



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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APM AUTOMOTIVE HOLDINGS BERHAD
(Company No. 424838-D)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 – unaudited**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-15	Corresponding Quarter Ended 30-Sep-14	Cumulative Year To Date 30-Sep-15	Corresponding Year To Date 30-Sep-14
<i>In thousands of RM</i>				
Revenue	255,840	291,902	879,858	940,027
Results from operating activities	15,105	32,794	70,386	101,869
Finance costs	(436)	(536)	(938)	(658)
Finance income	3,078	2,218	8,005	7,307
Share of profit of equity-accounted investee, net of tax	(1,088)	265	(409)	1,119
Profit before tax	16,659	34,741	77,044	109,637
Income tax expense	(5,231)	(9,074)	(23,002)	(26,239)
Profit for the period	11,428	25,667	54,042	83,398
Other comprehensive income/(expense), net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	-	-	-	50
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	15,362	(578)	15,719	(2,382)
Share of foreign currency translation differences of equity-accounted investee	2,629	(651)	2,774	(1,130)
Other comprehensive income/ (expense) for the period, net of tax	17,991	(1,229)	18,493	(3,462)
Total comprehensive income for the period	29,419	24,438	72,535	79,936
Profit attributable to :				
Owners of the Company	9,652	22,758	45,779	73,713
Non-controlling interests	1,777	2,909	8,264	9,685
Profit for the period	11,429	25,667	54,043	83,398
Total comprehensive income attributable to :				
Owners of the Company	27,642	21,529	64,271	70,251
Non-controlling interests	1,777	2,909	8,264	9,685
Total comprehensive income for the period	29,419	24,438	72,535	79,936
Earnings per share				
Basic (sen)	4.93	11.63	23.41	37.67
Diluted (sen)	N/A	N/A	N/A	N/A

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015 - unaudited**

<i>In thousands of RM</i>	As at 30-Sep-15	As at 31-Dec-14
Assets		
Property, plant & equipment	462,897	406,103
Prepaid lease payments	16,833	14,869
Investment properties	97,290	97,290
Investment in an associate	10,195	8,864
Investments in joint ventures	34,358	34,524
Intangible assets	15,374	11,632
Deferred tax assets	11,351	14,731
Total non-current assets	648,298	588,013
Inventories	211,990	209,096
Trade and other receivables, including derivatives	276,631	343,603
Other investments	100,432	78,506
Cash and cash equivalents	288,583	279,384
Total current assets	877,636	910,589
Total assets	1,525,934	1,498,602
Equity		
Share capital	201,600	201,600
Reserves	980,902	954,774
Treasury shares	(13,289)	(12,818)
Total equity attributable to owners of the Company	1,169,213	1,143,556
Non-controlling interests	33,205	32,949
Total equity	1,202,418	1,176,505
Liabilities		
Employee benefits	12,544	11,448
Deferred tax liabilities	30,414	28,246
Total non-current liabilities	42,958	39,694
Trade and other payables, including derivatives	229,739	242,967
Short term borrowings	48,446	37,029
Current tax liabilities	2,373	2,407
Total current liabilities	280,558	282,403
Total liabilities	323,516	322,097
Total equity and liabilities	1,525,934	1,498,602
Net assets per share attributable to owners of the Company (RM)	5.98	5.84

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD
(Company No. 424838-D)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015 - unaudited**

