

## CHAIRMAN'S STATEMENT

### Overview

The Group is now focused on its Mercedes-Benz dealership activities following the completion of a major restructuring, but continues to face a difficult market in Malaysia.

### Performance

The Group's revenue from continuing operations for the year ended 31 December 2008 was 1% lower at RM513 million. Net profit from underlying operations was RM21.1 million, 8% lower than the previous year, due to a reduced contribution from after-sales activities, partly offset by lower financing charges.

Net profit attributable to shareholders of RM46.8 million benefited from a one-off premium of RM18.7 million received in respect of the Group's investment in Mercedes-Benz Malaysia ("MBM") and a gain of RM12.5 million from property disposals, offset in part by the cost of a voluntary separation scheme and a deficit arising from the property revaluations. The 2007 result of RM7.4 million had been depressed by losses of RM16.6 million incurred on discontinued operations.

At the end of 2008, the Group had net cash of RM59 million, compared with net debt of RM45 million at the end of 2007. This improvement was largely due to the proceeds from the disposal of surplus properties and non-core businesses and an improvement in working capital.

The Board is recommending a final dividend of 5 sen per share less tax which, together with the interim dividend will give a total dividend of 10 sen per share less tax (2007: 10 sen per share less tax). A special dividend of RM1.35 per share less tax was paid in September 2008.

### Developments

A major restructuring of the Group's activities was largely completed by June 2008. Loss-making or non-core businesses, together with surplus properties, were sold and a voluntary separation scheme was implemented. This has enabled the Group to streamline its business portfolio and to focus on its Mercedes-Benz business. The joint venture agreement with Daimler AG was also successfully renegotiated, allowing the Company to continue to receive an annual dividend of RM11.2 million from its investment in MBM and giving rise to a one-off premium of RM18.7 million.

### Business Activity

Mercedes-Benz passenger car sales in 2008 were 4% higher at 1,502 units as back orders for the C-Class were progressively fulfilled following supply constraints earlier in the year. The contribution from after-sales activities, however, was lower due to reduced vehicle throughput in the second half of the year. Group overheads were lower following the implementation of the voluntary separation scheme.

### People

In July 2008, Steven Foster stepped down as Managing Director and Wong Kin Foo, previously Director of Retail Operations, took over as Chief Operating Officer.

I would like to thank all our staff for their continued dedication and hard work amidst the uncertainties associated with the global recession and challenging trading environment.

### Prospects

While 2009 is expected to be difficult given the global economic problems, the Group's sound financial position, leaner structure and a firm focus on its Mercedes-Benz dealership business leaves it well-placed to meet the challenges ahead.

### Ben Keswick

Chairman  
24 February 2009