



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2014 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-14	Corresponding Quarter Ended 30-Sep-13	Cumulative Year To Date 30-Sep-14	Corresponding Year To Date 30-Sep-13
Revenue	291,902	329,036	940,027	952,645
Results from operating activities	32,794	40,132	101,869	121,487
Finance costs	(536)	(78)	(658)	(265)
Finance income	2,218	1,778	7,307	7,491
Share of profit of equity-accounted investee, net of tax	265	10,045	1,119	11,670
Profit before tax	34,741	51,877	109,637	140,383
Income tax expense	(9,074)	(12,972)	(26,239)	(32,636)
Profit for the period	25,667	38,905	83,398	107,747
Other comprehensive (expenses)/income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability	-	-	50	-
Items that are or may be reclassified				
Foreign currency translation differences for foreign operations	(578)	(4,698)	(2,382)	(4,328)
Share of foreign currency translation differences of equity-accounted investee	(651)	(2,091)	(1,130)	(1,915)
Other comprehensive (expenses)/income for the period, net of tax	(1,229)	(6,789)	(3,462)	(6,243)
Total comprehensive income for the period	24,438	32,116	79,936	101,504
Profit attributable to :				
Owners of the Company	22,758	36,329	73,713	98,795
Non- controlling interests	2,909	2,576	9,685	8,952
Profit for the period	25,667	38,905	83,398	107,747
Total comprehensive income attributable to :				
Owners of the Company	21,529	29,540	70,251	92,552
Non- controlling interests	2,909	2,576	9,685	8,952
Total comprehensive income for the period	24,438	32,116	79,936	101,504
Earnings per share				
Basic (sen)	11.63	18.56	37.67	50.49
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 2013 and the accompanying explanatory notes attached to these interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

<i>In thousands of RM</i>	Unaudited As at <u>30-Sep-14</u>	Audited As at <u>31-Dec-13</u>
Assets		
Property, plant & equipment	253,497	234,123
Prepaid lease payments	14,432	14,586
Investment property	16,058	16,617
Investment in an associate	9,092	8,455
Investment in joint ventures	33,047	32,651
Intangible asset	11,655	873
Deferred tax assets	17,623	15,683
Total non-current assets	355,404	322,988
Inventories	205,569	229,062
Trade and other receivables, including derivatives	354,859	355,661
Cash and cash equivalents	331,920	306,416
Total current assets	892,348	891,139
Total assets	1,247,752	1,214,127
Equity		
Share capital	201,600	201,600
Reserves	760,052	727,960
Treasury shares	(12,818)	(12,806)
Total equity attributable to owners of the Company	948,834	916,754
Non-controlling interests	35,885	26,200
Total equity	984,719	942,954
Liabilities		
Deferred tax liabilities	1,879	2,010
Employee benefits	10,708	10,301
Total non-current liabilities	12,587	12,311
Trade and other payables, including derivatives	215,208	239,398
Short term borrowings	30,670	12,847
Taxation	4,568	6,617
Total current liabilities	250,446	258,862
Total liabilities	263,033	271,173
Total equity and liabilities	1,247,752	1,214,127
Net asset per share attributable to owners of the Company (RM)	4.85	4.68