<i>In thousands of RM</i>	<----- Attributable to the owners of the Company ----->						Total	Non- controlling interests	Total equity
	Share capital	Treasury shares	Translation reserve	Revaluation reserve	Share premiums	Retained profits			
At 1-Jan-14, as previously stated	201,600	(12,806)	(12,142)	-	17,898	722,204	916,754	26,200	942,954
Revaluation of investment properties	-	-	-	-	-	71,758	71,758	-	71,758
At 1-Jan-14, restated	201,600	(12,806)	(12,142)	-	17,898	793,962	988,512	26,200	1,014,712
Remeasurement of defined benefit liabilities	-	-	-	-	-	50	50	-	50
Foreign currency translation differences for foreign operations	-	-	(3,512)	-	-	-	(3,512)	-	(3,512)
Profit for the period	-	-	-	-	-	73,713	73,713	9,685	83,398
Total comprehensive income for the period	-	-	(3,512)	-	-	73,763	70,251	9,685	79,936
Own shares acquired	-	(12)	-	-	-	-	(12)	-	(12)
Dividends to owners of the Company	-	-	-	-	-	(38,159)	(38,159)	-	(38,159)
Total transactions with owners of the Company	-	(12)	-	-	-	(38,159)	(38,171)	-	(38,171)
At 30-Sept-2014	201,600	(12,818)	(15,654)	-	17,898	829,566	1,020,592	35,885	1,056,477
At 1-Jan-15	201,600	(12,818)	(9,725)	92,395	17,898	854,206	1,143,556	32,949	1,176,505
Foreign currency translation differences for foreign operations	-	-	18,493	-	-	-	18,493	-	18,493
Profit for the period	-	-	-	-	-	45,779	45,779	8,264	54,043
Total comprehensive income for the period	-	-	18,493	-	-	45,779	64,272	8,264	72,536
Own shares acquired	-	(471)	-	-	-	-	(471)	-	(471)
Dividends to owners of the Company	-	-	-	-	-	(38,144)	(38,144)	-	(38,144)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(8,008)	(8,008)
Total transactions with owners of the Company	-	(471)	-	-	-	(38,144)	(38,615)	(8,008)	(46,623)
At 30-Sept-2015	201,600	(13,289)	8,768	92,395	17,898	861,841	1,169,213	33,205	1,202,418

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2015 – unaudited**

<i>In thousands of RM</i>	For the 9 months period ended 30-Sep-15	For the 9 months period ended 30-Sep-14
Cash flows from operating activities		
Profit before tax and non-controlling interests	77,044	109,637
Adjustments for non-cash items	31,314	41,230
Changes in working capital	59,842	(4,388)
Cash generated from operations	168,200	146,479
Interest/Tax/Employee benefits/provision	(22,544)	(47,315)
Net cash generated from operating activities	145,656	99,164
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	433	973
Acquisition of property, plant and equipment	(88,172)	(43,057)
Increase in other investments	(21,926)	-
Additions of intangible assets	(6,458)	(10,994)
Subscription of shares in joint ventures	-	(1,044)
Net cash used in investing activities	(116,123)	(54,122)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(8,008)	-
Dividends paid to owners of the Company	(38,144)	(38,159)
Dividend received from joint ventures	1,200	-
Net drawdown of short-term borrowings	11,417	17,823
Purchase of treasury shares	(471)	(12)
Net cash used in financing activities	(34,006)	(20,348)
Net (decrease) / increase in cash and cash equivalents	(4,473)	24,694
Effect of exchange rate fluctuations	13,672	810
Cash and cash equivalents at 1 January	279,384	306,416
Cash and cash equivalents at the end of period	288,583	331,920

Cash and cash equivalents at the end of financial period comprise the following:

Cash and bank balances	51,563	40,463
Deposits and corporate management account with licensed banks	237,020	291,457
	288,583	331,920

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

This condensed consolidated interim financial statement (Condensed Report) has been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to the condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2014.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

(a) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The following are MFRSs, Amendments to MFRSs, and IC Interpretations that have been issued by the Malaysian Accounting Standards Board but not yet effective:

(b) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

(c) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

(d) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group will adopt the abovementioned accounting standards, amendments and interpretation when they become effective in the respective financial periods.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2014.

A4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not affected by any seasonal or cyclical factors, other than the general economic environment in which the Group operates.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flows for the period.

