b>46</b>	46	–	–
	<b>766</b>	1,249	<b>92</b>	3
The gross amount of the credit facilities guaranteed are as follows:				
– subsidiary companies	–	–	<b>5,000</b>	5,000
– associated company	<b>224</b>	224	–	–
– third party	<b>2,400</b>	1,800	–	–
	<b>2,624</b>	2,024	<b>5,000</b>	5,000

**28. SIGNIFICANT TRANSACTIONS WITH RELATED COMPANIES**

	<b>Company</b>	
	<b>1999</b> <b>RM'000</b>	<b>1998</b> <b>RM'000</b>
Management fees receivable from subsidiary companies	<b>14</b>	11
Interest receivable from subsidiary companies	<b>8,830</b>	13,118
Interest payable to subsidiary companies	<b>95</b>	135
Gross dividends from subsidiary companies		
– ordinary dividends	<b>694</b>	24,251
– special dividends	<b>159,722</b>	769,759

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 29. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Other than as disclosed in Notes 7 and 18 to the accounts, the significant related party transactions are:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Management fees receivable from				
– APM Group	12	–	12	6
– WTCH Group	8	–	8	5
Sales to				
– APM Group	816	109	–	–
– WTCH Group	1,395	1,417	–	–
Purchases from				
– APM Group	38,022	13,041	–	–
– WTCH Group	4,606	2,943	–	–
Interest receivable from				
– APM Group	554	761	517	534
– WTCH Group	32	513	32	513
Interest payable to				
– APM Group	1,493	2,576	–	–
– WTCH Group	1,003	372	–	–
Rental of premises from WTCH Group	448	506	–	–
Rental of premises to				
– APM Group	908	955	–	–
– WTCH Group	465	591	–	–
Gross dividends from				
– APM Group	191,667	69,444	191,667	69,444
– WTCH Group	54,194	–	54,194	–
Commissions on policies sold to				
– APM Group	127	98	–	–
– WTCH Group	61	53	–	–
Sales to a company in which certain directors have substantial interest	6,327	2,696	–	–
Purchases of fixed assets from WTCH Group	2	–	–	–

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

## 30. SIGNIFICANT EVENTS DURING THE YEAR

In December 1999, the Company completed the reorganisation and demerger of its Autoparts and Non-Motor Divisions (“TCMH Scheme”) the details of which were set out in the Circular To Shareholders dated 29 September 1999. The TCMH Scheme was approved by the shareholders of the Company in an Extraordinary General Meeting held on 14 October 1999.

**30. SIGNIFICANT EVENTS DURING THE YEAR (Cont'd)**

The TCMH Scheme comprised the following steps:

- (a) An internal reorganisation of the Autoparts and Non-Motor Divisions involving the re-grouping of companies comprising the Autoparts and Non-Motor Divisions under intermediate holding vehicles, APM Automotive Holdings Berhad ("APM") and Warisan TC Holdings Berhad ("WTCH") respectively, and the granting of rights to allotment ("RTAs") of 201,599,999 and 67,199,999 ordinary shares of RM1.00 each in APM and WTCH respectively to the Company.
- (b) The Company paid special net dividends in specie (Dividends No. II and III) totalling RM152,918,990 or approximately 45.51% per TCMH share to the Company's shareholders, which was satisfied by the renunciation to the Company's shareholders of the RTAs of 50% of the enlarged share capital in APM and WTCH respectively.
- (c) The Company disposed of 20% of the equity interest in APM and WTCH respectively to Parasand Ltd ("the Controlling Shareholders") represented by the RTAs of 40,320,000 ordinary shares of RM1.00 each in APM and 13,440,000 ordinary shares of RM1.00 each in WTCH at RM1.74 and RM1.82 per ordinary share respectively for cash. The Company received a total cash consideration of RM94,617,600 from the Controlling Shareholders for the disposals.
- (d) The Company is to dispose of 30% of the equity interest in APM and WTCH respectively comprising the RTAs of 60,480,000 and 20,160,000 ordinary shares of RM1.00 each in APM and WTCH respectively to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at RM1.74 and RM1.82 per ordinary share respectively for cash, in order to comply with the National Development Policy. The Company will receive a total of RM141,926,400 in cash upon full disposal of the equity interest to the Bumiputera investors. As at 31 December 1999, the Company disposed of 9.7% and 13.04% of the equity interest in APM and WTCH respectively to the Bumiputera investors for a total cash consideration of RM34,023,960 and RM15,948,660 respectively.
- (e) The entire issued and paid-up share capital of APM and WTCH comprising 201,600,000 and 67,200,000 ordinary shares of RM1.00 each respectively were listed on the Main Board of the Kuala Lumpur Stock Exchange on 15 December 1999.
- (f) The total cash proceeds of RM236,544,000 from the disposals will be distributed entirely to the shareholders of the Company on a pro-rata basis by way of special dividends. As at 31 December 1999, the Company had distributed RM94,617,600 to the shareholders of the Company by way of a special dividend in cash (Dividend No. I) and another payment of a special dividend in cash of (Dividend No. IV) RM49,972,620 on 25 February 2000.