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014 - unaudited**

<i>In thousands of RM</i>	<----- Attributable to the owners of the Company ----->							
	<----- Non-Distributable ----->				Distributable			
	Share capital	Treasury shares	Translation reserve	Share premium	Retained profits	Total	Non- controlling interests	Total equity
At 1-Jan-13	201,600	(12,796)	(6,834)	17,898	687,776	887,644	20,821	908,465
Foreign currency translation difference for foreign operation	-	-	(6,243)	-	-	(6,243)	-	(6,243)
Profit for the period	-	-	-	-	98,795	98,795	8,952	107,747
Total comprehensive income for the period	-	-	(6,243)	-	98,795	92,552	8,952	101,504
Own shares acquired	-	(11)	-	-	-	(11)	-	(11)
Total distribution to owners	-	(11)	-	-	-	(11)	-	(11)
Dividend paid	-	-	-	-	(90,995)	(90,995)	(7,699)	(98,694)
At 30-Sept-2013	201,600	(12,807)	(13,077)	17,898	695,576	889,190	22,074	911,264
At 1-Jan-14	201,600	(12,806)	(12,142)	17,898	722,204	916,754	26,200	942,954
Remeasurement of defined benefit liabilities	-	-	-	-	50	50	-	50
Foreign currency translation difference for foreign operation	-	-	(3,512)	-	-	(3,512)	-	(3,512)
Profit for the period	-	-	-	-	73,713	73,713	9,685	83,398
Total comprehensive income for the period	-	-	(3,512)	-	73,763	70,251	9,685	79,936
Own shares acquired	-	(12)	-	-	-	(12)	-	(12)
Total distribution to owners	-	(12)	-	-	-	(12)	-	(12)
Dividend paid	-	-	-	-	(38,159)	(38,159)	-	(38,159)
At 30-Sept-2014	201,600	(12,818)	(15,654)	17,898	757,808	948,834	35,885	984,719

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 2013 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 2014 – unaudited

	For the 9 months period ended 30-Sep-14	For the 9 months period ended 30-Sep-13
<i>In thousands of RM</i>		
Cash flows from operating activities		
Profit before tax and non-controlling interests	109,637	140,383
Adjustments for non-cash items	41,230	21,496
Changes in working capital	(4,388)	(125,166)
Cash generated from operations	146,479	36,713
Interest/Tax/Employee benefits/provision	(47,315)	(22,362)
Net cash generated from operating activities	99,164	14,351
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	973	449
Acquisition of property, plant and equipment	(43,057)	(29,853)
Lease payment for leasehold land	-	(309)
Additions of intangible assets	(10,994)	-
Additions of development expenditure	-	(421)
Subscription of shares in joint ventures	(1,044)	-
Net cash used in investing activities	(54,122)	(30,134)
Cash flows from financing activities		
Acquisition of non-controlling interest	-	(2,157)
Dividends paid to owners of the company	(38,159)	(90,996)
Dividends paid to non-controlling interests	-	(7,699)
Drawdown /(Repayment) of trade loan	3,246	(14,454)
Drawdown of short-term borrowings	14,577	7,612
Purchase of treasury shares	(12)	(11)
Net cash used in financing activities	(20,348)	(107,705)
Net increase/(decrease) in cash and cash equivalents	24,694	(123,488)
Effect of exchange rate fluctuations on cash held	810	(4,025)
Cash and cash equivalents at 1 January	306,416	421,740
Cash and cash equivalents at the end of period	331,920	294,227

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

Cash and bank balances	40,463	18,476
Deposits placed with licensed banks	291,457	275,751
	331,920	294,227

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statement (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any material 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 July 2014

Amendments to MFRS 1	First-time adoption of Malaysian Financial Reporting Standards (Annual Improvement 2011 – 2013 Cycle)
Amendments to MFRS 2	Share-based Payment (Annual Improvement 2010 – 2012 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvement 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 Improvement 2010 – 2012 Cycle and 2011 – 2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvement 2010 – 2012 Cycle)

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

A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective for annual periods beginning on or after 1 July 2014 (continued)

Amendments to MFRS 119	Employee Benefits – Defined Benefit Plans: Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvement 2010 – 2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvement 2010 – 2012 Cycle)
Amendments to MFRS 140	Investment Property (Annual Improvement 2011 – 2013 Cycle)

Effective for a date yet to be confirmed

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
MFRS 9	Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139
Amendments to MFRS 7	Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group will adopt the above mentioned 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 2013.

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.

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

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>
Feb-14	1,000	6
Aug-14	1,000	6
Total	2,000	12

A8. DIVIDENDS PAID

An interim single tier dividend of 7.5 sen for the year ending 31 December 2014 (2013: interim dividend of 10 sen less tax of 25% and interim special dividends of 30 sen less tax of 25%) amounting to RM14.68 million (2013: RM58.7 million) was paid on 29 September 2014.

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 and cinemas.
- *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, provision of management services for companies within the Group and provision of engineering and research services.
- *Operations Outside Malaysia:* comprises businesses in Indonesia, Vietnam and Australia.

