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Corporate Information

DIRECTORS

Dato' Tan Heng Chew JP, DJMK,
Chairman

Azman bin Badrillah
Executive Director

Dr. Fun Woh Peng
Executive Director

Tan Eng Hwa
Executive Director

Dato' N Sadasivan DPMP, JSM, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin DSSA, KMN

Tan Eng Soon

Ahmad bin Abdullah

Mohd Sharif bin Haji Yusof

AUDIT COMMITTEE MEMBERS

Dato' N. Sadasivan DPMP, JSM, KMN
Chairman
Independent Non-Executive Director

Dato' Haji Kamaruddin @ Abas bin Nordin DSSA, KMN
Independent Non-Executive Director

Mohd Sharif bin Haji Yusof
Independent Non-Executive Director

Dr. Fun Woh Peng
Executive Director

COMPANY SECRETARIES

Lee Kwee Cheng

Chan Yoke-Lin

REGISTRARS

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20th Floor Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Telephone : (603) 4041 6522
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REGISTERED OFFICE

62-68 Jalan Ipoh
51200 Kuala Lumpur
Malaysia
Telephone : (603) 4047 8888
Facsimile : (603) 4047 8636

AUDITORS

KPMG
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Malaysia

CORPORATE OFFICE

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Website : www.apm-automotive.com
E-mail : apmah@apm-automotive.com

Business Divisions



APM Automotive Holdings Berhad
(Company No. 424838-D)

SUSPENSION DIVISION

- Leaf Springs
- Shock Absorbers
- Coil Springs
- Metal Parts
- Gas Springs

INTERIOR/PLASTIC DIVISION

- Automotive Seats
- Plastic Parts
- Body Side Mouldings
- Interior Trim

ELECTRICAL AND HEAT EXCHANGE DIVISION

- Starter Motors
- Alternators
- Wiper Motors
- Distributors
- Engine Management Systems
- Air Conditioning Systems
- Condensers
- Evaporators
- Compressors
- Radiators

MARKETING DIVISION

- Local Replacement Market
- Export Market

OVERSEAS OPERATIONS

- Australia
- USA
- Indonesia
- China
- Vietnam

Chairman's Statement

Penyata Pengerusi



On behalf of the Board of Directors, it gives me great pleasure to present the Group's performance and financial results for 2004.

Revenue in 2004 grew 18.8% to RM789.0 million from the previous RM664.4 million. Profit before tax rose to RM76.8 million, an increase of 19.2% over that registered in 2003.

The Group was affected by high raw material costs especially steel and fuel which resulted in higher production cost. To offset the higher production cost, the Group stepped up efforts to source for alternative suppliers of raw materials and to increase production efficiency. Additionally, some of these increased costs had also been passed on to customers as higher selling prices.

Bagi pihak Lembaga Pengarah, saya berbangga membentangkan prestasi dan penyata kewangan Kumpulan bagi tahun 2004.

Perolehan pada 2004 berkembang 18.8% kepada RM789.0 juta berbanding RM664.4 juta tahun sebelumnya. Keuntungan sebelum cukai meningkat kepada RM76.8 juta, peningkatan sebanyak 19.2% berbanding dengan tahun 2003.

Kumpulan telah dibebani oleh peningkatan kos bahan mentah terutamanya keluli dan bahan api yang mengakibatkan kos pengeluaran yang lebih tinggi. Untuk mengimbangi kos pengeluaran yang tinggi, Kumpulan telah mengiatkan usaha mencari pembekal-pembekal bahan mentah alternatif dan meningkatkan kecekapan pengeluaran. Tambahan lagi, sebahagian daripada peningkatan kos ini juga telah dipindahkan kepada pelanggan sebagai harga jualan lebih tinggi.

Revenue/Jualan
(RM million/ juta)

| | |
|----|-----|
| 04 | 789 |
| 03 | 664 |
| 02 | 696 |
| 01 | 660 |
| 00 | 620 |

ORIGINAL EQUIPMENT (OE) MARKET

Sales of OE parts to motor manufacturers and assemblers in 2004 increased by 18.7% as new car sales increased to 487,605 units from 405,745 units in 2003. The increase in car sales was in part due to the pent-up demand from 2003 as buyers deferred car purchases in anticipation of reduction in car prices in 2004. The Government's announcement and clarification of the new tariff rates on motor vehicles at the end of 2003 saw many car buyers making their purchases in 2004. Consumer interest was also boosted with the many new model launches by both national and non-national car manufacturers and the strong economic growth in the country.

