



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

CONTENTS

| | |
|---|-------------|
| CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 1 |
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 2 |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 3 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS | 4 |
| NOTES TO THE QUARTERLY FINANCIAL REPORT | 5-16 |



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 31 DECEMBER 2015 – unaudited**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------------------|---|---|--|
| | Current Quarter Ended 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
| <i>In thousands of RM</i> | | | | |
| Revenue | 272,981 | 287,843 | 1,152,839 | 1,227,870 |
| Results from operating activities | 18,137 | 33,748 | 88,523 | 135,617 |
| Finance costs | (533) | (668) | (1,471) | (1,326) |
| Finance income | 3,081 | 2,484 | 11,086 | 9,791 |
| Share of profit of equity-accounted investee, net of tax | (2,703) | 84 | (3,112) | 1,203 |
| Profit before tax | 17,982 | 35,648 | 95,026 | 145,285 |
| Income tax expense | (111) | (7,894) | (23,113) | (34,133) |
| Profit for the period | 17,871 | 27,754 | 71,913 | 111,152 |
| Other comprehensive income/(expense), net of tax | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit liability / (asset) | - | (50) | - | - |
| Revaluation of property, plant and equipment | - | 92,395 | - | 92,395 |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 710 | 4,677 | 16,429 | 2,295 |
| Share of foreign currency translation differences of equity-accounted investee | (1,232) | 1,252 | 1,542 | 122 |
| Other comprehensive income/ (expense) for the period, net of tax | (522) | 98,274 | 17,971 | 94,812 |
| Total comprehensive income for the period | 17,349 | 126,028 | 89,884 | 205,964 |
| Profit attributable to : | | | | |
| Owners of the Company | 14,712 | 24,690 | 60,490 | 98,403 |
| Non-controlling interests | 3,159 | 3,064 | 11,423 | 12,749 |
| Profit for the period | 17,871 | 27,754 | 71,913 | 111,152 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | 14,190 | 122,964 | 78,461 | 193,215 |
| Non-controlling interests | 3,159 | 3,064 | 11,423 | 12,749 |
| Total comprehensive income for the period | 17,349 | 126,028 | 89,884 | 205,964 |
| Earnings per share | | | | |
| Basic (sen) | 7.52 | 12.62 | 30.93 | 50.29 |
| 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 31 DECEMBER 2015 - unaudited

