



# **APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

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**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 30 JUNE 2015 – unaudited**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Jun-15	Corresponding Quarter Ended 30-Jun-14	Cumulative Year To Date 30-Jun-15	Corresponding Year To Date 30-Jun-14
<i>In thousands of RM</i>				
<b>Revenue</b>	305,763	340,001	624,018	648,125
<b>Results from operating activities</b>	23,892	34,821	55,281	69,075
<b>Finance costs</b>	(200)	(53)	(502)	(122)
<b>Finance income</b>	2,947	2,466	4,927	5,089
<b>Share of profit of equity-accounted investee, net of tax</b>	418	453	679	854
<b>Profit before tax</b>	27,057	37,687	60,385	74,896
<b>Income tax expense</b>	(5,608)	(8,715)	(17,771)	(17,165)
<b>Profit for the period</b>	21,449	28,972	42,614	57,731
<b>Other comprehensive income/(expense), net of tax</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of defined benefit liability	-	-	-	50
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(3,104)	(3,124)	357	(1,804)
Share of foreign currency translation differences of equity-accounted investee	(29)	(779)	145	(479)
<b>Other comprehensive income/ (expense) for the period, net of tax</b>	(3,133)	(3,903)	502	(2,233)
<b>Total comprehensive income for the period</b>	18,316	25,069	43,116	55,498
<b>Profit attributable to :</b>				
Owners of the Company	18,300	25,546	36,127	50,955
Non-controlling interests	3,149	3,426	6,487	6,776
<b>Profit for the period</b>	21,449	28,972	42,614	57,731
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	15,167	21,643	36,629	48,722
Non-controlling interests	3,149	3,426	6,487	6,776
<b>Total comprehensive income for the period</b>	18,316	25,069	43,116	55,498
<b>Earnings per share</b>				
Basic (sen)	9.36	13.05	18.47	26.04
Diluted (sen)	N/A	N/A	N/A	N/A

*The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015 - unaudited**

<i>In thousands of RM</i>	<b>As at 30-Jun-15</b>	<b>As at 31-Dec-14</b>
<b>Assets</b>		
Property, plant & equipment	435,893	406,103
Prepaid lease payments	14,699	14,869
Investment properties	97,290	97,290
Investment in an associate	9,835	8,864
Investments in joint ventures	33,177	34,524
Intangible assets	10,590	11,632
Deferred tax assets	10,948	14,731
<b>Total non-current assets</b>	<b>612,432</b>	<b>588,013</b>
Inventories	218,080	209,096
Trade and other receivables, including derivatives	304,541	343,603
Other investments	64,224	78,506
Cash and cash equivalents	296,295	279,384
<b>Total current assets</b>	<b>883,140</b>	<b>910,589</b>
<b>Total assets</b>	<b>1,495,572</b>	<b>1,498,602</b>
<b>Equity</b>		
Share capital	201,600	201,600
Reserves	967,928	954,774
Treasury shares	(13,194)	(12,818)
<b>Total equity attributable to owners of the Company</b>	<b>1,156,334</b>	<b>1,143,556</b>
<b>Non-controlling interests</b>	<b>37,434</b>	<b>32,949</b>
<b>Total equity</b>	<b>1,193,768</b>	<b>1,176,505</b>
<b>Liabilities</b>		
Employee benefits	12,168	11,448
Deferred tax liabilities	29,273	28,246
<b>Total non-current liabilities</b>	<b>41,441</b>	<b>39,694</b>
Trade and other payables, including derivatives	217,942	242,967
Short term borrowings	39,228	37,029
Current tax liabilities	3,193	2,407
<b>Total current liabilities</b>	<b>260,363</b>	<b>282,403</b>
<b>Total liabilities</b>	<b>301,804</b>	<b>322,097</b>
<b>Total equity and liabilities</b>	<b>1,495,572</b>	<b>1,498,602</b>
Net assets per share attributable to owners of the Company (RM)	5.91	5.84

*The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.*

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2015 - unaudited**

<i>In thousands of RM</i>	<----- Attributable to the owners of the Company ----->								
	<----- Non-Distributable ----->				Distributable		Non-controlling interests		Total equity
	Share capital	Treasury shares	Translation reserve	Revaluation reserve	Share premiums	Retained profits	Total	Total	Total
<b>At 1-Jan-14, as previously stated</b>	201,600	(12,806)	(12,142)	-	17,898	722,204	916,754	26,200	942,954
Revaluation of investment properties	-	-	-	-	-	71,758	71,758	-	71,758
<b>At 1-Jan-14, restated</b>	201,600	(12,806)	(12,142)	-	17,898	793,962	988,512	26,200	1,014,712
Remeasurement of defined benefit liabilities	-	-	-	-	-	50	50	-	50
Foreign currency translation differences for foreign operations	-	-	(2,283)	-	-	-	(2,283)	-	(2,283)
Profit for the period	-	-	-	-	-	50,955	50,955	6,776	57,731
<b>Total comprehensive income for the period</b>	-	-	(2,283)	-	-	51,005	48,722	6,776	55,498
Own shares acquired	-	(6)	-	-	-	-	(6)	-	(6)
Dividends to owners of the Company	-	-	-	-	-	(23,482)	(23,482)	-	(23,482)
<b>Total transactions with owners of the Company</b>	-	(6)	-	-	-	(23,482)	(23,488)	-	(23,488)
<b>At 30-Jun-2014</b>	201,600	(12,812)	(14,425)	-	17,898	821,485	1,013,746	32,976	1,046,722
<b>At 1-Jan-15</b>	201,600	(12,818)	(9,725)	92,395	17,898	854,206	1,143,556	32,949	1,176,505
Foreign currency translation differences for foreign operations	-	-	502	-	-	-	502	-	502
Profit for the period	-	-	-	-	-	36,127	36,127	6,487	42,614
<b>Total comprehensive income for the period</b>	-	-	502	-	-	36,127	36,629	6,487	43,116
Own shares acquired	-	(376)	-	-	-	-	(376)	-	(376)
Dividends to owners of the Company	-	-	-	-	-	(23,475)	(23,475)	-	(23,475)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,002)	(2,002)
<b>Total transactions with owners of the Company</b>	-	(376)	-	-	-	(23,475)	(23,851)	(2,002)	(25,853)
<b>At 30-Jun-2015</b>	201,600	(13,194)	(9,223)	92,395	17,898	866,858	1,156,334	37,434	1,193,768