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

A9. SEGMENTAL INFORMATION (CONTINUED)

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

In thousands of RM	INDIVIDUAL QUARTER			
	30-Sep-14		30-Sep-13	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit before tax</u>
Operations within Malaysia				
Suspension	56,617	4,958	58,791	(617)
Interior & Plastics	194,130	19,213	253,951	33,802
Electricals & Heat Exchange	47,586	6,435	70,778	7,561
Marketing	44,721	1,543	47,554	2,645
Others	7,703	(27)	7,076	(933)
Operations outside Malaysia	22,499	2,745	9,798	9,491
	373,256	34,867	447,948	51,949
Eliminations	(81,354)	(126)	(118,912)	(72)
	291,902	34,741	329,036	51,877

In thousands of RM	CUMULATIVE QUARTER			
	30-Sep-14		30-Sep-13	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit before tax</u>
Operations within Malaysia				
Suspension	184,018	15,992	177,320	7,624
Interior & Plastics	650,052	69,430	708,770	99,435
Electricals & Heat Exchange	165,932	16,704	190,708	14,417
Marketing	145,680	6,229	152,623	9,845
Others	23,741	(2,867)	22,768	(2,100)
Operations outside Malaysia	50,057	3,592	28,481	11,247
	1,219,480	109,080	1,280,670	140,468
Eliminations	(279,453)	557	(328,025)	(85)
	940,027	109,637	952,645	140,383

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 2013.

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

A11. RELATED PARTY DISCLOSURES

The following are significant related party transactions:-

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-14	Corresponding Quarter Ended 30-Sep-13	Cumulative Year To Date 30-Sep-14	Corresponding Year To Date 30-Sep-13
<u>With TCMH Group</u>				
Sales of goods	32,228	22,151	85,165	89,164
Rental income	582	435	2,222	1,187
Insurance agency services	(192)	(150)	(2,138)	(1,924)
Rental expense	(4)	(3)	(8)	(8)
Purchase of goods and services	(2,555)	(2,161)	(6,740)	(6,124)

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep-14	Corresponding Quarter Ended 30-Sep-13	Cumulative Year To Date 30-Sep-14	Corresponding Year To Date 30-Sep-13
<u>With TCIL Group</u>				
Sales of goods	13,724	24,073	62,519	67,012
Purchase of goods and services	(207)	(307)	(298)	(722)

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”).

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.

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

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes to the composition of the Group for the current quarter under review.

The Group has on 7 November 2014 incorporated a wholly-owned subsidiary, namely PT. APM AUTOMOTIVE INDONESIA (“PT. APMAI”) in the Republic of Indonesia.

APMAI is permitted to carry out the business on management consultancy activities, property holding and property leasing.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liability as at 30 September 2014.

A15. CAPITAL COMMITMENTS

<i>In thousands of RM</i>	30-Sep-14	30-Sep-13
Authorized but not contracted for	47,955	43,858
Contracted but not provided for	37,860	6,185
Total	85,815	50,043

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

3Q14 vs. 3Q13

Total Industry Volume (“TIV”) for the third quarter of 2014 fell 9% to 159,163 units from 174,482 units the same quarter last year. Total Production Volume (TIP) in current quarter declined by 8% to 134,275 units from 146,357 units in the same quarter last year. [Source: Malaysian Automotive Association].

Revenues fell in tandem to RM291.9 million for 3Q14, compared to 3Q13 of RM329.0 million largely due to a lower off take from OEMs as a result of softer vehicle sales. Group’s profit before tax was down by 33% for third quarter 2014 to RM34.7 million compared to previous year same quarter of RM51.9 million. Excluding the RM10 million net gains from a partial divestment of shares in the same period a year ago, the actual decline in profit before tax was 17%.

Year-to-date 2014 vs Year-to-date 2013

Revenue YTD 2014 of RM940.0 million was flattish compared to YTD 2013’s revenue of RM952.6 million. Overall operating margin squeeze of 2% Year-on-Year. But Q3 stabilized with a sequential improvement from Q2 due to reduced reliance of operations within Malaysia to a structural push outside of the country.

