



# **APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

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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 2016 – unaudited**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-16	Corresponding Quarter Ended 30-Sep-15	Cumulative Year to Date 30-Sep-16	Corresponding Year to Date 30-Sep-15
<i>In thousands of RM</i>				
<b>Revenue</b>	313,289	255,840	895,917	879,858
<b>Results from operating activities</b>	26,006	15,105	52,469	70,386
<b>Finance costs</b>	(864)	(436)	(1,986)	(938)
<b>Finance income</b>	2,219	3,078	7,063	8,005
<b>Share of loss of equity-accounted investee, net of tax</b>	(666)	(1,088)	(727)	(409)
<b>Profit before tax</b>	26,695	16,659	56,819	77,044
<b>Income tax expense</b>	(5,375)	(5,231)	(16,239)	(23,002)
<b>Profit for the period</b>	21,320	11,428	40,580	54,042
<b>Other comprehensive income, net of tax</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	9,480	15,362	1,806	15,719
Share of foreign currency translation differences of equity-accounted investees	1,690	2,629	1,027	2,774
<b>Other comprehensive income for the period, net of tax</b>	11,170	17,991	2,833	18,493
<b>Total comprehensive income for the period</b>	32,490	29,419	43,413	72,535
<b>Profit attributable to :</b>				
Owners of the Company	17,457	9,651	33,176	45,778
Non-controlling interests	3,863	1,777	7,404	8,264
<b>Profit for the period</b>	21,320	11,428	40,580	54,042
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	28,627	27,642	36,009	64,271
Non-controlling interests	3,863	1,777	7,404	8,264
<b>Total comprehensive income for the period</b>	32,490	29,419	43,413	72,535
<b>Earnings per share</b>				
Basic (sen)	8.92	4.93	16.96	23.41
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 2015 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 2016 – unaudited**

<i>In thousands of RM</i>	<b>As at 30-Sep-16</b>	<b>As at 31-Dec-15</b>
<b>Assets</b>		
Property, plant & equipment	486,044	466,610
Prepaid lease payments	17,071	16,926
Investment properties	97,854	97,854
Investment in an associate	12,671	11,463
Investments in joint ventures	29,040	29,948
Intangible assets	27,325	23,381
Deferred tax assets	10,115	11,101
<b>Total non-current assets</b>	<b>680,120</b>	<b>657,283</b>
Inventories	240,516	221,793
Trade and other receivables, including derivatives	348,495	265,147
Other investments	83,422	141,969
Cash and cash equivalents	204,674	264,214
<b>Total current assets</b>	<b>877,107</b>	<b>893,123</b>
<b>Total assets</b>	<b>1,557,227</b>	<b>1,550,406</b>
<b>Equity</b>		
Share capital	201,600	201,600
Reserves	997,848	995,091
Treasury shares	(13,293)	(13,289)
<b>Total equity attributable to owners of the Company</b>	<b>1,186,155</b>	<b>1,183,402</b>
<b>Non-controlling interests</b>	<b>40,122</b>	<b>37,220</b>
<b>Total equity</b>	<b>1,226,277</b>	<b>1,220,622</b>
<b>Liabilities</b>		
Employee benefits	14,100	13,001
Deferred tax liabilities	34,262	32,576
<b>Total non-current liabilities</b>	<b>48,362</b>	<b>45,577</b>
Trade and other payables, including derivatives	216,578	226,319
Short term borrowings	64,215	56,194
Current tax liabilities	1,795	1,694
<b>Total current liabilities</b>	<b>282,588</b>	<b>284,207</b>
<b>Total liabilities</b>	<b>330,950</b>	<b>329,784</b>
<b>Total equity and liabilities</b>	<b>1,557,227</b>	<b>1,550,406</b>
Net assets per share attributable to owners of the Company (RM)	6.06	6.05

