



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 JUNE 2014 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Jun-14	Corresponding Quarter Ended 30-Jun-13	Cumulative Year To Date 30-Jun-14	Corresponding Year To Date 30-Jun-13
Revenue	340,001	338,282	648,125	623,609
Results from operating activities	34,821	44,803	69,075	81,355
Finance costs	(53)	(60)	(122)	(187)
Finance income	2,466	2,844	5,089	5,713
Share of profit of equity-accounted investee, net of tax	453	1,398	854	1,625
Profit before tax	37,687	48,985	74,896	88,506
Income tax expense	(8,715)	(10,862)	(17,165)	(19,664)
Profit for the period	28,972	38,123	57,731	68,842
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	(3,124)	456	(1,804)	370
Share of foreign currency translation differences of equity-accounted investee	(779)	172	(479)	176
Other comprehensive (expenses)/income for the period, net of tax	(3,903)	628	(2,233)	546
Total comprehensive income for the period	25,069	38,751	55,498	69,388
Profit attributable to :				
Owners of the Company	25,546	35,547	50,955	63,024
Non- controlling interests	3,426	2,576	6,776	5,818
Profit for the period	28,972	38,123	57,731	68,842
Total comprehensive income attributable to :				
Owners of the Company	21,643	36,175	48,722	63,570
Non- controlling interests	3,426	2,576	6,776	5,818
Total comprehensive income for the period	25,069	38,751	55,498	69,388
Earnings per share				
Basic (sen)	13.05	18.17	26.04	32.21
Diluted (sen)	N/A	N/A	N/A	N/A

The above condensed consolidated statement of profit or loss and other comprehensive income should be read conjunction with 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 JUNE 2014**

<i>In thousands of RM</i>	Unaudited As at 30-Jun-14	Audited As at 31-Dec-13
Assets		
Property, plant & equipment	250,053	234,123
Prepaid lease payments	14,408	14,586
Investment property	16,243	16,617
Investment in an associate	9,091	8,455
Investment in joint ventures	33,434	32,651
Intangible asset	913	873
Deferred tax assets	15,704	15,683
Total non-current assets	339,846	322,988
Inventories	196,451	229,062
Trade and other receivables, including derivatives	380,181	355,661
Cash and cash equivalents	312,400	306,416
Total current assets	889,032	891,139
Total assets	1,228,878	1,214,127
Equity		
Share capital	201,600	201,600
Reserves	753,200	727,960
Treasury shares	(12,812)	(12,806)
Total equity attributable to owners of the Company	941,988	916,754
Non-controlling interests	32,976	26,200
Total equity	974,964	942,954
Liabilities		
Deferred tax liabilities	2,012	2,010
Employee benefits	10,296	10,301
Total non-current liabilities	12,308	12,311
Trade and other payables, including derivatives	224,851	239,398
Short term borrowings	13,642	12,847
Taxation	3,113	6,617
Total current liabilities	241,606	258,862
Total liabilities	253,914	271,173
Total equity and liabilities	1,228,878	1,214,127
Net asset per share attributable to owners of the Company (RM)	4.81	4.68

The above condensed consolidated statement of financial position should be read in conjunction with 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 JUNE 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 premuim	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	-	-	546	-	-	546	-	546
Profit for the period	-	-	-	-	63,024	63,024	5,818	68,842
Total comprehensive income for the period	-	-	546	-	63,024	63,570	5,818	69,388
Own shares acquired	-	(5)	-	-	-	(5)	-	(5)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-
Total distribution to owners	-	(5)	-	-	-	(5)	-	(5)
Dividend paid	-	-	-	-	(32,289)	(32,289)	(7,699)	(39,988)
Acquisition of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-
At 30-Jun-2013	201,600	(12,801)	(6,288)	17,898	718,511	918,920	18,940	937,860
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	-	-	(2,283)	-	-	(2,283)	-	(2,283)
Profit for the period	-	-	-	-	50,955	50,955	6,776	57,731
Total comprehensive income for the period	-	-	(2,283)	-	51,005	48,722	6,776	55,498
Own shares acquired	-	(6)	-	-	-	(6)	-	(6)
Total distribution to owners	-	(6)	-	-	-	(6)	-	(6)
Dividend paid	-	-	-	-	(23,482)	(23,482)	-	(23,482)
At 30-Jun-2014	201,600	(12,812)	(14,425)	17,898	749,727	941,988	32,976	974,964

The above condensed consolidated statement of changes in equity should be read in conjunction with 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 JUNE 2014 – unaudited

