APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

CONTENTS

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 2018 – unaudited

In thousands of RM	INDIVIDUAL QUARTER Current Quarter Ended 31-Dec-18	Corresponding Quarter Ended 31-Dec-17	Change	CUMULATIVE QUARTER Cumulative Year to Date 31-Dec-18	Cumulative Year to Date 31-Dec-17	Change
Revenue	382,585	327,538	17%	1,334,372	1,188,519	12%
Results from operating activities	22,936	19,879	15%	69,984	66,263	6%
Finance costs	(1,371)	(1,079)	27%	(3,739)	(4,198)	-11%
Finance income	2,564	2,632	-3%	10,193	9,795	4%
Share of the profit/(loss) of associates and joint ventures accounted for using the equity method, net of tax	309	445	-31%	1,003	(476)	-311%
Profit before tax	24,438	21,877	12%	77,441	71,384	8%
Income tax expense	(92)	(3,730)	-98%	(16,983)	(21,420)	-21%
Profit for the year	24,346	18,147	34%	60,458	49,964	21%
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	-	-	-	-	882	-100%
Revaluation of property, plant and equipment	-	29,648	-100%	-	29,648	-100%
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	2,660	(9,645)	-128%	(5,990)	(5,574)	7%
Share of foreign currency translation differences of equity-accounted investees	709	(1,808)	-139%	(1,498)	(4,291)	-65%
Other comprehensive income/(expense) for the year, net of tax	3,369	18,195	-81%	(7,488)	20,665	-136%
Total comprehensive income for the year	27,715	36,342	-24%	52,970	70,629	-25%
Profit attributable to :						
Owners of the Company	17,335	13,098	32%	38,441	39,095	-2%
Non-controlling interests	7,011	5,049	39%	22,017	10,869	103%
Profit for the year	24,346	18,147	34%	60,458	49,964	21%
Total comprehensive income attributable to :						
Owners of the Company	20,704	30,383	-32%	30,953	58,850	-47%
Non-controlling interests	7,011	5,959	18%	22,017	11,779	87%
Total comprehensive income for the year	27,715	36,342	-24%	52,970	70,629	-25%
Earnings per share						
Basic (sen)	8.86	6.70	32%	19.65	19.99	-2%

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 2017 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 2018 – unaudited

In thousands of RM	As at 31-Dec-18	As at 31-Dec-17 (Audited)
Assets		
Property, plant & equipment	559,853	572,577
Prepaid lease payments	15,275	16,005
Investment properties	111,520	108,000
Investment in an associate	9,951	11,338
Investments in joint ventures	32,165	31,274
Intangible assets	18,392	19,966
Deferred tax assets	16,799	12,113
Total non-current assets	763,955	771,273
Inventories	277,798	242,236
Trade and other receivables, including derivatives	300,800	288,890
Other investments	140,078	110,662
Cash and cash equivalents	225,789	232,809
Total current assets	944,465	874,597
Total assets	1,708,420	1,645,870
Equity		
Share capital	219,498	219,498
Reserves	1,027,887	1,024,463
Treasury shares	(13,312)	(13,305)
Total equity attributable to owners of the Company	1,234,073	1,230,656
Non-controlling interests	67,948	53,934
Total equity	1,302,021	1,284,590
Liabilities		
Employee benefits	21,730	19,715
Deferred tax liabilities	40,591	43,910
Total non-current liabilities	62,321	63,625
Trade and other payables, including derivatives	256,351	225,031
Loans and borrowings	81,495	68,826
Current tax liabilities	6,232	3,798
Total current liabilities	344,078	297,655
Total liabilities	406,399	361,280
Total equity and liabilities	1,708,420	1,645,870
Net assets per share attributable to owners of the Company (RM)	6.31	6.29