*The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016 - unaudited**

	<----- Attributable to the owners of the Company ----->						Total	Non-controlling interests	Total equity
	<----- Non-Distributable ----->			Distributable					
<i>In thousands of RM</i>	Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained profits			
<b>At 1-Jan-15</b>	201,600	(12,818)	17,898	92,395	(9,725)	854,206	1,143,556	32,949	1,176,505
Foreign currency translation differences for foreign operations	-	-	-	-	18,493	-	18,493	-	18,493
Share of gain of equity-accounted investees	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	45,779	45,779	8,264	54,043
<b>Total comprehensive income for the year</b>	-	-	-	-	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)
<b>Total transactions with owners of the Group</b>	-	(471)	-	-	-	(38,144)	(38,615)	(8,008)	(46,623)
<b>At 30-Sep-2015</b>	201,600	(13,289)	17,898	92,395	8,768	861,841	1,169,213	33,205	1,202,418
<b>At 1-Jan-16</b>	201,600	(13,289)	17,898	92,395	8,246	876,552	1,183,402	37,220	1,220,622
Foreign currency translation differences for foreign operations	-	-	-	-	1,806	-	1,806	-	1,806
Share of loss of equity-accounted investees	-	-	-	-	1,027	-	1,027	-	1,027
Profit for the period	-	-	-	-	-	33,176	33,176	7,404	40,580
<b>Total comprehensive income for the year</b>	-	-	-	-	2,833	33,176	36,009	7,404	43,413
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Acquisition of remaining shares of a subsidiary from non-controlling interests	-	-	-	-	-	-	-	(2,500)	(2,500)
Dividends to owners of the company	-	-	-	-	-	(33,252)	(33,252)	(2,002)	(35,254)
<b>Total transactions with owners of the Group</b>	-	(4)	-	-	-	(33,252)	(33,256)	(4,502)	(37,758)
<b>At 30-Sep-2016</b>	201,600	(13,293)	17,898	92,395	11,079	876,476	1,186,155	40,122	1,226,277

*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 2015 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 SEPTEMBER 2016 – unaudited**

<i>In thousands of RM</i>	<b>For the 9 months period ended 30-Sep-16</b>	<b>For the 9 months period ended 30-Sep-15</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	56,819	77,044
Adjustments for non-cash items	44,229	31,314
Changes in working capital	(106,925)	59,842
<b>Cash (used in) / generated from operations</b>	<b>(5,877)</b>	<b>168,200</b>
Interest/Tax/Employee benefits/provision	(17,127)	(22,544)
<b>Net cash (used in) / generated from operating activities</b>	<b>(23,004)</b>	<b>145,656</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	3,641	433
Acquisition of property, plant and equipment	(55,738)	(88,172)
Net decrease/(increase) in other investments	58,547	(21,926)
Additions of intangible assets	(12,803)	(6,458)
<b>Net cash used in investing activities</b>	<b>(6,353)</b>	<b>(116,123)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(2,002)	(8,008)
Dividends paid to owners of the Company	(33,252)	(38,144)
Dividend received from joint ventures	-	1,200
Acquisition of remaining shares of a subsidiary	(2,500)	-
Net drawdown of short-term borrowings	8,021	11,417
Purchase of treasury shares	(4)	(471)
<b>Net cash used in financing activities</b>	<b>(29,737)</b>	<b>(34,006)</b>
Net decrease in cash and cash equivalents	(59,094)	(4,473)
Effect of exchange rate fluctuations	(446)	13,672
Cash and cash equivalents at 1 January	264,214	279,384
<b>Cash and cash equivalents at the end of period</b>	<b>204,674</b>	<b>288,583</b>

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

Cash and bank balances	76,104	51,563
Deposits and corporate management account with licensed banks	128,570	237,020
	<b>204,674</b>	<b>288,583</b>

*The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations that are applicable to the Group:

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sales 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*, 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*
- 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)*

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

**MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective**

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted by the Group:-

***Effective for annual periods beginning on or after 1 January 2017***

- Amendments to MFRS 107, *Statements of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

***Effective for annual periods beginning on or after 1 January 2018***

- MFRS 2, *Share-based Payment*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

**A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Effective for annual periods beginning on or after 1 January 2019*

- MFRS 16, *Leases*

*MFRSs, Interpretations and amendments effective for a date yet to be confirmed*

- 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*

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group except as mentioned below:

**MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact of adopting MFRS 9.

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

**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**

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

**MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Group is currently assessing the financial impact of adopting MFRS 16.