	For the 6 months period ended 30-Jun-14	For the 6 months period ended 30-Jun-13
<i>In thousands of RM</i>		
Cash flows from operating activities		
Profit before tax and non-controlling interests	74,896	88,506
Adjustments for non-cash items	22,729	13,406
Changes in working capital	(12,919)	(91,410)
Cash generated from operations	84,706	10,502
Interest/Tax/Employee benefits/provision	(23,889)	(13,760)
Net cash generated from/(used in) operating activities	60,817	(3,258)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	822	306
Acquisition of property, plant and equipment	(32,054)	(24,855)
Lease payment for leasehold land	-	(156)
Additions of intangible assets	(88)	-
Acquisition of non-controlling interest	-	(2,157)
Subscription of shares in joint ventures	(1,044)	-
Net cash used in investing activities	(32,364)	(26,862)
Cash flows from financing activities		
Dividends paid to owners of the company	(23,482)	(32,289)
Dividends paid to non-controlling interests	-	(7,699)
Drawdown/(Repayment)of trade loan	857	(6,446)
(Repayment)/drawdown of short-term borrowings	(62)	2,698
Purchase of treasury shares	(6)	(5)
Net cash used in financing activities	(22,693)	(43,741)
Net increase/(decrease) in cash and cash equivalents	5,760	(73,861)
Effect of exchange rate fluctuations on cash held	224	(1,172)
Cash and cash equivalents at 1 January	306,416	421,740
Cash and cash equivalents at the end of period	312,400	346,707
Cash and cash equivalents at the end of financial period comprise the following:		
Cash and bank balances	39,745	20,750
Deposits placed with licensed banks	272,655	325,957
	312,400	346,707

The above condensed consolidated statement of cash flows should be read in conjunction with 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 cashflow 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
Total	1,000	6

A8. DIVIDENDS PAID

A final single tier dividend of 12 sen per ordinary share for the year ended 31 December 2013 (2012: final dividend of 12 sen less tax of 25% and special final dividends of 10 sen less tax of 25%) amounting to RM23.48 million (2012: final dividends of RM17.61 million and special final dividends of RM14.68 million) was paid on 27 June 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:

	INDIVIDUAL QUARTER			
	30-Jun-14		30-Jun-13	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit before tax
Operations within Malaysia				
Suspension	69,442	6,198	63,558	3,737
Interior & Plastics	230,567	24,885	245,636	36,048
Electricals & Heat Exchange	56,311	5,719	61,798	3,323
Marketing	54,146	2,636	55,604	4,193
Others	7,928	(1,946)	7,564	291
Operations outside Malaysia	15,326	30	9,644	1,372
	433,720	37,522	443,804	48,964
Eliminations	(93,719)	165	(105,522)	21
	340,001	37,687	338,282	48,985

	CUMULATIVE QUARTER			
	30-Jun-14		30-Jun-13	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit before tax
Operations within Malaysia				
Suspension	127,401	11,033	118,529	8,241
Interior & Plastics	455,922	50,216	454,819	65,633
Electricals & Heat Exchange	118,346	10,269	119,930	6,856
Marketing	100,959	4,686	105,069	7,200
Others	16,037	(2,841)	15,692	(1,167)
Operations outside Malaysia	27,558	848	18,683	1,756
	846,223	74,211	832,722	88,519
Eliminations	(198,098)	685	(209,113)	(13)
	648,125	74,896	623,609	88,506

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

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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>With TCMH Group</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>
Sales of goods	20,832	30,169	52,937	67,013
Rental income	1,139	317	1,640	752
Insurance agency services	(94)	(324)	(1,946)	(1,774)
Rental expense	(2)	(2)	(4)	(5)
Purchase of goods and services	(1,379)	(1,894)	(4,185)	(3,963)

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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>With TCIL Group</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>
Sales of goods	15,372	37,147	48,795	42,939
Purchase of goods and services	(13)	(93)	(91)	(415)

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

During the quarter under review, the Group incorporated the following wholly-owned subsidiary in Malaysia under the Labuan Companies Act 1990:

No.	Name	Date of incorporation	Issued and paid-up capital	Principal activity
1.	APM Automotive Indonesia Ltd	18 June 2014	USD1.00 comprising one (1) ordinary share	Investment holding
2.	APM Automotive Australia Ltd	18 June 2014	AUD1.00 comprising one (1) ordinary share	Investment holding

A14. CONTINGENT ASSETS AND LIABILITIES

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

A15. CAPITAL COMMITMENTS

<i>In thousands of RM</i>	<u>30-Jun-14</u>	<u>30-Jun-13</u>
Authorized but not contracted for	56,688	20,187
Contracted but not provided for	27,222	6,158
Total	83,910	26,345

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

2Q14 vs. 2Q13

The Group recorded revenue of RM340.0 million for 2Q14, a marginal increase of 0.5% compared to 2Q13 of RM338.3 million driven by improve sales for operations outside Malaysia.