| <i>In thousands of RM</i> | As at 31-Dec-15 | As at 31-Dec-14 |
|---|----------------------------|----------------------------|
| Assets | | |
| Property, plant & equipment | 466,610 | 406,103 |
| Prepaid lease payments | 16,926 | 14,869 |
| Investment properties | 97,854 | 97,290 |
| Investment in an associate | 11,463 | 8,864 |
| Investments in joint ventures | 29,948 | 34,524 |
| Intangible assets | 23,381 | 11,632 |
| Deferred tax assets | 11,101 | 14,731 |
| Total non-current assets | 657,283 | 588,013 |
| Inventories | 221,559 | 209,096 |
| Trade and other receivables, including derivatives | 260,828 | 343,603 |
| Other investments | 141,969 | 78,506 |
| Cash and cash equivalents | 264,214 | 279,384 |
| Total current assets | 888,570 | 910,589 |
| Total assets | 1,545,853 | 1,498,602 |
| Equity | | |
| Share capital | 201,600 | 201,600 |
| Reserves | 995,091 | 954,774 |
| Treasury shares | (13,289) | (12,818) |
| Total equity attributable to owners of the Company | 1,183,402 | 1,143,556 |
| Non-controlling interests | 37,220 | 32,949 |
| Total equity | 1,220,622 | 1,176,505 |
| Liabilities | | |
| Employee benefits | 13,001 | 11,448 |
| Deferred tax liabilities | 32,576 | 28,246 |
| Total non-current liabilities | 45,577 | 39,694 |
| Trade and other payables, including derivatives | 221,766 | 242,967 |
| Short term borrowings | 56,194 | 37,029 |
| Current tax liabilities | 1,694 | 2,407 |
| Total current liabilities | 279,654 | 282,403 |
| Total liabilities | 325,231 | 322,097 |
| Total equity and liabilities | 1,545,853 | 1,498,602 |
| Net assets per share attributable to owners of the Company (RM) | 6.05 | 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 31 DECEMBER 2015 - 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 | 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 |
| Revaluation of property, plant and equipment, net of tax | - | - | - | 92,395 | - | - | 92,395 | - | 92,395 |
| Foreign currency translation differences for foreign operations | - | - | 2,417 | - | - | - | 2,417 | - | 2,417 |
| Profit for the year | - | - | - | - | - | 98,403 | 98,403 | 12,749 | 111,152 |
| Total comprehensive income for the year | - | - | 2,417 | 92,395 | - | 98,403 | 193,215 | 12,749 | 205,964 |
| Own shares acquired | - | (12) | - | - | - | - | (12) | - | (12) |
| Dividends to owners of the Company | - | - | - | - | - | (38,159) | (38,159) | - | (38,159) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | (6,000) | (6,000) |
| Total transactions with owners of the Company | - | (12) | - | - | - | (38,159) | (38,171) | (6,000) | (44,171) |
| At 31-Dec-2014 | 201,600 | (12,818) | (9,725) | 92,395 | 17,898 | 854,206 | 1,143,556 | 32,949 | 1,176,505 |
| 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 | - | - | 17,971 | - | - | - | 17,971 | - | 17,971 |
| Profit for the year | - | - | - | - | - | 60,490 | 60,490 | 11,423 | 71,913 |
| Total comprehensive income for the year | - | - | 17,971 | - | - | 60,490 | 78,461 | 11,423 | 89,884 |
| Own shares acquired | - | (471) | - | - | - | - | (471) | - | (471) |
| Subscription of shares by non-controlling interests | - | - | - | - | - | - | - | 1,738 | 1,738 |
| Effects of changes from joint venturer to subsidiary | - | - | - | - | - | - | - | (882) | (882) |
| 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) | (7,152) | (45,767) |
| At 31-Dec-2015 | 201,600 | (13,289) | 8,246 | 92,395 | 17,898 | 876,552 | 1,183,402 | 37,220 | 1,220,622 |

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 31 DECEMBER 2015 – unaudited**

| <i>In thousands of RM</i> | For the 12 months period ended 31-Dec-15 | For the 12 months period ended 31-Dec-14 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax and non-controlling interests | 95,026 | 145,285 |
| Adjustments for non-cash items | 41,872 | 23,607 |
| Changes in working capital | 70,280 | 42,716 |
| Cash generated from operations | 207,178 | 211,608 |
| Interest/Tax/Employee benefits/provision | (28,993) | (37,052) |
| Net cash generated from operating activities | 178,185 | 174,556 |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 433 | 2,010 |
| Acquisition of property, plant and equipment | (103,912) | (91,210) |
| Acquisition of business | - | (13,856) |
| Net increase in other investments | (63,463) | (78,506) |
| Additions of intangible assets | (15,865) | (101) |
| Proceeds from disposal of joint ventures | - | 315 |
| Subscription of shares in joint ventures | (1,200) | (2,122) |
| Subscription of shares in subsidiaries by non-controlling interests | 1,738 | - |
| Net cash used in investing activities | (182,269) | (183,470) |
| Cash flows from financing activities | | |
| Dividends paid to non-controlling interests | (8,008) | (6,000) |
| Dividends paid to owners of the Company | (38,144) | (38,159) |
| Dividend received from joint ventures | - | 600 |
| Net drawdown of short-term borrowings | 19,165 | 24,182 |
| Purchase of treasury shares | (471) | (12) |
| Net cash used in financing activities | (27,458) | (19,389) |
| Net decrease in cash and cash equivalents | (31,542) | (28,303) |
| Effect of exchange rate fluctuations | 16,372 | 1,271 |
| Cash and cash equivalents at 1 January | 279,384 | 306,416 |
| Cash and cash equivalents at the end of year | 264,214 | 279,384 |