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

**A3. AUDIT QUALIFICATIONS**

There were no audit qualifications in the annual financial statements for the year ended 31 December 2015.

**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.

**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:

	<i>In thousands of RM</i>	
<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Mar-16	1,000	4

**A8. DIVIDENDS PAID**

An interim ordinary dividend of 5.0 sen per ordinary share (2015: 7.5 sen per ordinary share) totalling RM9.78 million (2015: RM14.67 million) in respect of the financial year ending 31 December 2016 was paid on 29 September 2016.



## **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.
- *Non-reportable segment, 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.
- *Indonesia operations:* comprises business in Indonesia.
- *All other segment:* comprises businesses in Vietnam, Australia, United States of America and Netherlands.

The manufacturing and distribution of automotive products within the Group are managed by four different operating segments within the Group. These operating segments are aggregated to form a reportable segment due to the similar nature and economic characteristics of the products. The nature, production process and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar for both replacement markets and Original Equipment Manufacturer ("OEM") markets.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the Chief Operating Decision Makers ("CODM"). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

**A9. SEGMENTAL INFORMATION (CONT'D)**

	<b>INDIVIDUAL QUARTER</b>			
	<b>30-Sep-16</b>		<b>30-Sep-15</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Suspension	51,747	6,659	51,106	4,444
Interior & Plastics	213,002	14,793	152,489	4,660
Electricals & Heat Exchange	40,977	2,720	42,000	1,214
Marketing	57,956	2,398	44,179	2,748
Non-reportable segment	12,991	782	11,375	437
Indonesia Operations	7,601	(3,289)	3,961	(646)
All Other Segments	35,800	2,834	31,789	3,847
	420,074	26,897	336,899	16,704
Eliminations	(106,785)	(202)	(81,059)	(45)
	313,289	26,695	255,840	16,659

	<b>CUMULATIVE QUARTER</b>			
	<b>30-Sep-16</b>		<b>30-Sep-15</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Suspension	159,363	15,697	165,455	13,456
Interior & Plastics	588,100	22,741	583,374	43,286
Electricals & Heat Exchange	127,894	11,947	131,590	9,159
Marketing	158,113	6,526	127,323	5,644
Non-reportable segment	40,896	(939)	28,829	(1,897)
Indonesia Operations	21,488	(6,239)	11,660	(1,555)
All Other Segments	92,545	7,258	72,577	8,530
	1,188,399	56,991	1,120,808	76,623
Eliminations	(292,482)	(172)	(240,950)	421
	895,917	56,819	879,858	77,044

**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 2015.

**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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Cumulative Year To Date</b>	<b>Corresponding Year To Date</b>
<b><u>With TCMH Group</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>
Sales	23,345	11,666	76,725	37,388
Purchases	(3,942)	(8,032)	(9,777)	(12,525)
Administrative and consultancy services	-	(45)	(197)	(293)
Insurance	(125)	(212)	(1,426)	(3,687)
Rental expenses	(10)	(11)	(31)	(25)
Rental income	429	278	1,361	1,340

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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Cumulative Year To Date</b>	<b>Corresponding Year To Date</b>
<b><u>With WTCH Group</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>
Sales	2	-	2	-
Purchases	(42)	(25)	(119)	(64)
Administrative and consultancy services	(189)	(508)	(1,608)	(1,653)
Rental income	76	-	170	16
Rental expenses	(283)	(239)	(944)	(950)