Segmentation Review

Suspension Division

The Suspension Division’s revenue registered slight reduction of 3.7% to RM56.6 million in 3Q14 compared to RM58.8 million in 3Q13 on the back of lower OEM demand. Profit before tax for 3Q14 on the other hand rebounded to RM5.0 million from loss of RM0.6 million, a year ago. The significant jump was mainly due to lower provision for product warranty claims in the same quarter this year.

The Suspension Division’s revenue grew by 3.8% to RM184.0 million in the 9-month period ended 30 September 2014 compared to RM177.3 million in the same period last year on the back of higher exports and replacement market. Profit before tax more than doubled to RM16.0 million compared to RM7.6 million a year ago for the reason mentioned earlier.

Interior & Plastics Division

Interior and Plastics Division’s revenue fell by 23.6% to RM194.1million from RM254.0 million same period last year. Profit before tax slipped to RM19.2 million, a decrease of 43.2% compared to RM33.8 million for previous year same quarter. The reduction in both top and bottom-line was in tandem with lower demand from OEM markets.

In the first nine months, Interior and Plastics Division posted RM650.0 million in revenue against RM708.8 million a year ago. Profit before tax fell by 30.2% from RM99.4 million to RM69.4 million compared to previous corresponding period. The lower profit before tax was attributed to pricing pressure from existing OEMs, premium freight incurred for the start-up of new OEM business and increase in components outsourcing costs.

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)

Electrical & Heat Exchange Division

Lower off-take from OEMs saw revenues reducing by 32.8% to RM47.6 million in 3Q14 compared to same quarter last year of RM70.8 million. The bottom-line, however, was cushioned by favorable result from cost control measures. Hence, profit before tax only decreased by 14.9% to RM6.4 million.

Notwithstanding the competitive pressure on margins, the Group was positioned itself to take advantage of the favorable trading environment and additional localization efforts. As a result of these efforts, profit before tax increased by 15.9% to RM16.7 million in spite of the reduction in revenue for the three quarters of 2014 from RM190.7 million to RM165.9 million in previous year same period.

Marketing Division

The Marketing division saw slower billings in July as stockiest/spare parts dealers adopted a “wait-and-see” approach ahead of Good & Service Tax (“GST”) implementation in April 2015. Furthermore, export sales were facing stiff competition from China and Turkey.

Segmental revenues recorded RM44.7 million in the current 2014 quarter, a decline of 6% compared to RM47.6 million for the corresponding quarter in the previous year. Profit before tax was also lower by 41.7% to RM1.5 million from RM2.6 million in the same quarter last year. This is mainly due to aggressive campaigns and intense competition on the global front.

Consistent with the above quarterly review, revenue on a year-to-date basis ended September 2014 has decreased to RM145.7 million from RM152.6 million a year ago. Similarly, profit before tax was also lower by to RM6.2 million from RM9.8 million in the same period 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. The revenue streams were mainly rental and services fee charged within the Group and formed part of inter-segment elimination for the total Group's results (as depicted in Note A9).

For the current quarter of 2014, segmental loss of RM0.03 million was lower than loss of RM0.9 million a year ago on the back of higher billing of services fee. Nevertheless, the loss has widened for the three quarter of 2014 due to increase in manpower as the Group expanded its business outside Malaysia and intensified engineering and research activities.

For year-to-date of 2014, the Other Operations recorded a loss of RM2.9 million compared to RM2.1 million in the previous year same 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)

Operations Outside Malaysia

Operations outside Malaysia posted revenues of RM22.5 million for its third quarter of 2014, an increase of 129.6% from RM9.8 million recorded in corresponding quarter last year. The impressive growth in top line was mainly contributed by higher off-take from OEMs and export market penetration.

Revenue for the YTD 2014 was RM50.1 million from RM28.5 million in previous year same period whilst profit before tax was RM3.6 million from RM1.2 million (excluding the RM10 million net gain of divestment of shares) previously.