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018 – unaudited

	<--- *Attributable to the owners of the Company*						--->		
	<--- Non-Distributable			--->		Distributable			
In thousands of RM	Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1-Jan-17	201,600	(13,297)	17,898	92,395	11,652	889,926	1,200,174	37,772	1,237,946
Transfer in accordance with Section 618(2) of the Companies Act 2016*	17,898	-	(17,898)	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	-	(5,574)	-	(5,574)	-	(5,574)
Remeasurement of defined benefit liabilities	-	-	-	-	-	882	882	-	882
Revaluation of properties	-	-	-	28,738	-	-	28,738	910	29,648
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(4,291)	-	(4,291)	-	(4,291)
Transfer of revaluation surplus on properties	-	-	-	(11,883)	-	11,883	-	-	-
Profit for the year	-	-	-	-	-	39,095	39,095	10,869	49,964
Total comprehensive income for the year	-	-	-	16,855	(9,865)	51,860	58,850	11,779	70,629
Own shares acquired	-	(8)	-	-	-	-	(8)	-	(8)
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	3,185	3,185
Increase in non-controlling interests through business combination	-	-	-	-	-	-	-	9,200	9,200
Dividends to owners of the company	-	-	-	-	-	(28,360)	(28,360)	(8,002)	(36,362)
Total transactions with owners of the Group	-	(8)	-	-	-	(28,360)	(28,368)	4,383	(23,985)
At 31-Dec-2017	219,498	(13,305)	-	109,250	1,787	913,426	1,230,656	53,934	1,284,590
At 1-Jan-18	219,498	(13,305)	-	109,250	1,787	913,426	1,230,656	53,934	1,284,590
Opening balance adjustment from adoption of MFRS 9	-	-	-	-	-	(1,122)	(1,122)	-	(1,122)
Restated balance as at 1 Jan 2018	219,498	(13,305)	-	109,250	1,787	912,304	1,229,534	53,934	1,283,468
Foreign currency translation differences for foreign operations	-	-	-	-	(5,990)	-	(5,990)	-	(5,990)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(1,498)	-	(1,498)	-	(1,498)
Transfer of revaluation surplus on properties	-	-	-	(4,909)	-	4,909	-	-	-
Profit for the period	-	-	-	-	-	38,441	38,441	22,017	60,458
Total comprehensive income for the period	-	-	-	(4,909)	(7,488)	43,350	30,953	22,017	52,970
Own shares acquired	-	(7)	-	-	-	-	(7)	-	(7)
Dividends to owners of the company	-	-	-	-	-	(26,407)	(26,407)	(8,003)	(34,410)
Total transactions with owners of the Group	-	(7)	-	-	-	(26,407)	(26,414)	(8,003)	(34,417)
At 31-Dec-2018	219,498	(13,312)	-	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, within 24 months upon commencement of the CA 2016, the Group may use the amount standing to the credit of the share premium account of RM17,898,000 as stipulated in Section 618(3) of the CA 2016.

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018 – unaudited

In thousands of RM	**For the 12 months period ended 31-Dec-18**	**For the 12 months period ended 31-Dec-17**
Cash flows from operating activities		
Profit before tax and non-controlling interests	77,441	71,384
Adjustments for non-cash items	53,902	52,229
Changes in working capital	(22,683)	1,349
Cash generated from operations	108,660	124,962
Interest/Tax/Employee benefits/provision	(15,731)	(12,166)
Net cash generated from operating activities	92,929	112,796
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,009	438
Acquisition of property, plant and equipment	(43,111)	(93,434)
Net increase in other investments	(29,416)	(9,115)
Additions of intangible assets	(6,089)	(4,260)
Government grant received	-	5,654
Investment in joint ventures	-	(5,430)
Net cash used in investing activities	(77,607)	(106,147)
Cash flows from financing activities		
Subscription of shares in subsidiaries by non-controlling interests	-	12,385
Dividends paid to non-controlling interests	(8,003)	(8,002)
Dividends paid to owners of the Company	(26,407)	(28,360)
Net drawdown of loans and borrowings	12,668	14,134
Purchase of treasury shares	(7)	(8)
Net cash generated used in financing activities	(21,749)	(9,851)
Net decrease in cash and cash equivalents	(6,427)	(3,202)
Effect of exchange rate fluctuations	(593)	6,532
Cash and cash equivalents at 1 January	232,809	229,479
Cash and cash equivalents at the end of year	**225,789**	**232,809**

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

Cash and bank balances	55,381	80,623
Deposits and corporate management account with licensed banks	170,408	152,186
	225,789	**232,809**

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (Condensed Report) have 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 2017. 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 2017.