**31. SIGNIFICANT POST BALANCE SHEET EVENT**

On 24 March 2000, the Company completed the disposal of the remaining equity interest in APM and WTCH to the Bumiputera investors approved by the MITI.

The equity interest of 20.3% and 16.96% in APM and WTCH respectively comprising 40,926,000 and 11,397,000 ordinary shares of RM1.00 each in APM and WTCH respectively were disposed of at RM1.74 and RM1.82 per ordinary share respectively for cash. The Company received a total cash consideration of RM91,953,780 from the disposals and recorded an exceptional surplus of RM32,432,770 from the disposals.

The cash proceeds will be distributed entirely to the shareholders of the Company on a pro-rata basis by way of special dividend in cash (Dividend No. V), which will be paid on 19 May 2000.

**32. SEGMENTAL INFORMATION**

Segmental reporting is not disclosed as required by International Accounting Standard (IAS) No. 14 on reporting by segment as the Group predominantly assembles and sells motor vehicles in Malaysia.

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 33. COMPARATIVE FIGURES

The following comparative figures have been restated to conform with the current year's presentation as required under Malaysian Accounting Standard No. 2 on "Accounting for Acquisitions and Mergers". These comparative figures have been restated to exclude the operations of the companies comprising the Autoparts and Non-Motor Divisions which have been demerged under the TCMH Scheme on the basis that the demerger took place before 1 January 1998.

### 33.1 Consolidated Balance Sheet

	<b>As restated</b>	<b>As previously</b>
	<b>RM'000</b>	<b>stated</b>
		<b>RM'000</b>
SHARE CAPITAL	<b>336,000</b>	336,000
RESERVES	<b>397,835</b>	552,658
	<b>733,835</b>	888,658
MINORITY INTERESTS	<b>6,325</b>	7,101
DEFERRED TAXATION	<b>934</b>	3,545
RETIREMENT BENEFITS	<b>6,911</b>	12,858
TERM LOANS (UNSECURED)	<b>147,500</b>	148,584
	<b>895,505</b>	1,060,746
<b>CURRENT LIABILITIES</b>		
Trade creditors	<b>19,460</b>	60,812
Other creditors and accruals	<b>59,217</b>	95,557
Term loans (unsecured)	–	1,464
Short term borrowings (unsecured)	<b>3,607</b>	6,180
Taxation	<b>41,324</b>	58,035
	<b>123,608</b>	222,048
	<b>1,019,113</b>	1,282,794
<b>FIXED ASSETS</b>	<b>216,422</b>	373,919
ASSOCIATED COMPANIES	<b>2,917</b>	7,594
LONG TERM INVESTMENTS	<b>152,919</b>	–
OTHER INVESTMENTS	<b>1,808</b>	1,818
DEFERRED EXPENDITURE	–	482
HIRE PURCHASE DEBTORS	<b>28,678</b>	28,678
<b>CURRENT ASSETS</b>		
Stocks	<b>367,515</b>	503,367
Trade debtors	<b>55,282</b>	131,895
Hire purchase debtors	<b>16,716</b>	16,716
Other debtors, deposits and prepayments	<b>83,460</b>	23,420
Cash and bank balances	<b>93,396</b>	194,905
	<b>616,369</b>	870,303
	<b>1,019,113</b>	1,282,794