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

| | | |
|---|----------------|----------------|
| Cash and bank balances | 60,476 | 50,370 |
| Deposits and corporate management account with licensed banks | 203,738 | 229,014 |
| | 264,214 | 279,384 |

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

No dividends were paid during the quarter ended 31 December 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

| | 31-Dec-15 | | 31-Dec-14 | |
|-----------------------------|------------------------|---------------------------------|------------------------|----------------------------------|
| | Segment Revenue | Profit/(loss) before tax | Segment Revenue | Profit /(loss) before tax |
| Operations within Malaysia | | | | |
| Suspension | 58,855 | 8,584 | 61,708 | 5,747 |
| Interior & Plastics | 170,591 | 730 | 198,527 | 20,382 |
| Electricals & Heat Exchange | 41,854 | 5,906 | 37,899 | 8,521 |
| Marketing | 51,817 | 2,002 | 56,605 | 1,866 |
| Others | 14,957 | 3,155 | 13,978 | 597 |
| Operations outside Malaysia | 29,392 | (2,248) | 24,444 | (620) |
| | 367,466 | 18,129 | 393,161 | 36,493 |
| Eliminations | (94,485) | (147) | (105,318) | (845) |
| | 272,981 | 17,982 | 287,843 | 35,648 |

In thousands of RM

CUMULATIVE QUARTER

| | 31-Dec-15 | | 31-Dec-14 | |
|-----------------------------|------------------------|---------------------------------|------------------------|----------------------------------|
| | Segment Revenue | Profit/(loss) before tax | Segment Revenue | Profit /(loss) before tax |
| Operations within Malaysia | | | | |
| Suspension | 224,310 | 22,040 | 245,726 | 21,739 |
| Interior & Plastics | 753,965 | 44,016 | 848,579 | 89,812 |
| Electricals & Heat Exchange | 173,444 | 15,065 | 203,831 | 25,225 |
| Marketing | 179,140 | 7,646 | 202,285 | 8,096 |
| Others | 43,786 | 1,258 | 37,719 | (2,268) |
| Operations outside Malaysia | 113,629 | 4,727 | 74,501 | 2,971 |
| | 1,488,274 | 94,752 | 1,612,641 | 145,575 |
| Eliminations | (335,435) | 274 | (384,771) | (290) |
| | 1,152,839 | 95,026 | 1,227,870 | 145,285 |

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment 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. VALUATION OF INVESTMENT ROPERTIES

Subsequent to initial recognition, investment properties of the Group are stated at fair value which reflects market conditions at reporting date. The Group last recognised the fair value of the investment property based on a valuation carried out by external valuer on 28 November 2014. This valuation has been updated during the year based on a valuation carried out by an independent professional external valuer, Rahim & Co. Chartered Surveyors on 18 November 2015. The fair value gain of RM536,000 (net of deferred tax) has been incorporated into the consolidated financial statements for the year ended 31 December 2015.

A12. RELATED PARTY DISCLOSURES

The following are significant related party transactions:-

| <i>In thousands of RM</i> | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------------------|---|---|--|
| | Current Quarter Ended 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
| <u>With TCMH Group</u> | | | | |
| Sales | 10,225 | 10,990 | 47,613 | 52,823 |
| Purchases | (1,280) | (3,438) | (13,805) | (9,130) |
| Administrative and consultancy services | 7 | (53) | (286) | (199) |
| Insurance | (839) | (101) | (4,526) | (2,239) |
| Rental expenses | (10) | (2) | (35) | (10) |
| Rental income | 460 | 584 | 1,800 | 2,806 |

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 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
| <u>With WTCH Group</u> | | | | |
| Sales | - | - | - | 3 |
| Purchases | (17) | (38) | (81) | (168) |
| Administrative and consultancy services | (185) | (590) | (1,838) | (2,024) |
| Rental income | - | 17 | 16 | 68 |
| Rental expenses | (237) | (234) | (1,187) | (898) |

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 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
| <u>With TCIL Group</u> | | | | |
| Sales | 3,448 | 4,418 | 14,758 | 66,937 |
| Provision of consultancy services | - | (175) | - | 123 |

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

A13. 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.