A2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan amendment, Curtailment and Settlement*
- Amendments to MFRS 123*, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019;

- from the annual period beginning on 1 January 2020 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2020 except for Amendment to MFRS 2, Amendment to MFRS 6 and Amendment to MFRS 14, which are not applicable to the Group; and

- The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

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.

In the implementation of MFRS 9, the Group assesses the impact of the MFRS 9 by estimating the loss rate using Flow Rate method.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

On the date of initial application, MFRS 9 did not affect the classification and measurement of assets and financial liabilities, except debts which have increased by RM1.1 million as at 1 January 2018 as a result of applying the ECL model on trade receivables. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus these adjustments were recognized in the opening retained earnings of the current period.

	As reported at 31 December 2017 RM'000	Adjustment from adoption of MFRS 9 RM'000	Restated balance at 1 January 2018 RM'000
Group			
Trade and other receivables	288,890	(1,122)	287,768
Retained earnings	913,426	(1,122)	912,304

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Programs, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

Upon adoption of MFRS 15, the Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has done its assessment by reviewing the contracts with major customers. Based on the assessment, the impact to its retained earnings as at 31 December 2017 is a reduction of approximately RM1.0 million. The Group adopted MFRS 15 in accordance with the partial retrospective application for annual periods beginning on 1 January 2018 and the comparatives are not restated.

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 Transaction Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be reclassified as finance or operating lease.

The Group has done the preliminary assessment by reviewing the lease contracts. Based on the assessment, the Group will recognize lease liabilities of RM17.5 million with a corresponding right-of-use assets of the same amount as permitted by the MFRS16 upon the initial application on 1 January 2019. The Group will adopt the simplified retrospective application and the comparatives will not be restated.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2017.

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 year.

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	
Month	**No. of shares repurchased**	**Total consideration**
Mar-18	1,000	4
Sep-18	1,000	3
	2,000	7

A8. DIVIDENDS PAID

An interim ordinary dividend of 5.0 sen per ordinary share (2017: 4.5 sen per ordinary share) totalling RM9.8 million (2017: RM8.8 million) in respect of the financial year ending 31 December 2018 was paid on 8 October 2018.

A9. SEGMENTAL INFORMATION

The Group's operating structure comprises the following strategic business divisions, with 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 plastic parts; interiors; and seatings for motor vehicles, buses, auditoriums, cinemas, and rails and light rails system.

- *Electrical & Heat Exchange Division, Malaysia*: comprises business in manufacturing products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts; developing Internet of Things ("IoT") telematics platform; and manufacturing and supplying In-vehicle Infotainment ("IVI") systems.

- *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; casting, machining and assembly of aluminum parts and components; distribution of motor vehicles; 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 segments:* comprises businesses in Vietnam, Australia, United States of America, Netherlands, Thailand and Myanmar.

A9. SEGMENTAL INFORMATION (CONT'D)

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 types of customers for the products are similar for both replacement markets ("REM") 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.

In thousands of RM

INDIVIDUAL QUARTER

	31-Dec-18		31-Dec-17	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	55,995	1,961	55,432	6,205
Interior & Plastics	280,057	21,628	230,168	13,311
Electrical & Heat Exchange	35,379	2,000	33,820	1,167
Marketing	60,140	1,146	58,947	1,882
Non-reportable segment	18,205	3,407	12,922	2,970
Indonesia Operations	13,000	(3,901)	13,578	(1,127)
All Other Segments	29,128	(2,025)	25,678	(1,754)
	491,904	24,216	430,545	22,654
Eliminations	(109,319)	222	(103,007)	(777)
	382,585	24,438	327,538	21,877

In thousands of RM

CUMULATIVE QUARTER

	31-Dec-18		31-Dec-17	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	222,087	8,816	206,581	21,774
Interior & Plastics	908,478	62,061	790,992	39,537
Electrical & Heat Exchange	133,230	7,114	143,008	3,275
Marketing	259,776	10,290	242,803	9,539
Non-reportable segment	80,935	2,068	59,594	3,865
Indonesia Operations	54,237	(11,526)	53,166	(7,921)
All Other Segments	122,232	(1,999)	120,204	2,048
	1,780,975	76,824	1,616,348	72,117
Eliminations	(446,603)	617	(427,829)	(733)
	1,334,372	77,441	1,188,519	71,384

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

The Board had on 25 February 2019 approved the incorporation of the revaluation surplus of RM3,520,000 and deferred tax of RM4,719,000 in the consolidated financial statements of the Company for the financial year ended 31 December 2018.