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 compared to second quarter of 2014. The Group's revenue has decreased by 14.1% to RM291.9 million compared to RM340.0 million recorded in preceding quarter. The Group's current quarter profit before tax of RM34.7 million was lower by 7.8% compared to preceding quarter of RM37.7 million. The decrease was in tandem with the decrease in revenue.

B3 COMMENTARY ON PROSPECTS AND TARGETS

Private domestic consumption is slowed on the back of rising inflation from ongoing subsidy rationalization and Good & Service Tax ("GST") implementation in April 2015.

Despite a tough environment, the company is looking to sustain its earnings for the remaining quarter of 2014. The Group remains committed to its research and development activities and will further expand regionally through alignment of business opportunities.

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

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Sep-14</u>	Corresponding Quarter Ended <u>30-Sep-13</u>	Cumulative Year To Date <u>30-Sep-14</u>	Corresponding Year To Date <u>30-Sep-13</u>
<u>Current tax</u>				
- Current year	(10,652)	(14,894)	(27,071)	(35,566)
- Prior year	(758)	110	(991)	393
<u>Deferred tax</u>				
- Current year	2,498	1,654	2,998	2,136
- Prior year	-	232	(970)	583
Withholding Tax	(162)	(74)	(205)	(182)
	<u>(9,074)</u>	<u>(12,972)</u>	<u>(26,239)</u>	<u>(32,636)</u>

B5 CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the reporting date.

B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

a) Derivatives

The outstanding forward foreign currency contracts entered as at 30 September 2014 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	45,164	93	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 2013. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and its related accounting policies.

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B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONTINUED)

b) RETAINED EARNINGS

(RM'000)	As At 30-Sep-14	As At 31-Dec-13
Total retained profits/(accumulated losses) of the company and its subsidiaries		
- realised profit	726,980	713,550
- unrealised losses	40,292	(9,767)
	<u>767,272</u>	<u>703,783</u>
Total share of retained profits of associate:		
- realised profit	8,916	8,260
Total share of retained profits of joint ventures		
- realised profit	20,336	21,834
	<u>796,524</u>	<u>733,877</u>
Consolidation adjustments	(38,716)	(11,673)
Total group retained profits as per consolidated accounts	<u>757,808</u>	<u>722,204</u>

B7 BORROWINGS AND DEBT SECURITIES

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

<i>In thousands of RM</i>	30-Sep-14
Unsecured - Trade loan	15,552
- Short term borrowings	15,118
	<u>30,670</u>
Amount due within the next 12 months	30,670
	<u>30,670</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		
<u>Currency</u>	<u>Denominated In</u>	30-Sep-14
RM	RM	15,118
USD	USD	15,552
		<u>30,670</u>

B8 CHANGES IN MATERIAL LITIGATION

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

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B9. PROPOSED DIVIDEND

No dividend has been proposed for the current quarter ended 30 September 2014.

B10 EARNINGS PER SHARE

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

	Individual Quarter		Cumulative Quarter	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
Profit attributable to the owners of the Company (RM'000)	22,758	36,329	73,713	98,795
Weighted average number of ordinary shares in issue ('000)	195,685	195,687	195,685	195,687
Basic EPS (sen)	11.63	18.56	37.67	50.49

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>	Unaudited	Unaudited	Unaudited	Unaudited
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
(a) Interest income	2,218	1,778	7,307	7,491
(b) Other income including investment income	889	1,782	4,281	5,044
(c) Interest expense	(536)	(78)	(658)	(265)
(d) Depreciation and Amortization	(8,015)	(6,038)	(23,351)	(20,567)
(e) Reversal/(Provision for) and (write off) receivables	335	-	788	346
(f) Reversal/(Provision for) and (write off) inventories	387	740	(1,043)	195
(g) Gain or (loss) on disposal of property, plant and equipment	99	33	284	59
(h) Foreign exchange gain or (loss)	462	2,443	796	3,470
(i) Gain or (loss) on derivative	(238)	(415)	(352)	209

BY ORDER OF THE BOARD

LEE KWEE CHENG
ANG LAY BEE
Company Secretary

Kuala Lumpur

26 November 2014