The supply of electrical parts and radiator assemblies to a new national car model launched during the year and seats to a new non-national marque that received overwhelming consumer response in the fourth quarter contributed positively to the Group's OE sales.



Wiper system supplied to a major motor manufacturer by APM Auto Electrics Sdn Bhd
Sistem pengelap cermin yang dibekal oleh APM Auto Electrics Sdn Bhd kepada pembuat kereta terkemuka

PASARAN PERALATAN TULEN (OE)

Jualan barangan OE kepada para pengilang dan pemasang kenderaan telah meningkat dalam 2004 sebanyak 18.7% berikutan penambahan jualan kenderaan baru kepada 487,605 unit daripada 405,745 unit dalam tahun 2003. Penambahan jualan kenderaan sebahagiannya disebabkan oleh permintaan terpendam pembeli-pembeli kenderaan yang telah menangguh pembelian mereka pada penghujung tahun 2003 dengan harapan penurunan harga dalam 2004. Pengumuman kerajaan mengenai kadar tarif baru kenderaan bermotor pada penghujung tahun 2003 telah mendorong ramai pembeli kenderaan membuat pembelian dalam 2004. Pelancaran pelbagai model baru oleh pengeluar-pengeluar kereta nasional dan bukan nasional serta pertumbuhan ekonomi negara yang kukuh juga telah merangsangkan minat pembeli.

Jualan OE Kumpulan juga telah mendapat sumbangan dari pembekalan barangan elektrik dan radiator kepada model kereta nasional baru dan tempat duduk kepada kereta bukan nasional dalam suku keempat, yang telah menerima sambutan pelanggan yang amat baik.

Chairman's Statement

Penyata Pengerusi

REPLACEMENT (RE) MARKET

There was a 16.1% increase in RE sales in 2004 from 2003. Sales of leaf springs, air-conditioning parts, seats, electrical and radiators registered double digit growth. The intensified efforts of our marketing department, increase in selling prices and the dealers' stocking up in anticipation of the imminent price increase during the year contributed to the higher sales. Shock absorber sales also improved with the launch of additional models of Performax shock absorbers.

EXPORT MARKET

The Group recorded its highest ever export sales in 2004 with a very encouraging 22.5% increase over 2003. Strong sales growth was registered for leaf springs, coil springs and other suspension parts in Europe and North America. The favourable foreign exchange rates also contributed to the higher sales.

Our wholly-owned subsidiary, APM Plastics Sdn Bhd, had also increased export sales by supplying plastic parts for installation as original equipment to a major motor manufacturer operating in several Asian countries. The Group is in negotiation to secure more OE customers in the export market in future.

PASARAN GANTIAN (RE)

Jualan RE pula meningkat sebanyak 16.1% dalam tahun 2004 berbanding 2003. Jualan spring dedaun, barangan penyaman udara, tempat duduk, barangan elektrik dan radiator mencatatkan pertumbuhan dua angka. Hasil usaha bersepadu bahagian pemasaran kami, kenaikan harga jualan dan para peniaga yang menambah simpanan stok dengan harapan harga akan terus naik telah menyumbang kepada jualan yang lebih tinggi. Jualan penyerap hentak juga meningkat dengan pelancaran model-model tambahan penyerap hentak jenama Performax.

PASARAN EKSPOT

Kumpulan mencatatkan jualan ekspot yang tertinggi dalam 2004, dengan peningkatan yang menggalakkan sebanyak 22.5% berbanding 2003. Pertumbuhan jualan yang kukuh dicatatkan untuk spring dedaun, spring gegelung dan barang suspensi lain di Eropah dan Amerika Utara. Kadar tukaran matawang asing yang memanfaatkan telah juga menyumbangkan kepada peningkatan jualan ekspot.