The recognition of revaluation surplus amounting to RM3,520,000 and deferred tax of RM4,719,000 arose from the changes in fair value of investment properties and the Real Property Gain Tax ("RPGT") rate does not have any material effect on the Group's net assets.

A11. RELATED PARTY DISCLOSURES

Significant transactions with Tan Chong Motor Holdings Berhad, Warisan TC Holdings Berhad and Tan Chong International Limited Groups, companies in which Directors of the Company namely Dato' Tan Heng Chew and Dato' Tan Eng Hwa, are deemed to have substantial financial interests, are as follows-

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
In thousands of RM	**Current Quarter Ended**	**Corresponding Quarter Ended**	**Cumulative Year To Date**	**Corresponding Year To Date**
With TCMH Group	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Sales	22,101	14,864	81,454	75,525
Provision of services	353	-	393	40
Purchases	(5,398)	(1,496)	(29,944)	(8,673)
consultancy services	348	-	348	(292)
Insurance	(335)	(1,578)	(3,521)	(3,451)
Rental expenses	(87)	(73)	(313)	(292)
Rental income	386	375	1,561	1,386

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").

In thousands of RM	**INDIVIDUAL QUARTER**		**CUMULATIVE QUARTER**	
	Current Quarter Ended	**Corresponding Quarter Ended**	**Cumulative Year To Date**	**Corresponding Year To Date**
With WTCH Group	**31-Dec-18**	**31-Dec-17**	**31-Dec-18**	**31-Dec-17**
Sales	340	20	665	208
Purchases	(3)	(82)	(193)	(253)
Administrative and consultancy services	(311)	(236)	(2,165)	(1,941)
Rental income	91	113	429	444
Rental expenses	(414)	(318)	(1,247)	(1,288)

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").

A11. RELATED PARTY DISCLOSURES (CONT'D)

In thousands of RM	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<u>With TCIL Group</u>	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Sales	1,052	571	4,184	5,301
Purchases	(154)	(2)	(171)	(2)
Rental expenses	(9)	(9)	(36)	(35)

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.

A13. CHANGES IN COMPOSITION OF THE GROUP

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

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 31 December 2018.

A15. CAPITAL COMMITMENTS

(i) Capital Commitment

In thousands of RM	31-Dec-18	31-Dec-17
Authorized but not contracted for	49,716	30,337
Contracted but not provided for	20,068	14,571
Total	**69,784**	**44,908**

(ii) Non-cancellable operating lease commitment

	31-Dec-18	31-Dec-17
In thousands of RM		
Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:-		
Not later than 1 year	1,005	1,026
More than 1 year but not later than 5 years	4,019	4,106
More than 5 years	62,083	64,382
TOTAL	67,107	69,514

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

In comparison with the Group's performance as at 31 December 2017, its net assets per share as at 31 December 2018 increased by RM0.02 from RM6.29 to RM6.31. The increase can be largely attributed to fair value gain on investment properties. The Group financial position remains stable with the Current Ratio of 2.7 times (Current Ratio = Current Assets / Current Liabilities) and a net cash position (=cash and cash equivalent + other investment – bank borrowing) of RM284.4 million.

Statement of Cash Flow and Capital Expenditure

Cash flow generated from operating activities stood at RM92.9 million, representing a decrease of 17.6% compared to last year. The reduction in cash from operating activities was largely the result of higher sales during the last quarter of the year, coupled with increase of inventory to meet the demand for supply in the first quarter of 2019.