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases, resale or repayment of debts and equity securities in the current interim period and financial year to date, other than the following repurchase of shares by the Company:

In thousands of RM

<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Mar-15	1,000	5
May-15	50,000	251
Jun-15	24,700	120
Jul-15	20,100	91
Aug-15	1,000	4
<u>Total</u>	<u>96,800</u>	<u>471</u>

A8. DIVIDENDS PAID

An interim ordinary dividend of 7.5 sen per ordinary share (2014: 7.5 sen per ordinary share) under single-tier system totalling RM14.67 million (2014: RM14.68 million) in respect of the financial year ending 31 December 2015 was paid on 29 September 2015.

A9. SEGMENTAL INFORMATION

The Group's operating structure comprises the following strategic business divisions, each offering different groups of products or activities as described below:

- *Suspension Division, Malaysia:* comprises business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, Gas Springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* comprises business in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas, and rails and light rails system.
- *Electrical & Heat Exchange Division, Malaysia:* comprises business in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts.
- *Marketing Division, Malaysia:* main activity is that of trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Others, Malaysia:* comprises mainly operations related to the rental of investment properties in Malaysia, distribution of motor vehicle, provision of management services for companies within the Group and provision of automotive research and development services.
- *Operations Outside Malaysia:* comprises businesses in Indonesia, Vietnam and Australia.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. SEGMENTAL INFORMATION (CONTINUED)

Performance of these operating segments is measured primarily on the gross sales and the profit before tax. The results by segments for the quarter are as follows:

In thousands of RM

INDIVIDUAL QUARTER

	30-Sep-15		30-Sep-14	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Operations within Malaysia				
Suspension	51,106	4,444	56,617	4,958
Interior & Plastics	152,489	4,660	194,130	19,213
Electricals & Heat Exchange	42,000	1,214	47,586	6,435
Marketing	44,179	2,748	44,721	1,543
Others	11,375	437	7,703	(27)
Operations outside Malaysia	35,750	3,201	22,499	2,745
	336,899	16,704	373,256	34,867
Eliminations	(81,059)	(45)	(81,354)	(126)
	255,840	16,659	291,902	34,741

In thousands of RM

CUMULATIVE QUARTER

	30-Sep-15		30-Sep-14	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Operations within Malaysia				
Suspension	165,455	13,456	184,018	15,992
Interior & Plastics	583,374	43,286	650,052	69,430
Electricals & Heat Exchange	131,590	9,159	165,932	16,704
Marketing	127,323	5,644	145,680	6,229
Others	28,829	(1,897)	23,741	(2,867)
Operations outside Malaysia	84,237	6,975	50,057	3,592
	1,120,808	76,623	1,219,480	109,080
Eliminations	(240,950)	421	(279,453)	557
	879,858	77,044	940,027	109,637

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The valuation of property, plant and equipment and investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2014.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. RELATED PARTY DISCLOSURES

The following are significant related party transactions:-

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-15	Corresponding Quarter Ended 30-Sep-14	Cumulative Year To Date 30-Sep-15	Corresponding Year To Date 30-Sep-14
<u>With TCMH Group</u>				
Sales	11,666	15,558	37,388	41,833
Purchases	(8,032)	(2,555)	(12,525)	(5,692)
Administrative and consultancy services	(45)	(47)	(293)	(146)
Insurance	(212)	(192)	(3,687)	(2,138)
Rental expenses	(11)	(4)	(25)	(8)
Rental income	278	582	1,340	2,222

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Tan Chong Motor Holdings Berhad and its subsidiaries (“TCMH Group”).

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-15	Corresponding Quarter Ended 30-Sep-14	Cumulative Year To Date 30-Sep-15	Corresponding Year To Date 30-Sep-14
<u>With WTCH Group</u>				
Sales	-	-	-	3
Purchases	(25)	(46)	(64)	(130)
Administrative and consultancy services	(508)	(732)	(1,653)	(1,434)
Rental income	-	4	16	51
Rental expenses	(239)	(253)	(950)	(664)

The above transactions had been entered into the ordinary course of business on normal commercial terms with Warisan TC Holdings Berhad and its subsidiaries (“WTCH Group”).