The above transactions had been entered into in 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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Cumulative Year To Date</b>	<b>Corresponding Year To Date</b>
<b><u>With TCIL Group</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>	<b><u>30-Sep-16</u></b>	<b><u>30-Sep-15</u></b>
Sales	5,348	3,386	35,581	11,310

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 except for the establishment of an Islamic Commercial Papers (“ICPs”) Programme of up to RM1.5 billion in nominal value (“ICP Programme”) and Islamic Medium Term Notes (“IMTNs”) Programme of up to RM1.5 billion in nominal value (“IMTN Programme”) subject to a combined aggregate limit of up to RM1.5 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively, the “Sukuk Murabahah Programmes”)

The ICP Programme and the IMTN Programme shall have tenure of seven (7) years and twenty (20) years from the date of first issue from the respective programmes.

The proceeds from the issuance of the Sukuk Murabahah shall be utilised by the Company for general corporate purposes and to refinance future financing (including future utilisation of existing financings) of APM and its subsidiaries. The utilisation of the proceeds of the Sukuk Murabahah Programmes shall at all times be for Shariah-compliant purposes.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

On 12 August 2016, APM via its indirect wholly-owned subsidiary, APM Automotive IndoChina Ltd (“AAIL”) entered into a Joint Venture Agreement (“JVA”) with TACHI-S (Thailand) Co., Ltd (“TACHI-S”), a wholly-owned subsidiary of TACHI-S Co. Ltd. to carry on the business of developing, manufacturing, assembling and sale of automotive seats in Vietnam for the original equipment manufacturers (“OEMs”).

The new joint venture company (“JV Co”) will be incorporated in the Socialist Republic of Vietnam under the proposed name “APM TACHI-S SEATING SYSTEMS VIETNAM CO., LIMITED” with an investment capital and charter capital of USD2,500,000.00 which will be contributed by both joint venture parties in cash based on the following ratio:

- (i) AAIL to contribute 49%, being a sum of USD1,225,000.00; and
- (ii) TACHI-S to contribute 51%, being a sum of USD1,275,000.00.

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

**A14. CONTINGENT ASSETS AND LIABILITIES**

There were no contingent assets or contingent liability as at 30 September 2016.

**A15. CAPITAL COMMITMENTS**

<i>In thousands of RM</i>	<b>30-Sep-16</b>	<b>30-Sep-15</b>
Authorized but not contracted for	48,120	56,824
Contracted but not provided for	59,886	27,249
<b>Total</b>	<b>108,006</b>	<b>84,073</b>

**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**

**3Q16 vs. 3Q15**

The Group recorded revenue of RM313.3 million in the current quarter, an increase of 22.5% compared to 3Q15 of RM255.8 million. The Interior & Plastics Division led the growth in revenue in view of higher demand from OEM customers following new model launches and localization of certain OEM parts.

Backed by stronger revenue, the Group's profit before tax improved by 60.2% to RM26.7 million in 3Q16 from RM16.7 million recorded in the same quarter last year underpinned by higher sales volume and improved gross profit margin resulting from adjustment of price for foreign currency fluctuation by OEM customers.

**Year-to-date 2016 vs. Year-to-date 2015**

On a year to date basis, the Group's revenue reached RM895.9 million, posting a 1.8% growth from RM879.9 million in the same period of the preceding year supported by the higher contribution across all countries outside Malaysia aside from the Marketing Division.

However, the Group profit before tax dropped to RM56.8 million, a dip of 26.3% from RM77.0 million in the nine month period of last year. Profit before tax was adversely affected by the losses suffered in Indonesia Division as a result of higher operating costs for the newly set-up manufacturing plant coupled with the lower profitability in Interior & Plastic Division in the first half of 2016 caused by the continuing negative impact of the foreign exchange rate on raw material costs, unfavourable product-mix and inventory variance adjustment.