Despite lower cash flow generated from operating activities, prudent management has allowed the Group to maintain a healthy cash position with cash and cash equivalents at RM225.8 million as at 31 December 2018. Costs associated with the acquisition of property, plant and equipment reduced by 53.9% compared to RM93.4 million spent for last year. The significant level of capital expenditure in 2017 was mainly for the purchase and construction of plants in Australia, Thailand and Kulim.

As at 31 December 2018, the Group's capital commitments stood at RM69.8 million. This was mainly due to the costs to be incurred for the upgrading of its production facilities. The capital commitments will be funded by internally generated funds and/or bank borrowings.

The Group recognizes that sufficient cash reserves are essential in the pursuit of growth and expansion. Thus the Group's liquidity remains intact as the Islamic Commercial Papers ("**ICPs**") Programme and Islamic Medium Term Notes ("**IMTNs**") of up to RM1.5 billion in nominal value can be utilized for future capital investment, if and when required.

Analysis of Performance of All Operating Segments

4Q18 vs. 4Q17

Total Industry Production Volume ("TIP") of motor vehicles in the fourth quarter of 2018 increased by 22% to a total of 144,473 units compared to 118,468 units in the same period last year (Source: Malaysian Automotive Association).

In line with the higher TIP, the Group's quarterly revenue increased by 16.8% to RM382.6 million from RM327.5 million recorded in Q417. The Group's profit before tax ("PBT") increased by 11.4% to RM24.4 million compared to RM21.9 million as a result of higher revenue. Interior and Plastics Division remains as the top revenue and PBT contributor with continued strong demand from certain OEM models.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Year-on-date 2018 vs. Year-on-date 2017

For the financial year ended 31 December 2018 and led by its Interior and Plastics division, the Group's overall revenue grew by RM145.9 million or 12.3% to RM1.3 billion, compared to the preceding year of RM1.2 billion. This growth can be attributed to the increased in the demand for Original Equipment Manufacturer ("**OEM**") parts driven by the encouraging car sales due to the government's initiative to "zerorise" the now abolished Goods and Service Tax **("GST")** from June to August 2018 and new model launches during the second half of the year.

Correspondingly, the Group's PBT increased by 8.4% to RM77.4 million in the 12-month period as a result of higher demand from OEM customers coupled with favorable product mix that generated higher margin recorded in Interior and Plastics division.

Segmental Review

Suspension Division

The Suspension Division recorded a marginal increase in revenue by 1.0% (4Q'18: RM56.0 million ; 4Q'17: RM55.4 million). Despite the revenue growth, the Division's PBT dropped from RM6.2 million to RM2.0 million as a result of higher steel costs, increased energy cost and export sales mix that generated lower margin. Apart from that, the results in Q4'17 included a reversal of provision for product warranty claim.

For year-on-date of 2018, the Division's revenue increased by RM15.5 million or 7.5% mainly due to higher exports of leaf springs to Europe, ASEAN regions and North America, and growing demand for shock absorbers from local OEM markets.

Similar to the quarterly review, the Suspension division recorded PBT of RM8.8 million, a decrease of 59.5% due to the rising steel and energy cost, unfavorable export price and reversal of provision for product warranty claim in last year same period, as explained earlier.

Interior & Plastics Division

For the current quarter, the Interior & Plastics division experienced growth in both revenue and PBT by RM49.9 million and RM8.3 million respectively. The increase in production by one of the local OEM customers and the supply of new parts for localization content to OEM customers were the major contributors to the Division's improved revenue. Likewise, the Division's PBT increased by 62.5% to RM21.6 million largely due to favorable product mix that generated higher margin.

On the year-on-date basis, the Division saw a surge in revenue from RM791.0 million to RM908.5 million and PBT up to RM62.1 million from RM39.5 million. This is largely due to higher demand from OEM parts driven by encouraging car sales during the zero GST period from June to August 2018 and the reasons mentioned earlier.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Segmental Review (Cont'd)

Electrical & Heat Exchange Division

The Electrical & Heat Exchange division generated quarterly revenue of RM35.4 million, an increase of 4.7% from RM33.8 million in the same quarter of last year. PBT also increased from RM1.2 million to RM2.0 million, mainly attributed to higher call-in from certain OEM models.