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-15	Corresponding Quarter Ended 30-Sep-14	Cumulative Year To Date 30-Sep-15	Corresponding Year To Date 30-Sep-14
<u>With TCIL Group</u>				
Sales	3,386	13,724	11,310	62,519
Provision of consultancy services	-	207	-	298

The above transactions had been entered into in the ordinary course of business on normal commercial terms with Tan Chong International Limited and its subsidiaries (“TCIL Group”).

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A12. MATERIAL SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

A13. CHANGES IN COMPOSITION OF THE GROUP

During the quarter under review, the Group has incorporated the following subsidiaries:-

No	Name of subsidiary	Date of Incorporation	% of shareholding held by the Group	Country of Incorporation	Intended Principal Activities
i)	APM Auto Components Europe BV	7 August 2015	100%	Netherlands	Investment holding
ii)	APM Tinnos Sdn Bhd (formerly known as Apinnos Sdn Bhd)	12 October 2015	60%	Malaysia	Developing, manufacturing and supplying automotive In-vehicle Infotainment (“IVI”) systems and Internet of Things (“IoT”) products.

Save for the above, there were no material changes to the composition of the Group for the current financial quarter under review.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liability as at 30 September 2015.

A.15 CAPITAL COMMITMENTS

<i>In thousands of RM</i>	<u>30-Sep-15</u>	<u>30-Sep-14</u>
Authorized but not contracted for	56,824	47,955
Contracted but not provided for	27,249	37,860
Total	84,073	85,815

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

B1 OPERATING SEGMENTS REVIEW

Analysis of Performance of All Operating Segments

3Q15 vs. 3Q14

The Group recorded revenue of RM255.8 million for 3Q15, a decrease of 12.4% compared to 3Q14 of RM291.9 million due to lower off take from OEM customers for certain models. Production by few car assemblers slowed as a result of overstocking prior to the implementation of Goods and Services Tax (“GST”) in 1 April 2015 and the corresponding weaker consumer sentiment in the months that followed.

This quarter, the Group’s profit before tax was down by 52% to RM16.7 million compared to previous year same quarter of RM34.7 million. The lower profit before tax was attributed to production volume reduced while production overheads remained fixed coupled by rising cost due to weaker Ringgit.

Year-to-date 2015 vs Year-to-date 2014

Revenue YTD 2015 of RM879.9 million was lower by 6.4% compared to YTD 2014’s revenue of RM940.0 million. The reduction in revenue was in tandem with lower off take from OEMs as stated earlier.

The Group’s profit before tax decreased by 29.7% to RM77.0 million compared to RM109.7 million as a result of lower revenue, pricing pressure from OEMs and higher raw material prices arising from unfavorable foreign exchange rate compared to corresponding period in 2014.

Segmentation Review

Suspension Division

The Suspension Division’s revenue saw a reduction of 9.7% to RM51.1 million in 3Q15 compared to RM56.6 million in 3Q14 because of lower demand from both OE and replacement markets. In line with a lower revenue, profit before tax reduced by 10.4% to RM4.4 million from RM5.0 million a year ago.

For the three quarters of 2015, segmental revenue decreased by 10.1% to RM165.5 million from RM184.0 million in the same period last year due to lower demand from OEM customers, export and replacement markets. The reduction in bottom-line was in tandem with lower demand from OEM markets while production overheads remained relatively fixed despite a reduction in production volume.

Interior & Plastics Division

Interiors and Plastics Division’s revenue recorded RM152.5 million in the current 2015 quarter, a decline of 21.5% compared to RM194.1 million for the corresponding quarter in the previous year. The decrease in revenue was attributed to lower demand from OEM parts. Profit before tax was lower by 75.7% to RM4.7 million from RM19.2 million in the same quarter last year. The significant drop was due to two key OEM customers planned shutdowns for routine maintenance during the quarter while production overheads remained relatively fixed.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

B1 OPERATING SEGMENTS REVIEW (CONTINUED)

Interior & Plastics Division (continued)

In the first nine months, the Interiors and Plastics Division posted RM583.4 million in revenue against RM650.1 million a year ago. While this was principally due to a lower demand for OEM parts, unfavourable product-mix for certain vehicle models was also a contributing factor.