A14. CHANGES IN COMPOSITION OF THE GROUP

On 12 November 2015, the Company has incorporated the following subsidiary:

| No | Name of subsidiary | % of shareholding held by the Group | Country of Incorporation | Intended Principal Activities |
|----|--------------------|-------------------------------------|--------------------------|--|
| i) | APM –TS B.V. | 80% | Netherlands | To carry out the business of development of springs, absorbers and coil-overs for the automotive markets |

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

A15. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liability as at 31 December 2015.

A.16 CAPITAL COMMITMENTS

| <i>In thousands of RM</i> | <u>31-Dec-15</u> | <u>31-Dec-14</u> |
|-----------------------------------|------------------|------------------|
| Authorized but not contracted for | 75,585 | 48,621 |
| Contracted but not provided for | 19,925 | 36,457 |
| Total | 95,510 | 85,078 |

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

4Q15 vs. 4Q14

The Group achieved a revenue of RM273.0 million for the current quarter, representing a drop of 5.2% over prior year corresponding quarter of RM287.8 million, mainly caused by a lower off-take from OEM customers for certain models.

The Group's profit before tax has reduced by 49.6% for the last quarter of 2015 to RM18.0 million compared to previous year same quarter of RM35.6 million. The Group's profitability has been affected by the deterioration of the Ringgit value against all major currencies and a one-off adjustment on inventory value for Interior and Plastic Division.

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

On the whole year basis, the Group's revenue of RM1,152.8 million was lower by 6.1% compared to YTD 2014's revenue of RM1,227.9 million. The reduction in revenue was largely due to lower off-take from OEMs for certain car models and slower sale from domestic replacement market in view of weak consumer sentiment. Nonetheless, Operations outside Malaysia had recorded impressive revenue growth of 52.5% with revenue exceeding RM100 million.

However, the Group's profit before tax has reduced by 34.6% from RM145.3 million to RM95.0 million compared to previous year. The lower profit before tax was attributed to higher raw material prices arising from unfavorable foreign exchange rate, reduction of production volume while production overheads remained relatively fixed and the one-off adjustment on inventory as mentioned earlier.

Segmentation Review

Suspension Division

Revenue for Suspension Division recorded a slight reduction of 4.6% to RM58.9 million in 4Q15 compared to RM61.7 million in 4Q14 because of lower demand from the OEMs customers and replacement markets locally. Profit before tax for the 4Q15 on the other hand increased to RM8.6 million from RM5.7 million, a year ago. The increase was as a result of the improved cost rationalization exercise and operational efficiency, lower steel price which helped to mitigate the unfavourable exchange rate and reversal of provision for product warranty claims during the quarter this year.

Likewise, the Suspension Division's revenue for the year of 2015 decreased by 8.7% to RM224.3 million from RM245.7 million in last year. Profit before tax was RM22.0 million. This is an increase of 1.4% compared to RM21.7 million a year ago for the reasons mentioned earlier.

Interior & Plastics Division

Interior and Plastics Division's revenue fell by 14.1% to RM170.6 million from RM198.5 million in the same period last year due to lower demand from OEM parts. Profit before tax reduced by 96.5% to RM0.7 million from RM20.4 million in the corresponding quarter last year.

The decrease in profit before tax was mainly due to lower revenue, one-off adjustment on inventory value, higher raw material prices arising from unfavorable foreign exchange rate and production overheads remaining relatively fixed during this period.

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)

Year-to-date 2015, Interior and Plastics posted RM754.0 million in revenue against RM848.6 million in 2014. Profit before tax decreased by 51.0% to RM44.0 million compared to RM89.8 million. The reduction in both top and bottom-line was due to lower demand from OEMs (as two key OEM customers scheduled no production for most months in the second half of the year) and unfavorable product-mix as certain vehicle models have a lower sales value and margin.

Electrical & Heat Exchange Division

The Electrical & Heat Exchange Division's revenue grew by 10.5% to RM41.9 million compared to RM37.9 million in 4Q14, thanks to higher demand from OEMs customers for certain models. The profit before tax, however, decreased to RM5.9 million compared to RM8.5 million in the same quarter last year. The higher profit before tax in 4Q14 was because of reversal of provision recorded in the same period last year.