However, for the full financial year ended 31 December 2018, the Division's revenue declined from RM143.0 million in FY2017 to RM133.2 million. The decrease was due to lower demands for OEM parts and a product which had reached end of product lifecycle since October 2017. Despite the lower revenue, profit before tax increased from RM3.3 million to RM7.1 million as result of improved margin due to the strengthening of Ringgit which consequently lowered the material costs as compared to last year.

Marketing Division

The revenue of Marketing Division increased by 2.0% quarter on quarter (4Q'18: RM60.1 million ; 4Q'17: RM58.9 million) due to higher export sales especially from the growing demand from ASEAN, Pacific and America Regions. However, the Division's PBT decreased to RM1.1 million from RM1.9 million in the same quarter last year. This is mainly due to unfavorable product mix, impairment of trade receivables (arising from the adoption of new MFRS9) and increased promotional and advertising costs.

Full year revenue was RM259.8 million, which increased by 7.0% compared to RM242.8 million achieved in 2017. The revenue growth was underpinned by innovative promotional and market-driven campaigns coupled with strong export sales especially in the Pacific Region. In addition, the introduction of new product ranges and an increase of overseas customers especially in ASEAN, Europe and the USA during the year have aided the revenue growth. The growth in revenue has in turn translated into improved profitability. The Division's PBT had increased to RM10.3 million from RM9.5 million for the same period of last year.

Non-reportable segment, Malaysia

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. The revenue from these services formed part of inter-segment elimination for the total Group's results (as depicted in Note A9). In addition, this segment also comprises the business of casting, machining and assembly of aluminum parts and components and distribution of motor vehicles to internal and external customers.

For the current quarter, the Non-Reportable Segment registered an increase in revenue by RM5.3 million, and PBT by 13.3% (4Q'18: RM3.4 million; 4Q'17: RM3.0 million) mainly caused by encouraging vehicle sales.

Consistent with the above quarterly results, revenue for the 12-month period of 2018 increased to RM80.9 million from RM59.6 million recorded in the last year. Improved motor vehicle trade and retail was the primary driver and the main contributor to the revenue increase. Despite the increase in revenue, the Division's PBT declined from RM3.9 million to RM2.1 million mainly due to higher administrative expenses.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Segmental Review (Cont'd)

Indonesia Operations

Indonesia Operations refers to the manufacture of suspension products such as coil springs, shock absorber and leaf springs as well as the Group's investment in joint venture and associate in Indonesia.

The Division saw a drop in revenue by 4.4% to RM13.0 million from RM13.6 million in the same quarter of last year, mainly due to lower demand from OEM customers. Correspondingly, the Division had incurred higher loss by RM2.8 million (4Q'18: RM3.9 million ; 4Q'17: RM1.1 million). The higher losses were due to increase in raw material, weakening of the Indonesia Rupiah ("**IDR**") against USD and higher share of associate's loss (caused by lower revenue and adverse impact of forex rate of IDR to USD).

On the year-on-date basis, the Division reported a marginal increase in revenue by 1.9%, from RM53.2 million to RM54.2 million, largely contributed from leaf springs for local replacement market. However, the Division's loss before tax had worsened from RM7.9 million to RM11.5 million for the reasons as explained earlier. In addition, the results of Indonesia Operations were affected by the onset of depreciation charges on plant and machineries and higher operating costs for its new plant manufacturing shock absorbers which commenced operations in 2017.

All Other Segments

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

Revenue for the Operations outside Malaysia is in the uptrend with growth of 13.4%, quarter on quarter to RM29.1 million dominated by good sales in the coach seat business in Australia. Despite the sales growth, the Segment reported higher loss by RM0.3 million (4Q18: RM2.0 million ; 4Q17: RM1.7 million). The loss for the current quarter was primarily caused by the rising material and operating costs for Vietnam Operations, higher operating costs in Australia resulting from the relocation of plant at Brisbane and higher operating costs which comprised mainly staff costs and depreciation for Thailand operations.

Likewise, for the whole year, revenue increased marginally for this segment by 1.7% from RM120.2 million to RM122.2 million while registering a loss of RM2.0 million compared to a profit of RM2.0 million in the same period last year.