**Segmentation Review**

**Suspension Division**

Revenue for the Suspension Division was relatively flat at RM51.8 million in the current quarter compared to RM51.1 million in 3Q15. The low revenue growth was caused by lower off-take from OEM as certain OEM parts have reached the end of product life cycle. Nevertheless, the Division's profit before tax increased substantially by 49.8% to RM6.7 million from RM4.4 million in the same quarter of the previous year from better margin attributed to a more favourable product mix and a stronger US Dollar and Euro for its export market.

For the nine months period ended 30 September 2016, revenue for the Suspension Division segment decreased by 3.6%, down to RM159.4 million from RM165.4 million in the corresponding period last year. Profit before tax stood at RM15.7 million for the current nine months period under review against RM13.5 million over the same period of the previous year. The higher margin for products that were exported has positively contributed to the bottom-line of the Division.

**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 (CONT'D)**

**Interior & Plastics Division**

The Interior & Plastics Division registered revenue growth of 39.7% to RM213.0 million in the current quarter under review as opposed to RM152.5 million in 3Q 2015 due to the new model launches and higher localization content for certain OEM parts.

Correspondingly, profit before tax surged by more than threefold to RM14.8 million from RM4.7 million recorded in same period last year. The higher profit before tax is also attributed to the improved gross profit margin resulting from adjustment of price for foreign currency fluctuation by OEM customers.

Despite the lower Total Production Volume (TIP) in the automotive sector, for the nine months period ended 30 September 2016, the revenue for Interior and Plastics Division has posted a modest increase of 0.8% to RM588.1 million compared to RM583.4 million in the previous corresponding period. This is mainly due to consolidation of revenue from APM Tachi-S Seating Systems Sdn Bhd ("ATS") of RM44.2 million for the nine months period as ATS (previously as joint venture) become a subsidiary of the Group during end of 2015. In the previous years, the Group's consolidated financial statements include only the Group's share of the profit or loss of ATS.

Profit before tax weakened to RM22.7 million, or a decline of 47.6% from RM43.3 million recorded in the same period of the preceding year. The negative effects from foreign exchange rate on the raw material costs and unfavourable products mix continued to weigh down the performance of the Division.

**Electrical & Heat Exchange Division**

The third quarter revenue in the Electrical & Heat Exchange Division fell slightly by 2.4% to RM41.0 million from RM42.0 million in the corresponding quarter of the preceding year owing to the lower demand from OEM customers. However, profit before tax in 3Q16 improved to RM2.7 million from RM1.2 million in 3Q15 mainly due to the price adjustment in relation to the foreign exchange fluctuations from its OEM customers.

In the first nine months of the current year, the Division registered revenue of RM127.9 million against RM131.6 million recorded in the same period last year, representing a drop of 2.8%. The end of the product life cycle for certain OEM parts has impacted its revenue stream. Nevertheless, the Division's profit before tax improved to RM11.9 million from RM9.2 million in the same period of the preceding year, which was attributed to the positive price adjustment as mentioned above.

**Marketing Division**

Marketing division increased its revenue by RM13.7 million, or 31.1% quarter on quarter to RM58.0 million in 3Q2016. The higher sales activities were fueled by the aggressive promotional campaigns, the launch of new products and stronger export sales to OEM customers in Thailand and Australia. Profit before tax lowered by 12.7% from RM2.7 million in 3Q2015 to RM2.4 million in the current quarter, in view of the expenditures incurred on promotional activities and unfavourable products mix.

**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 (CONT'D)**

**Marketing Division (continued)**

For year-to-date 2016, this division recorded revenue of RM158.1 million, representing an improvement of 24.2% from RM127.3 million in the same period last year. The growth was attributed to the increase of 29.5% in export sales which has in turn translated to a better profit before tax of RM6.5 million as compared to RM5.6 million in the same period of last year. Favourable product mix also contributed to the improvement of the Division's profitability.

**Non-reportable segment, 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. 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).

Third Quarter revenue rose slightly in the non-reportable, Malaysia segment by 14.2% to RM13.0 million from RM11.4 million whilst its profit before tax stood at RM0.8 million, representing an increase of RM0.4 million from the same period in 2015. The improved performance was in line with the higher billing of service fee.