## 33. COMPARATIVE FIGURES (Cont'd)

## 33.2 Consolidated Profit and Loss Account

	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>
Turnover	<b>483,228</b>	939,043
Cost of sales	<b>423,147</b>	793,040
Operating loss	<b>(13,691)</b>	(4,366)
Exceptional items	<b>69,444</b>	-
Profit/(Loss) before taxation	<b>55,753</b>	(4,366)
Share of profit of associated companies	<b>73</b>	904
Profit/(Loss) before taxation	<b>55,826</b>	(3,462)
Taxation – Operating profit	<b>(7,562)</b>	(5,926)
– Exceptional items	<b>(19,444)</b>	-
	<b>(27,006)</b>	(5,926)
Profit/(Loss) after taxation	<b>28,820</b>	(9,388)
Minority interests	<b>1,170</b>	1,233
Profit/(Loss) attributable to members of the Company	<b>29,990</b>	(8,155)
Unappropriated profits brought forward	<b>366,474</b>	559,112
Profits available for appropriation	<b>396,464</b>	550,957
Appropriation:		
Dividends	-	-
Unappropriated profits carried forward	<b>396,464</b>	550,957
Unappropriated profits retained in:		
Holding company	<b>73,345</b>	62,523
Subsidiary companies	<b>320,872</b>	484,208
Associated companies	<b>2,247</b>	4,226
	<b>396,464</b>	550,957
Earnings/(Loss) per share including exceptional items (sen)	<b>4.46</b>	(1.21)
Loss per share excluding exceptional items (sen)	<b>(3.0)</b>	(1.21)

# Notes to the Accounts (Cont'd)

31 DECEMBER 1999

## 33. COMPARATIVE FIGURES (Cont'd)

### 33.3 Consolidated Cash Flow Statement

	<b>As restated</b>	<b>As previously</b>
	<b>RM'000</b>	<b>stated</b>
		<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	<b>55,826</b>	(3,462)
Adjustments for:		
Bad debts recovered	<b>(91)</b>	(108)
Bad debts written off	<b>5</b>	1,417
Deferred expenditure amortised/written off	<b>7</b>	181
Depreciation and amortisation of fixed assets	<b>12,349</b>	38,572
Fixed assets written off	<b>523</b>	618
Gain on disposal of fixed assets	<b>(352)</b>	(1,019)
Interest expense	<b>14,950</b>	17,282
Interest income	<b>(4,981)</b>	(8,489)
Provision for doubtful debts	<b>6,690</b>	5,805
Provision for retirement benefits	<b>1,605</b>	2,269
Provision for slow moving stocks	<b>17,295</b>	25,623
Reversal of share of losses upon disposal of an associated company	<b>-</b>	(953)
Share of profit of associated companies (net of dividends received)	<b>(73)</b>	(904)
Stocks written off	<b>846</b>	2,491
Write back of stocks written off	<b>(5,265)</b>	(5,265)
Operating profit before working capital changes	<b>99,334</b>	74,058
Increase/(Decrease) in working capital:		
Stocks	<b>122,152</b>	173,805
Trade debtors	<b>55,108</b>	115,654
Other debtors, deposits and prepayments	<b>(19,616)</b>	22,454
Hire purchase debtors	<b>12,181</b>	12,181
Amount due from associated companies	<b>(897)</b>	(1,707)
Trade creditors	<b>(63,182)</b>	(60,491)
Other creditors	<b>(42,169)</b>	(70,958)
Cash generated from operations	<b>162,911</b>	264,996
Interest paid	<b>(14,950)</b>	(17,282)
Interest received	<b>4,981</b>	8,489
Retirement benefits paid	<b>(2,041)</b>	(2,667)
Taxation paid	<b>(88,972)</b>	(95,137)
Net cash generated from operating activities	<b>61,929</b>	158,399



## 33. COMPARATIVE FIGURES (Cont'd)

## 33.3 Consolidated Cash Flow Statement (Cont'd)

	As restated RM'000	As previously stated RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in associated company	(150)	(150)
Additional deferred expenditure incurred	-	(470)
Net funds from minority interests	(51)	640
Proceeds from disposal of fixed assets	590	4,859
Purchase of fixed assets	(12,470)	(33,747)
Net cash used in investing activities	<b>(12,081)</b>	(28,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to minority shareholders	(410)	(410)
Dividends paid to shareholders	(16,934)	(16,934)
Repayment of term loans	(10,000)	(13,199)
Net cash used in financing activities	<b>(27,344)</b>	(30,543)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CONSOLIDATION	<b>87</b>	(26)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>22,591</b>	98,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<b>67,198</b>	89,763
CASH AND CASH EQUIVALENTS AT END OF YEAR	<b>89,789</b>	188,725
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Short term deposits	<b>81,884</b>	-
Cash and bank balances	<b>11,512</b>	194,905
Short term borrowings	<b>(3,607)</b>	(6,180)
	<b>89,789</b>	188,725