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

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

	Segment Revenue				Segment Profit Before Tax			
			Changes				Changes	
In Thousands of RM	31-Dec-18	30-Sep-18	Amount	%	31-Dec-18	30-Sep-18	Amount	%
Suspension	55,995	57,185	(1,190)	-2.1%	1,961	1,510	451	29.9%
Interior & Plastics	280,057	215,738	64,319	29.8%	21,628	13,989	7,639	54.6%
Electricals & Heat Exchange	35,379	35,048	331	0.9%	2,000	1,165	835	71.7%
Marketing	60,140	68,325	(8,185)	-12.0%	1,146	2,470	(1,324)	-53.6%
Non-reportable segment	18,205	26,432	(8,227)	-31.1%	3,407	330	3,077	932.4%
Indonesia Operations	13,000	15,269	(2,269)	-14.9%	(3,901)	(3,898)	(3)	0.1%
All Other Segments	29,128	32,949	(3,821)	-11.6%	(2,025)	(1,231)	(794)	64.5%
	491,904	450,946	40,958	9.1%	24,216	14,335	9,881	68.9%
Eliminations	(109,319)	(114,949)	5,630	-4.9%	222	(725)	947	-130.6%
	382,585	335,997	46,588	13.9%	24,438	13,610	10,828	79.6%

The Group recorded a growth in revenue by 13.9% as compared to preceding quarter and PBT increased from RM13.6 million to RM24.4 million.

The increase in revenue was contributed by Interior and Plastic segment for reasons explained in section B1 of this report. Other segments such as Suspension, Marketing and Non-reportable segment (consists of trading of motor vehicle) experienced slower sales after the zero GST period from June to August 2018.

The Group's PBT grew in line with revenue, from RM13.6 million to RM24.4 million, mainly contributed by Interior and Plastic Division and recognition of fair value gain on investment properties of RM3.5 million in Q418 (in Non-reportable Segment).

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS

APM is principally involved in the design, manufacturing, assembly and production of automotive and mobility components. APM's main operation is located in Malaysia and is also present in various other jurisdictions, including United States of America, Netherlands, Australia, Thailand, Vietnam and the Republic of Indonesia.

Changes in policies and regulations as well as economic and currency uncertainties are the primary factors that could affect APM's performance. In this respect, APM has always exercised prudence in its business dealings and undertakings.

The Malaysian Automotive Association ("MAA") has forecasted its Total Industry Volume ("TIV") for 2019 to be 600,000 units, maintaining the same level of TIV for Year 2018 of 598,714 units (Source: MAA Market Review for 2018 and Outlook for 2019 Report). MAA foresees 2019 will be another challenging year for the automotive industry.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS (CONT'D)

The global economic growth is expected to remain subdued. Uncertainties over on-going trade tension between United States and China and global monetary tightening will continue to affect consumer sentiments.

APM acknowledges that change is constant and in order to remain sustainable, APM must remain relentless in the implementation of its 5-year strategy plan, which focuses on expansion, cost effective operations, research and development as well as branding enhancement activities. Going forward, the Group remains cautious but optimistic that its initiatives and strategies together with its plans for product innovation and regional expansion will yield positive results.

B4. INCOME TAX EXPENSE

In thousands of RM	**INDIVIDUAL QUARTER**		**CUMULATIVE QUARTER**	
	Current Quarter Ended 31-Dec-18	**Corresponding Quarter Ended 31-Dec-17**	**Cumulative Year To Date 31-Dec-18**	**Corresponding Year To Date 31-Dec-17**
Current tax				
- Current year	8,813	3,895	26,003	18,963
- Prior year	93	952	(897)	1,159
Deferred tax				
- Current year	(7,507)	156	(6,319)	(365)
- Prior year	(1,353)	(1,280)	(1,878)	1,617
Withholding Tax	46	7	74	46
	92	3,730	16,983	21,420

The Group's effective tax rate is higher than the statutory tax rate mainly due to current year losses of certain subsidiaries for which no deferred tax asset was recognized.