On a whole year basis, the revenue has decreased by 14.9% to RM173.4 million from RM203.8 million in previous year as certain car models reached the end of production during the last quarter of 2014.

Consistent with the lower revenue and higher operating costs, profit before tax for the year decreased by 40.3% to RM15.1 million.

Marketing Division

The economic uncertainties and weak Ringgit continue to affect business confidence and consumer sentiment locally. Against this backdrop, the Marketing division recorded revenue of RM51.8 million for the current quarter of 2015, a decline of 8.5% compared to RM56.6 million for corresponding quarter in previous year. Despite the decrease in revenue, profit before tax increased by 7.3% to RM2 million. The improved earning was attributed by stronger USD against Ringgit Malaysia for marketing export division.

The segment revenue decreased by 11.4% on year-on-year, registering RM179.1 million compared to RM202.3 million last year. Consistent with the above, profit for the year was lower by 5.6% to RM7.6 million from RM8.1 million last year.

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 sale and distribution of cars, 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 RM3.2 million compared to RM0.6 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 profit before tax of RM1.3 million compared to a loss of RM2.3 million in the previous year.

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)

Operations Outside Malaysia

Operations outside Malaysia saw continuous revenue growth and registered higher revenue of RM29.4 million for the current quarter of 2015, an increase of 20.2% from RM24.4 million recorded in the corresponding quarter last year. The revenue growth was mainly contributed by the coach seats business in Australia and suspension division in Vietnam. However, the segmental loss increased to RM2.2 million compared to loss of RM0.6 million in the same quarter of the previous year mainly due to the written off inventory variance and unfavorable foreign exchange suffered by the Indonesia operations.

Revenue for the year 2015 increased to RM113.6 million from RM74.5 million in previous year. The increase was mainly contributed by consolidating the full year revenue of RM48.5 million compared to RM18.3 million recorded in the last year for 5-month period from the venture in Australia. The Group acquired the coach seat business in Australia on 1 August 2014.

Likewise, profit before tax has improved to RM4.7 million from RM3.0 million in 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 performance comparing to third quarter of 2015. The Group's revenue has increased by 6.7% to RM273.0 million compared to RM255.8 million recorded in preceding quarter. The Group's current quarter profit before tax of RM18.0 million was higher by 7.9% compared to preceding quarter of RM16.7 million. The increase in both revenue and profit before tax was mainly due to a pick-up in demand from certain OEM customers.

B3 COMMENTARY ON PROSPECTS AND TARGETS

The Malaysia economy is expected to continue growing at moderate pace with GDP growth expected to be between 4% and 5% in Year 2016 compared with 4.4% to 5.5% growth estimated for the current year. The global economy recovery is expected to remain slow as shown by the slowdown in growth in the emerging markets, particularly China and also the continuous uncertainties over declining crude oil prices.

The automotive industry has seen to be operating in challenging environment following the continued weakening of Ringgit Malaysia against the US Dollar and lower domestic demand for motor vehicles. The Malaysian Automotive Association ("MAA") has forecasted lower total industry volume (TIV) for year 2016 by 2.5% to 650,000 units compared to 666,674 units achieved in the year of 2015.

Operating in this tough environment, the Group is cautious and prudent in its operating expenditures. The Group will continue to improve productivity by realigning its operations with an emphasis on production technology. Expansion via business acquisition and diversification of new products and businesses that include upstream/downstream operations for the Group to pursue future growth.

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

B4 INCOME TAX EXPENSE

| (RM'000) | Current Quarter Ended 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
|----------------------------|--|--|--|---|
| <u>Current tax</u> | | | | |
| - Current year | (2,702) | 6,280 | 16,635 | 33,351 |
| - Prior year | (94) | (424) | (2,195) | 567 |
| <u>Deferred tax</u> | | | | |
| - Current year | 2,548 | 2,883 | 4,562 | (115) |
| - Prior year | 34 | (742) | 3,779 | 228 |
| Withholding Tax | 325 | (103) | 332 | 102 |
| | 111 | 7,894 | 23,113 | 34,133 |

The Group's effective tax rate is lower than the statutory tax rate mainly due to the availability of tax incentives.