The Group's profit before tax on the other hand reduced by 23% for the second quarter 2014 to RM37.7 million compared to previous year same quarter of RM48.9 million mainly due to adjusted competitive pricing for OEMs coupled with increase in raw material prices and hike in electricity costs.

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

For the first half of 2014, revenue of the Group gained 4% to RM648.1 million from RM623.6 million in previous year same period on the back of higher demand for OEM parts resulting from new vehicle models launched by local car manufacturers . Total vehicle registered for the first six months of 2014 increased by 6% to 333,140 units from 313,488 units in the same period of last year. [Source: Malaysian Automotive Association]. The improve sales for operations outside Malaysia also contributed to the increase in revenue.

However, pricing pressure from OEMs coupled with increase in raw material prices and hike in electricity costs resulted in the Group's profit before tax reducing from RM88.5 million to RM74.9 million.

Segmentation Review

Suspension Division

The Suspension Division's revenue grew by 9.3% to RM69.4 million in 2Q14 compared to RM63.6 million in 2Q13 due to higher demand from the replacement markets. Profit before tax for 2Q14 surged to RM6.2 million from RM3.7 million, a year ago. The significant jump was mainly due to additional provision for products warranty recoded in the same quarter last year.

The Suspension Division's revenue grew by 7.5% to RM127.4 million in the first half of 2014 compared to RM118.5 million in the same period last year due to higher demand from export and replacement markets. Correspondingly, profit before tax increased by 33.9% to RM11.0 million compared to RM8.2 million a year ago in line with the higher revenue. The lower profit before tax in first half of 2013 was also because additional provision for products warranty recorded in the same period last year.

Interior & Plastics Division

Revenue for Interior and Plastics Division recorded a slight reduction of 6.1% to RM230.6 million in 2Q14. Profit before tax was lower by 31% to RM24.9 million compared to 2Q13 of RM36.0 million.

Revenue for the two quarters of 2014 increased marginally by 0.2% to RM455.9 million compared to RM454.8 million in the previous year same period. However, profit before tax was lower by 23.5% from RM65.6 million to RM50.2 million compared to previous two quarters. The lower profit before tax was attributed to pricing pressure from OEMs, additional cost 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

The Electrical & Heat Exchange Division recorded revenue of RM56.3 million in 2Q14, a slight decrease of 8.9% compared to same quarter last year of RM61.8 million. Despite the marginal decrease in revenue, profit before tax increased by 72.1% to RM5.7 million. The improved earning was attributed by favourable trading environment and additional localization efforts.

Consistent with the current quarter review as above, revenue for the first half of 2014 decreased to RM118.3 million from RM119.9 million in previous year same period whilst profit before tax increased by 49.8% to RM10.3 million.

Marketing Division

Marketing division recorded RM54.1 million in revenue for the current quarter 2014, a decline of 2.6% compared to RM55.6 million for corresponding quarter in previous year. Economic slowdown in Russia has affected the export sale. The segment's profit before tax also was lower by 37.1% to RM2.6 million from RM4.2 million in the same quarter last year. This is mainly due to aggressive campaigns and intense competition especially from China and Turkey.

First half of 2014's revenue of RM100.9 million declined by 3.9% from RM105.0 million in the same period last year. The segment profit before tax also lower by 34.9% to RM4.7 million from RM7.2 million in the same period last year, in line with the current quarter performance.

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).

Other operations for the current quarter and two quarter of 2014 recorded a loss of RM1.9 million and RM2.8 million respectively, compared to profit of RM0.3 million in second quarter of 2013 and loss of RMRM1.2 million in the previous year same period. The loss has widened due to increase in manpower related costs as the Group expanded its business outside Malaysia and intensified engineering and research activities.

Operations Outside Malaysia

Operations outside Malaysia posted higher revenue of RM15.3 million for its second quarter of 2014, an increase of 58.9% from RM9.6 million recorded in corresponding quarter last year. The growth in top line was mainly contributed by higher off-take from OEMs and export market. Nevertheless, profit before tax was weak at RM0.03 million compared to RM1.3 million in the second quarter of 2013. The decrease was mainly due to pre-operating costs incurred for the new ventures in Thailand and Myanmar.

Consistent with the current quarter review as above, revenue for the first half of 2014 has increased to RM27.6 million from RM18.7 million in previous year same period whilst profit before tax declined by 51.8% to RM0.8 million.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
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

There was no material change to the Group's performance comparing to first quarter of 2014. The Group's revenue has increased marginally by 10.3% to RM340.0 million compared to RM308.1 million recorded in preceding quarter. The Group's current quarter profit before tax was flat at RM37.6 million compared to preceding quarter. The Group performance for the quarter was impacted by rising operating cost and adjustment on competitive pricing for OEMs.