Subsidiari milik penuh APM Plastics Sdn Bhd, pula telah meningkatkan ekspot barangan plastik kepada pengilang motor utama yang beroperasi di beberapa negara-negara Asian untuk pemasangan OE. Kumpulan juga dalam perbincangan untuk mendapatkan lebih pelanggan OE di pasaran ekspot pada masa hadapan.

APM's range of aftermarket shock absorbers and coil springs
Barangan penyerap hentak dan spring gegelung APM untuk pasaran gantian



INVESTMENT IN VIETNAM

In December 2004, the Group obtained a 50 year investment licence to manufacture suspension parts in Vietnam. A new leaf springs manufacturing facility is currently being set up under a wholly-owned subsidiary, APM Springs (Vietnam) Co Ltd ("APM Vietnam") near Ho Chi Minh city. APM Vietnam is held through a 100% owned subsidiary, APM Automotive International Ltd, which was incorporated in Labuan. APM Vietnam will have an initial installed capacity of 6,000 tons of leaf springs per annum and is expected to commence operations in the fourth quarter of 2005. The products manufactured will be sold both in Vietnam and overseas.

PELABURAN DI VIETNAM

Pada bulan Disember 2004, Kumpulan telah memperolehi satu lesen pelaburan selama 50 tahun untuk mengeluarkan barangan suspensi di Vietnam. Satu kilang pengeluaran kini sedang dibina di bawah satu subsidiari milik penuh, iaitu APM Springs (Vietnam) Co Ltd ("APM Vietnam") berhampiran bandaraya Ho Chi Minh. APM Vietnam dimiliki sebuah lagi anak syarikat milik penuh Kumpulan APM Automotive International Ltd yang ditubuhkan di Labuan. APM Vietnam akan mempunyai kapasiti pengeluaran permulaan spring dedaun sebanyak 6,000 tan setahun dan dijangka akan memulakan operasinya dalam suku tahun terakhir 2005. Produk-produk yang dihasilkan akan dijual di Vietnam dan juga di pasaran antarabangsa.

New factory and office building proposed for APM Springs (Vietnam) Co. Ltd
Bangunan kilang dan pejabat baru yang dicadangkan untuk APM Springs (Vietnam) Co. Ltd



Chairman's Statement

Penyata Pengerusi



The Outstanding Delivery Performance and Cost Competitiveness Performance awards from ASSB Toyota presented to APM Plastics Sdn Bhd
Anugerah Outstanding Delivery Performance dan Cost Competitiveness Performance awards dari ASSB Toyota untuk APM Plastics Sdn Bhd

DIVIDENDS

On 8 October 2004, an interim dividend of 5% less 28% tax (2003 – 5% less 28% tax) amounting to RM7.25 million was paid to shareholders.

The Directors recommend the payment of a final dividend of 7% less 28% tax (2003 – 6% less 28% tax) amounting to RM10.15 million. This payment is subject to shareholders approval at the forthcoming Annual General Meeting.

If approved, total dividend payment for financial year ended 31 December 2004 will be RM17.4 million (2003 – RM15.9 million).

DIVIDEN

Pada 8 Oktober 2004, satu dividen interim sebanyak 5% tolak 28% cukai (2003 - 5% tolak 28% cukai) berjumlah RM7.25 juta telah dibayar kepada para pemegang saham.

Pengarah mencadangkan bayaran dividen akhir sebanyak 7% tolak 28% cukai (2003 - 6% tolak 28% cukai) berjumlah RM10.15 juta. Pembayaran ini adalah tertakluk kepada kelulusan pemegang saham pada Mesyuarat Agung Tahunan akan datang. Jika diluluskan, bayaran penuh dividen bagi tahun kewangan berakhir 31 Disember 2004 akan berjumlah RM17.4 juta (2003 - RM15.9 juta).

FUTURE PROSPECTS

Vehicle sales is expected to grow further and has been forecasted to reach the half million mark in 2005 with the many launches of new car models as well as the introduction of new automotive brands, attractive low interest rates and readily available hire-purchase financing. This augers well for our existing OE parts business as it will contribute to higher OE sales.