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 31 December 2015 are as follows:

| Type of Derivatives | Notional Amount RM'000 | Net Fair Value Assets / (Liabilities) RM'000 | Maturity |
|------------------------------------|------------------------------|--|------------------|
| Forward foreign exchange contracts | 29,284 | 261 | 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.

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 (CONTINUED)

b) RETAINED EARNINGS

| (RM'000) | As At 31-Dec-15 | As At 31-Dec-14 |
|---|----------------------------|----------------------------|
| Total retained profits/(accumulated losses) of the company and its subsidiaries | | |
| - realised profit | 806,045 | 775,618 |
| - unrealised losses | 70,528 | 70,323 |
| | <u>876,573</u> | <u>845,941</u> |
| Total share of retained profits of associate: | | |
| - realised profit | 10,742 | 8,488 |
| Total share of retained profits of joint ventures | | |
| - realised profit | 19,540 | 24,079 |
| | <u>906,855</u> | <u>878,508</u> |
| Consolidation adjustments | (30,303) | (24,302) |
| Total group retained profits as per consolidated accounts | <u>876,552</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> | 31-Dec-15 |
|--------------------------------------|------------------|
| Unsecured - Foreign currency loans | 41,194 |
| - Revolving credit | 15,000 |
| | <u>56,194</u> |
| Amount due within the next 12 months | <u>56,194</u> |
| | <u>56,194</u> |

Group borrowings breakdown by currencies.

| <i>In thousands of RM</i> | | 31-Dec-15 |
|---------------------------|-----------------------|------------------|
| <u>Currency</u> | <u>Denominated In</u> | |
| RM | RM | 15,000 |
| IDR | IDR | 10,885 |
| USD | USD | 30,309 |
| | | <u>56,194</u> |

B8 CHANGES IN MATERIAL LITIGATION

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

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

B9. PROPOSED DIVIDEND

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a final single-tier dividend of 12% for the year ended 31 December 2015 (2014 – 12%). The net amount payable is RM23.5 million (2014 – RM23.5 million).

The entitlement and payment dates for the final dividend will be announced at a later date.

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 | |
|--|--------------------|--------------|--------------------|--------------|
| | 31-Dec-15 | 31-Dec-14 | 31-Dec-15 | 31-Dec-14 |
| Profit attributable to the owners of the Company (RM'000) | 14,712 | 24,690 | 60,490 | 98,403 |
| Weighted average number of ordinary shares in issue ('000) | 195,589 | 195,686 | 195,589 | 195,686 |
| Basic EPS (sen) | 7.52 | 12.62 | 30.93 | 50.29 |

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 31-Dec-15 | Corresponding Quarter Ended 31-Dec-14 | Cumulative Year To Date 31-Dec-15 | Corresponding Year To Date 31-Dec-14 |
| (a) Interest income | (3,081) | (2,484) | (11,086) | (9,791) |
| (b) Other income including investment income | (802) | (273) | (4,432) | (4,554) |
| (c) Interest expense | 533 | 668 | 1,471 | 1,326 |
| (d) Depreciation and Amortization | 11,769 | 8,871 | 45,609 | 32,222 |
| (e) Provision / (Reversal) for and write off receivables | 53 | 360 | (47) | (428) |
| (f) Provision for and write off inventories | 986 | 173 | 3,387 | 1,216 |
| (g) Gain on disposal of property, plant and equipment | - | (745) | (95) | (1,029) |
| (h) Foreign exchange (gain) / loss | (612) | (427) | 616 | (1,223) |
| (i) Loss/ (Gain) on derivative | 1,355 | (584) | 821 | (232) |
| (j) Fair value adjustment on investment properties | (564) | (5,434) | (564) | (5,434) |

BY ORDER OF THE BOARD

KHOO PENG PENG
 QUAH KHIAN KHOON

Company Secretaries
 Kuala Lumpur
 26 February 2016