B3 COMMENTARY ON PROSPECTS

The Malaysian Automotive Association (MAA) has revised upwards its total industry volume (TIV) forecast to 680,000 units for 2014, on the back of improving economic conditions. Nevertheless, the second half of the year is going to be challenging on several fronts, namely the increase in the overnight policy rate ("OPR") by Bank Negara Malaysia in 10 July 2014, intense competition in replacement markets and continued slowdown of some European economies.

Notwithstanding the above, the Group will intensify its efforts to improve costs efficiency, productivity and align new growth business opportunities with OEMs coupled with continuing emphasis on technology for sustainable growth. Consequently, the Group is reasonably confident of a satisfactory performance for the rest of the year.

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-Jun-14</u>	Corresponding Quarter Ended <u>30-Jun-13</u>	Cumulative Year To Date <u>30-Jun-14</u>	Corresponding Year To Date <u>30-Jun-13</u>
<u>Current tax</u>				
- Current year	(6,988)	(12,017)	(16,419)	(20,672)
- Prior year	(95)	128	(233)	283
<u>Deferred tax</u>				
- Current year	(1,596)	1,012	500	482
- Prior year	-	110	(970)	351
Withholding Tax	(36)	(95)	(43)	(108)
	<u>(8,715)</u>	<u>(10,862)</u>	<u>(17,165)</u>	<u>(19,664)</u>

B5 CORPORATE PROPOSALS

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

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B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

a) Derivatives

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

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	25,761	144	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.

b) RETAINED EARNINGS

(RM'000)	As At 30-Jun-14	As At 31-Dec-13
Total retained profits/(accumulated losses) of the company and its subsidiaries		
- realised profit	750,420	713,550
- unrealised losses	(17,708)	(9,767)
	<u>732,712</u>	<u>703,783</u>
Total share of retained profits of associate:		
- realised profit	8,921	8,260
Total share of retained profits of joint ventures		
- realised profit	20,475	21,834
	<u>762,108</u>	<u>733,877</u>
Consolidation adjustments	(12,381)	(11,673)
Total group retained profits as per consolidated accounts	<u>749,727</u>	<u>722,204</u>

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B7 BORROWINGS AND DEBT SECURITIES

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

<i>In thousands of RM</i>	30-Jun-14
Unsecured - Trade loan	13,163
- Short term borrowings	479
	<u>13,642</u>
Amount due within the next 12 months	13,642
	<u>13,642</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		30-Jun-14
<u>Functional</u>	<u>Denominated</u>	
<u>Currency</u>	<u>In</u>	
RM	RM	479
USD	USD	13,163
		<u>13,642</u>

B8 CHANGES IN MATERIAL LITIGATION

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

B9. PROPOSED DIVIDEND

The Board has declared an interim single tier dividend of 7.5 sen (2013: interim dividend of 10 sen less tax of 25% and interim special dividends of 30 sen less tax of 25%) for the year ending 31 December 2014 to be paid on 29 September 2014 to shareholders whose names appear in the Register of Members on 11 September 2014.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- shares transferred into the depositor's securities account before 4:00 p.m. on 11 September 2014 in respect of ordinary transfers; and
- shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

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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-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Profit attributable to the owners of the Company (RM'000)	25,546	35,547	50,955	63,024
Weighted average number of ordinary shares in issue ('000)	195,686	195,688	195,686	195,688
Basic EPS (sen)	13.05	18.17	26.04	32.21

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 Current Quarter Ended 30-Jun-14	Unaudited Corresponding Quarter Ended 30-Jun-13	Unaudited Cumulative Year To Date 30-Jun-14	Unaudited Corresponding Year To Date 30-Jun-13
(a) Interest income	2,466	2,844	5,089	5,713
(b) Other income including investment income	2,087	2,282	3,392	3,262
(c) Interest expense	(53)	(60)	(122)	(187)
(d) Depreciation and Amortization	(7,324)	(5,210)	(15,336)	(14,529)
(e) Reversal/(Provision for) and (write off) receivables	41	237	453	346
(f) Reversal/(Provision for) and (write off) inventories	98	(115)	(1,430)	(545)
(g) Gain or (loss) on disposal of property, plant and equipment	56	5	185	26
(h) Foreign exchange gain or (loss)	447	489	334	1,027
(i) Gain or (loss) on derivative	89	1,037	(114)	624

BY ORDER OF THE BOARD

LEE KWEE CHENG

ANG LAY BEE

Company Secretary

Kuala Lumpur

27 August 2014