On a year-to-date basis, this segment recorded a loss of RM0.9 million compared to RM1.9 million in the previous year same period.

**Indonesia Operations**

Our Indonesia Operations refers to the Group's wholly-owned subsidiaries operations producing suspension products such as coil spring and leaf spring as well as the Group's investment in joint venture and associate in Indonesia.

Revenue for the Indonesia Operations of RM7.6 million for the third quarter of 2016, almost doubled from RM4.0 million recorded in the corresponding quarter last year, attributable to the higher off-take from OEMs and launch of new models.

However, the Indonesia Operation has recorded a loss of RM3.3 million compared to a loss of RM0.7 million in the same quarter last year. Higher loss in the segment was due to the onset of depreciation charges, and operating cost for its new manufacturing plant for leaf spring which has since commenced operation in June 2016 as well as the higher losses from the joint venture company i.e. P.T. Armada Autoparts.

Consistent with the above-mentioned factors, while the revenue in Indonesia Operation for the first nine months of 2016 increased by 84.3%, or RM9.8 million to RM21.5 million, the loss before taxation widened to RM6.2 million from loss before tax of RM1.6 million in the nine months period of the preceding year.

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**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS**  
**OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

**All Other Segments**

This business segment refers to our operations in Thailand, Vietnam, Australia, Myanmar, the United States of America and Netherlands (“Operations Outside Malaysia”).

Revenue from Operations Outside Malaysia continued to register growth of 12.6% for the third quarter of 2016, to RM35.8 million compared to RM31.8 million in corresponding quarter last year. The coach seat business in Australia and Vietnam operations continued to be the two largest revenue contributors in Operations Outside Malaysia, accounting for 43% and 45% of the 3Q16’s segment revenue respectively. In addition, our recent Netherlands venture has also contributed RM1.6 million to the segment revenue for the current quarter under review.

The segment profit before tax for the third quarter of 2016 was RM2.8 million as compared to RM3.8 million in 3Q2015. The pre-operating cost (particularly in relations to land and staff costs related expenses) incurred for Myanmar and Thailand operation has lowered the profitability of the segment.

Year-to-date, revenue for this segment was RM92.5 million, a growth of 27.5% from RM72.6 million while its profit before tax deteriorated slightly to RM7.3 million compared from RM8.5 million in the same period last year.

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

There was no material change to the Group’s top line. The Group’s revenue of RM313.3 million recorded in third quarter of 2016 was 2.2% higher than that of RM306.5 million recorded in preceding quarter. However, the Group’s current quarter profit before tax of RM26.7 million on the other hand was significantly higher by 61.9% compared to preceding quarter of RM16.5 million mainly due to adjustment of price for foreign currency fluctuation by OEM customers. The profit before tax for the preceding quarter was marked down by the inventory variance adjustment recorded in Interior and Plastic Division.

**B3. COMMENTARY ON PROSPECTS AND TARGETS**

The automotive industry continues to operate in tough environment with weakening of Ringgit and low consumer confidence as a result of the economic uncertainties and apprehension about job outlook. As a result, the Malaysian Automotive Association (“MAA”) has revised its total industry volume downward for this year to 580,000 units from 650,000 forecasted earlier.

As a major OEM supplier, the Group’s financial position is very much dependent on the performance of the domestic automotive industry. In spite of the expected reduction in Total Industry Volume, the Group remains optimistic that our strategies of product innovation and regional expansion will bring about sustainable growth. At the same time, we are focused in improving operational efficiency and reducing costs to stay ahead of the heightened competition amidst this challenging economic environment.