Consequently, profit before tax fell by 37.7% from RM69.4 million to RM43.3 million compared to previous corresponding period.

Electrical & Heat Exchange Division

The Electrical & Heat Exchange Division achieved a revenue of RM42.0 million in 3Q15, a decrease of 11.7% from RM47.6 million compared to the same quarter of preceding year. Profit before tax stood at RM1.2 million, a decrease of 81.1% from RM6.4 million in 3Q14. The production phase-out for certain car models during the last quarter of 2014 resulted in the reduction of revenue and profitability for the Segment. In addition, unfavorable foreign exchange rates have affected the margin.

On a year-to-date basis, the revenue decreased 20.7% to RM131.6 million from RM165.9 million in previous year same period. Similarly, profit before tax was also lower at RM9.2 million from RM16.7 million in the similar corresponding period in 2014.

Marketing Division

Against this soft market sentiment, the Marketing division managed to maintain its revenue for 3Q15 at RM44.2 million which is in line with the revenue achieved in 3Q14 at RM44.7 million. The division also saw an improvement in profit before tax of RM2.7 million in 3Q15 compared to RM1.5 million in the same period of the previous year. The marketing export division benefited from the weaker Ringgit and lower logistic costs.

For the first nine months of 2015, the division registered revenue of RM127.3 million, a decline of 12.6% from RM145.7 million in the same period last year. The decrease was caused by the lower sales from domestic replacement market and reduced logging activities in East Malaysia. Accordingly, profit before tax has decreased by 9.4% to RM5.6 million.

Others Division, Malaysia

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services, engineering and research services for companies within the Group and sale and distribution of cars. The revenue streams were mainly rental and services fee charged within the Group and formed part of inter-segment elimination for the total Group's results (as depicted in Note A9).

For the current quarter of 2015, the Other Divisions recorded profit before tax of RM0.4 million compared to loss of RM0.03 million on the back of higher billing of services fee and reversal of provision in the current quarter.

For year-to-date of 2015, this segment recorded a loss of RM1.9 million compared to RM2.9 million in the previous year same period.

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B1 OPERATING SEGMENTS REVIEW (CONTINUED)

Operations Outside Malaysia

Operations outside Malaysia posted higher revenue of RM35.8 million for its third quarter of 2015, an increase of 58.9% from RM22.5 million recorded in the corresponding quarter last year. The revenue growth was mainly contributed by the seating business in Australia and suspension division in Vietnam registering high growth of 69.4% and 86.7% respectively. Profit before tax also increased to RM3.2 million from RM2.7 million in the same quarter last year.

Revenue for the nine months of 2015, grew to RM84.2 million from RM50.1 million in previous year same period. Australia is now the Group's biggest contributor of the total segment revenue with 43.6% share for the nine months period of 2015. In tandem with higher revenue, profit before tax has doubled to RM7.0 million from RM3.6 million in the same period last year.

B2 MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

Quarter on quarter (QoQ): revenue decreased by 16.3% from RM305.8 million to RM255.8 million and profit before tax by 38.4% (from RM27.1 million to RM16.7 million).

The Interiors and Plastics division posted the highest drop in revenue of 24.1% to RM152.5 million compared to RM200.8 million for the preceding quarter and profit before tax fell 70.3% for this division (RM4.7 million) compared to the preceding quarter of RM15.8 million.

B3 COMMENTARY ON PROSPECTS AND TARGETS

Domestically, the automotive industry is currently operating in a tough environment with the devaluation of Ringgit Malaysia against the US Dollar and weaker demand for motor vehicles. While as a major OEM supplier, the Group's financial position is very much dependant on the state of the domestic automotive industry, nonetheless, the Group is looking to sustain its long-term earnings by continuing to improve operational efficiency and enhancing effort to build globally recognized brands. The Group has diversified into new products i.e. automotive In-vehicle Infotainment ("IVI") systems and Internet of Things ("IoT") products to broaden its revenue base. The Group has had some success in its regional expansion and will further scale up its operations overseas.