B5. CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the reporting date.

B6. TRADE RECEIVABLES

In thousands of RM	Gross	Impairment	Net
31-Dec-18			
Not past due	190,106	-	190,106
Past due 0 - 90 days	22,188	-	22,188
Past due 91 - 180 days	913	-	913
Past due more than 180 days	7,406	(5,655)	1,751
	220,613	(5,655)	214,958
31-Dec-17			
Not past due	195,330	-	195,330
Past due 0 - 90 days	18,822	-	18,822
Past due 91 - 180 days	5,595	-	5,595
Past due more than 180 days	2,067	(950)	1,117
	221,814	(950)	220,864

The trade receivables from both related parties and non-related parties are given 30-90 days credit term.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realizable values. Due to the nature of the industry, a significant portion of these receivables comprises regular customers who have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Significant past due receivables, if deemed as high risks, are monitored individually.

B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 31 December 2018 are as follows:

In thousands of RM

Type Deriavatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	68,087	653	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 2017. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and their related accounting policies.

B8. BORROWINGS AND DEBT SECURITIES

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

In thousands of RM		**31-Dec-18**	**31-Dec-17**
Unsecured	- Foreign currency loans	52,240	50,926
	- Revolving credit	29,255	17,900
		81,495	68,826
Amount due within the next 12 months		81,495	68,826
		81,495	68,826

Group borrowings breakdown by currencies.

In thousands of RM Functional Currency	Denominated In	**31-Dec-18**	**31-Dec-17**
RM	RM	29,255	17,900
EUR	EUR	1,339	-
AUD	AUD	23,832	23,005
IDR	IDR	25,579	23,100
IDR	USD	1,490	4,821
		81,495	68,826

Foreign currency loans were not hedged against Ringgit Malaysia as the drawdowns were done by overseas subsidiaries in their local currency respectively.

The Group borrowings are subject to interest ranging from 0.87% to 9.15% (2017: 2.55% to 8.60%) per annum.

B9. CHANGES IN MATERIAL LITIGATION

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

B10. DIVIDEND

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a final dividend of 7.0 sen per ordinary share for the year ended 31 December 2018 (2017 – 8.5 sen per ordinary share). The net amount payable is RM13.7 million (2017 – RM16.6 million).

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

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

B11. 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-18	31-Dec-17	31-Dec-18	31-Dec-17
Profit attributable to the owners of the Company (RM'000)	17,335	13,098	38,441	39,095
Weighted average number of ordinary shares in issue ('000)	195,583	195,585	195,583	195,585
Basic EPS (sen)	**8.86**	**6.70**	**19.65**	**19.99**

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	In thousands of RM	Current Quarter Ended 31-Dec-18	Corresponding Quarter Ended 31-Dec-17	Cumulative Year To Date 31-Dec-18	Corresponding Year To Date 31-Dec-17
(a)	Interest income	(2,564)	(2,632)	(10,193)	(9,795)
(b)	Other income including investment income	(838)	(1,141)	(4,707)	(4,373)
(c)	Interest expense	1,371	1,079	3,739	4,198
(d)	Depreciation and amortization	13,604	14,666	58,122	59,995
(e)	Impairment loss on trade receivables	-	329	3,255	402
(f)	Net reversal of impairment loss on trade receivables	(371)	(5)	(466)	(5)
(g)	Net provision/(reversal) of slow moving stock	1,784	1,236	(525)	464
(h)	Gain on disposal of property, plant and equipment	(70)	(17)	(368)	(137)
(i)	Inventory written off/(written back)	45	(79)	2,382	570
(j)	Net foreign exchange gain	(1,032)	(1,065)	(1,045)	(424)
(k)	Loss/(gain) on derivatives	1,068	(1,136)	2,068	(1,073)
(l)	Fair value adjustment on investment properties	(3,520)	(4,706)	(3,520)	(4,706)

B13. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements has been authorized for issue by the Board of Directors in accordance with their resolution on 25 February 2019.

BY ORDER OF THE BOARD

KHOO PENG PENG
SOO SHIOW FANG

Company Secretaries
Kuala Lumpur
Dated: 25 February 2019