**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
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**OF BURSA MALAYSIA SECURITIES BERHAD**

**B4. INCOME TAX EXPENSE**

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
<b>(RM'000)</b>	<b>Current Quarter Ended <u>30-Sep-16</u></b>	<b>Corresponding Quarter Ended <u>30-Sep-15</u></b>	<b>Cumulative Year To Date <u>30-Sep-16</u></b>	<b>Corresponding Year To Date <u>30-Sep-15</u></b>
<b><u>Current tax</u></b>				
- Current year	6,445	5,038	15,178	19,337
- Prior year	(1,039)	(581)	(1,364)	(2,101)
<b><u>Deferred tax</u></b>				
- Current year	(178)	1,087	338	2,014
- Prior year	83	(313)	1,877	3,745
Withholding Tax	64	-	210	7
	<u>5,375</u>	<u>5,231</u>	<u>16,239</u>	<u>23,002</u>

The Group's effective tax rate for the nine month period 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 but not completed as at the reporting date.

The proposed acquisition of assets of TC Aluminium Castings Sdn Bhd ("TCAC") as announced earlier has been completed on 6 September 2016. The final acquisition price was agreed at RM5,643,083.81.

**B6. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS**

**a) Derivatives**

The outstanding forward foreign currency contracts entered into as at 30 September 2016 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	30,664	69	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 2015. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and its related accounting policies.

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

**B6. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONT'D)**

**b) RETAINED EARNINGS**

<b>(RM'000)</b>	<b>As At 30-Sep-16</b>	<b>As At 31-Dec-15</b>
Total retained earnings of the Company and its subsidiaries		
- realised profits	834,292	806,453
- unrealised profits	60,033	70,684
	<u>894,325</u>	<u>877,137</u>
Total share of retained profits of associate:		
- realised profits	11,666	10,742
Total share of retained profits of joint ventures		
- realised profits	17,851	19,540
	<u>923,842</u>	<u>907,419</u>
Consolidation adjustments	(47,366)	(30,867)
Total group retained earnings	<u>876,476</u>	<u>876,552</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued by Malaysian Institute of Accountants on 20 December 2010.

**B7. BORROWINGS AND DEBT SECURITIES**

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

<i>In thousands of RM</i>	<b>30-Sep-16</b>
Unsecured - Foreign currency loans	30,215
- Revolving credit	34,000
	<u>64,215</u>
Amount due within the next 12 months	<u>64,215</u>
	<u>64,215</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		
<u>Currency</u>	<u>Denominated In</u>	<b>30-Sep-16</b>
RM	RM	34,000
IDR	IDR	18,907
IDR	USD	2,902
USD	AUD	1,715
USD	USD	6,691
		<u>64,215</u>

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

**B8. CHANGES IN MATERIAL LITIGATION**

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

**B9. PROPOSE DIVIDEND**

No dividend has been proposed for the current quarter ended 30 September 2016.

**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-16	30-Sep-15	30-Sep-16	30-Sep-15
Profit attributable to the owners of the Company (RM'000)	17,457	9,651	33,176	45,778
Weighted average number of ordinary shares in issue ('000)	195,588	195,610	195,588	195,610
<b>Basic EPS (sen)</b>	<b>8.92</b>	<b>4.93</b>	<b>16.96</b>	<b>23.41</b>

**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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
(a) Interest income	(2,219)	(3,078)	(7,063)	(8,005)
(b) Other income including investment income	(580)	(1,131)	(1,975)	(3,630)
(c) Interest expense	864	436	1,986	938
(d) Depreciation and Amortization	18,080	11,102	42,989	33,840
(e) Provision / (reversal) for and write off of receivables	(30)	(124)	(38)	(100)
(f) Provision / (reversal) and write off of inventories	(204)	(547)	5,583	2,401
(g) Gain on disposal of property, plant and equipment	(69)	(54)	(115)	(95)
(h) Net Foreign exchange (gain) / loss	(51)	963	4,182	1,228
(i) Loss/ (gain) on derivatives	138	132	665	(1,841)

**BY ORDER OF THE BOARD**

KHOO PENG PENG  
 QUAH KHIAN KHOON

Company Secretaries  
 Kuala Lumpur  
 30 November 2016