At the same time, we are pleased that the Group has secured several additional new businesses for 2005. The Group will commence the supply of OE air-conditioning systems to two national car models. This is an important achievement as it will be the first time that the Group is supplying OE air-conditioning systems for a national car model. Our Seats division will similarly begin to deliver seats for a new national car model scheduled for the second half of 2005.

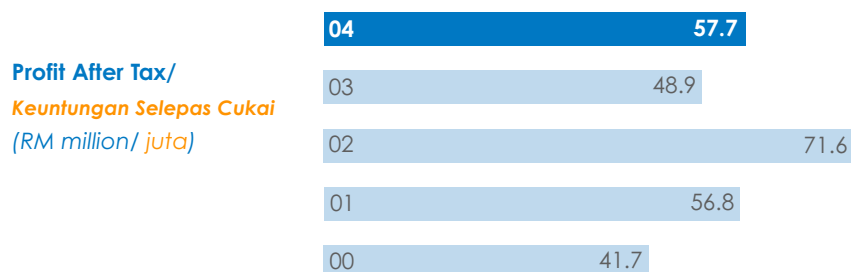
In addition, our Radiators division will start supplying OE aluminum radiators to three new national car models and one non-national car model. In order to cope with the anticipated increase in production volume, the Group had invested in a new controlled-atmosphere aluminum bracing furnace, which was commissioned in 2004 at a cost of RM2.5 million. With a capacity to brace 20,000 units a month, the new furnace will enable the Group to meet current and future demands.

PROSPEK MASA HADAPAN

Jualan kenderaan dijangka akan terus berkembang dan diramalkan mencecah setengah juta unit dalam tahun 2005 berikutan pelancaran model-model baru kereta serta kemasukan jenama automotif baru, kadar faedah yang menarik dan pembiayaan sewa-beli yang mudah diperolehi.

Pada masa yang sama, Kumpulan telah memperolehi perniagaan-perniagaan tambahan yang baru bagi 2005. Kumpulan akan mula membekalkan sistem penyaman udara OE kepada dua model kereta nasional. Ini merupakan pencapaian penting kerana ia merupakan kali pertama Kumpulan membekalkan sistem penyaman udara OE untuk model kereta nasional. Tempat duduk kami juga akan dibekalkan kepada model baru kereta nasional yang dijangka akan dilancar pada setengah tahun kedua 2005.

Tambahan pula, bahagian Radiator akan mula membekalkan radiator aluminium OE kepada tiga model baru kereta nasional dan satu model bukan nasional tahun ini. Untuk memenuhi jangkaan peningkatan besar jumlah pengeluaran, Kumpulan telah melabur dalam satu relau perembatan aluminium atmosfera terkawal, yang siap dipasang dalam tahun 2004 pada kos RM2.5 juta. Dengan kapasiti pengeluaran sebanyak 20,000 unit sebulan, relau baru ini membolehkan Kumpulan memenuhi permintaan semasa dan masa hadapan.



Chairman's Statement

Penyata Pengerusi

The Group's new logistics centres in Bukit Beruntung and Tanjung Malim will supply parts to the two car manufacturers located nearby. The establishment of these centres is expected to reduce delivery lead time and meet customers' delivery requirements.

The liberalisation of the automotive industry will see intense competition amongst motor manufacturers. The future market share of national cars is expected to decline further. All these will put further downward pressure on OE parts prices supplied to the manufacturers. The increase in raw material prices and fuel costs are not expected to abate in the near future, resulting in lower profit margins for the Group's OE products. The Group will continue efforts to find alternative sources of raw materials and further improve production efficiency.

The RE market is expected to see increasing competition although selling prices have increased to reflect the higher production cost. The marketing department has also geared up its efforts to increase sales by capitalising on APM's strong distribution network, established brand name and renowned product quality.

Pusat logistik baru Kumpulan di Bukit Beruntung dan Tanjung Malim akan membekal barangan kepada dua pengilang kereta yang beroperasi berdekatan. Penubuhan pusat-pusat ini dijangka akan mengurangkan jangkamasa penghantaran dan memenuhi kehendak pelanggan.