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B4 INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
(RM'000)	Current Quarter Ended <u>30-Sep-15</u>	Corresponding Quarter Ended <u>30-Sep-14</u>	Cumulative Year To Date <u>30-Sep-15</u>	Corresponding Year To Date <u>30-Sep-14</u>
<u>Current tax</u>				
- Current year	5,038	10,652	19,337	27,071
- Prior year	(581)	758	(2,101)	991
<u>Deferred tax</u>				
- Current year	1,087	(2,498)	2,014	(2,998)
- Prior year	(313)	-	3,745	970
Withholding Tax	-	162	7	205
	<u>5,231</u>	<u>9,074</u>	<u>23,002</u>	<u>26,239</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the absence of full group relief.

B5 CORPORATE PROPOSALS

There were no corporate proposals announced as at the reporting date.

B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

a) Derivatives

The outstanding forward foreign currency contracts entered as at 30 September 2015 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	24,033	(1,597)	Less than 1 year

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2014. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and its related accounting policies.

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B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONTINUED)

b) RETAINED EARNINGS

(RM'000)	As At 30-Sep-15	As At 31-Dec-14
Total retained profits/(accumulated losses) of the company and its subsidiaries		
- realised profit	794,692	775,618
- unrealised losses	68,126	70,323
	<u>862,818</u>	<u>845,941</u>
Total share of retained profits of associate:		
- realised profit	9,419	8,488
Total share of retained profits of joint ventures		
- realised profit	22,739	24,079
	<u>894,976</u>	<u>878,508</u>
Consolidation adjustments	(33,135)	(24,302)
Total group retained profits as per consolidated accounts	<u>861,841</u>	<u>854,206</u>

B7 BORROWINGS AND DEBT SECURITIES

Group borrowings as at the end of reporting period are as follow:

<i>In thousands of RM</i>	30-Sep-15
Unsecured - Foreign currency loans	33,446
- Revolving credit	15,000
	<u>48,446</u>
Amount due within the next 12 months	48,446
	<u>48,446</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		30-Sep-15
<u>Currency</u>	<u>In</u>	
RM	RM	15,000
IDR	IDR	6,060
USD	USD	27,386
		<u>48,446</u>

B8 CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group as at the reporting date.

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B9. PROPOSED DIVIDEND

No dividend has been proposed for the current quarter ended 30 September 2015.

B10 EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the periods as follows:

	Individual Quarter		Cumulative Quarter	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Profit attributable to the owners of the Company (RM'000)	9,652	22,758	45,779	73,713
Weighted average number of ordinary shares in issue ('000)	195,589	195,685	195,589	195,685
Basic EPS (sen)	4.93	11.63	23.41	37.67

B11 NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

Profit before tax is arrived at after charging / (crediting) the following items:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter Ended 30-Sep-15	Corresponding Quarter Ended 30-Sep-14	Cumulative Year To Date 30-Sep-15	Corresponding Year To Date 30-Sep-14
(a) Interest income	(3,078)	(2,218)	(8,005)	(7,307)
(b) Other income including investment income	(1,131)	(889)	(3,630)	(4,281)
(c) Interest expense	436	536	938	658
(d) Depreciation and Amortization	11,102	8,015	33,840	23,351
(e) (Reversal) / Provision for and write off receivables	(124)	(335)	(100)	(788)
(f) (Reversal) /Provision for and write off inventories	(547)	(387)	2,401	1,043
(g) (Gain) / loss on disposal of property, plant and equipment	(54)	(99)	(95)	(284)
(h) Foreign exchange (gain) / loss	963	(462)	1,228	(796)
(i) (Gain) / loss on derivative	504	238	(534)	352

BY ORDER OF THE BOARD

KHOO PENG PENG
 QUAH KHIAN KHOON

Company Secretaries
 Kuala Lumpur
 20 November 2015