Liberasian industri automotif akan menyaksikan persaingan sengit diantara pengeluar-pengeluar kenderaan motor. Bahagian pasaran kenderaan nasional pula dijangka akan terus mengecut. Kesemua ini akan memberikan tekanan kepada harga barangan OE yang dibekalkan kepada pengeluar-pengeluar. Kenaikan harga bahan mentah dan kos bahan api dijangka tidak akan mengurang dalam jangka masa terdekat, mengakibatkan margin keuntungan yang lebih tipis untuk barangan OE Kumpulan. Kumpulan akan terus berusaha untuk mencari sumber alternatif bahan mentah dan mempertingkatkan lagi kecekapan pengeluaran.

Pasaran RE dijangka menyaksikan peningkatan persaingan walaupun harga jualan telah meningkat ekoran kos pengeluaran yang lebih tinggi. Bahagian pemasaran juga telah meningkatkan usaha untuk menambah jualan, sambil memanfaatkan kelebihan jaringan pengedaran APM yang kuat, jenama yang terkenal dan kualiti produk yang baik.

Artist impression of the new logistics building to be built in Tanjung Malim
Lakaran bangunan logistik baru yang akan dibina di Tanjung Malim



Our overseas seats joint venture in China performed well to register Rmb42.6 million sales in 2004. The Indonesian joint venture has also started to return monthly profits in the later part of 2004, with the commencement of supply of seats to an additional major OE customer in Jakarta. We expect both companies to contribute positively to the Group's profitability in 2005.

We look forward to the Group's recent investment in the new leaf spring manufacturing plant in Vietnam which is expected to boost the Group's overseas sales. With an early foothold in the market, the Group is optimistic that it will expand together with the development of the automotive industry in Vietnam, which is currently still in its infancy. Further, lower production costs in Vietnam will enable us to compete more effectively in the export markets. The Group will consider extending its product range as and when demand arises.

Usahasama luar negara kami di China bagi mengilang tempat duduk telah menghasilkan prestasi yang baik dengan catatan jualan sebanyak Rmb42.6 juta dalam tahun 2004. Usahasama di Indonesia juga telah mula menyumbangkan keuntungan bulanan pada penghujung 2004, berikutan bermulanya pembekalan tempat duduk kepada satu lagi pelanggan utama OE di Jakarta. Kami menjangkakan kedua-kedua syarikat tersebut akan memberi sumbangan yang positif kepada keuntungan Kumpulan pada 2005.

Pelaburan terbaru Kumpulan dalam pengilangan spring dedaun di Vietnam dijangka akan meningkatkan jualan luar negara Kumpulan. Dengan kemasukan awal ke dalam pasaran, Kumpulan optimistik yang ia akan berkembang seiring dengan perkembangan industri automotif di Vietnam, yang masih di dalam peringkat permulaan. Tambahan lagi, kos pengeluaran yang lebih rendah di Vietnam akan membolehkan kami bersaing dengan lebih cekap lagi dalam pasaran eksport. Penambahan jenis barangan keluaran disana akan dipertimbangkan bergantung kepada permintaan semasa.

| | | |
|--|----|------|
| Earnings Per Share/ Pendapatan Sesaham (sen) | 04 | 29.1 |
| | 03 | 24.2 |
| | 02 | 36.0 |
| | 01 | 28.2 |
| | 00 | 20.7 |

Chairman's Statement

Penyata Pengerusi

ACKNOWLEDGEMENTS

The Board would like to extend its appreciation to the Management and staff for their dedication and diligence during the past year and I am confident that staff at all levels will continue to work hard to increase productivity and reduce costs to ensure the continued success of the Group in the challenging times ahead.

I would also like to express the Board's appreciation to all our valued customers, suppliers, bankers, business associates as well as shareholders for their continued support and confidence in the Group.

DATO' TAN HENG CHEW JP, DJMK
Chairman/Pengerusi

28 April 2005

PENGHARGAAN

Pihak lembaga ingin menyampaikan penghargaan kepada pihak Pengurusan dan kakitangan di atas dedikasi dan ketekunan mereka pada tahun lepas dan saya yakin kesemua kakitangan akan terus bekerja keras untuk meningkatkan produktiviti dan mengurangkan kos untuk memastikan kejayaan berterusan Kumpulan dalam masa hadapan yang mencabar ini.

Saya juga ingin menyampaikan penghargaan kepada kesemua pelanggan, pembekal, pihak bank, rakan perniagaan yang dihargai serta pemegang saham di atas sokongan dan keyakinan berterusan mereka kepada Kumpulan.

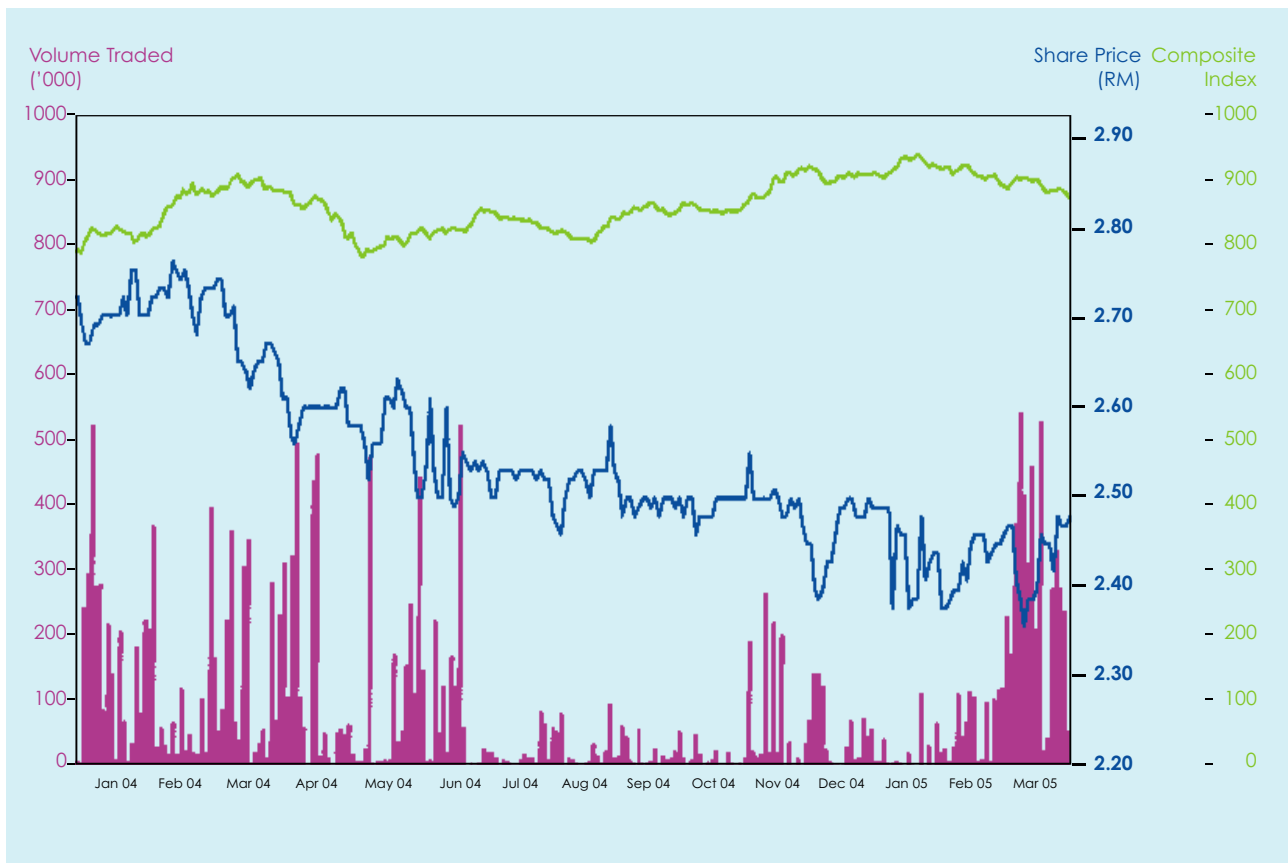
Capital and Reserves

Modal dan Rizab

(RM million/ juta)

| | |
|----|-----|
| 04 | 450 |
| 03 | 408 |
| 02 | 377 |
| 01 | 319 |
| 00 | 279 |

Share Price and Volume Traded



 Daily Volume Traded

 Daily Closing Share Price

 Bursa Malaysia Composite Index