*The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2015 – unaudited**

<i>In thousands of RM</i>	<b>For the 6 months period ended 30-Jun-15</b>	<b>For the 6 months period ended 30-Jun-14</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	60,385	74,896
Adjustments for non-cash items	20,203	22,729
Changes in working capital	8,707	(12,919)
<b>Cash generated from operations</b>	<b>89,295</b>	<b>84,706</b>
Interest/Tax/Employee benefits/provision	(13,294)	(23,889)
<b>Net cash generated from operating activities</b>	<b>76,001</b>	<b>60,817</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	356	822
Acquisition of property, plant and equipment	(51,912)	(32,054)
Decrease in other investments	14,282	-
Additions of intangible assets	(720)	(88)
Subscription of shares in joint ventures	-	(1,044)
<b>Net cash used in investing activities</b>	<b>(37,994)</b>	<b>(32,364)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(2,002)	-
Dividends paid to owners of the Company	(23,475)	(23,483)
Dividend received from joint ventures	1,200	-
Net drawdown of short-term borrowings	2,199	796
Purchase of treasury shares	(376)	(6)
<b>Net cash used in financing activities</b>	<b>(22,454)</b>	<b>(22,693)</b>
Net increase in cash and cash equivalents	15,553	5,760
Effect of exchange rate fluctuations	1,358	224
Cash and cash equivalents at 1 January	279,384	306,416
<b>Cash and cash equivalents at the end of period</b>	<b>296,295</b>	<b>312,400</b>

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

Cash and bank balances	78,096	39,745
Deposits and corporate management account with licensed banks	218,199	272,655
	<b>296,295</b>	<b>312,400</b>

*The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.*

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

**A1. BASIS OF PREPARATION**

This condensed consolidated interim financial statement (Condensed Report) has been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. The explanatory notes attached to the condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2014.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), Amendments to MFRSs and IC Interpretations:

**(a) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The following are MFRSs, Amendments to MFRSs, and IC Interpretations that have been issued by the Malaysian Accounting Standards Board but not yet effective:

**(b) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

**A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)**

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

**(c) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- MFRS 15, *Revenue from Contracts with Customers*

**(d) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments* (2014)

The Group will adopt the abovementioned accounting standards, amendments and interpretation when they become effective in the respective financial periods.

**A3. AUDIT QUALIFICATIONS**

There were no audit qualifications in the annual financial statements for the year ended 31 December 2014.

**A4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The operations of the Group were not affected by any seasonal or cyclical factors, other than the general economic environment in which the Group operates.

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

**A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flows for the period.

**A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial year.

**A7. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases, resale or repayment of debts and equity securities in the current interim period and financial year to date, other than the following repurchase of shares by the Company:

*In thousands of RM*

<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Mar-15	1,000	5
May-15	50,000	251
Jun-15	24,700	120
Total	75,700	376

**A8. DIVIDENDS PAID**

A final ordinary dividend of 12 sen per ordinary share (2013: 12 sen per ordinary share) under single-tier system totalling RM23.48 million (2013: RM23.48 million) in respect of the financial year ended 31 December 2014 was paid on 26 June 2015.

**A9. SEGMENTAL INFORMATION**

The Group's operating structure comprises the following strategic business divisions, each offering different groups of products or activities as described below:

- *Suspension Division, Malaysia:* comprises business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, Gas Springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* comprises business in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas, and rails and light rails system.
- *Electrical & Heat Exchange Division, Malaysia:* comprises business in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts.
- *Marketing Division, Malaysia:* main activity is that of trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Others, Malaysia:* comprises mainly operations related to the rental of investment properties in Malaysia, distribution of motor vehicle, provision of management services for companies within the Group and provision of automotive research and development services.
- *Operations Outside Malaysia:* comprises businesses in Indonesia, Vietnam and Australia.



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

**A9. SEGMENTAL INFORMATION (CONTINUED)**

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

*In thousands of RM*

**INDIVIDUAL QUARTER**

	<b>30-Jun-15</b>		<b>30-Jun-14</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Operations within Malaysia				
Suspension	59,293	5,302	69,442	6,198
Interior & Plastics	200,789	15,707	230,567	24,885
Electricals & Heat Exchange	43,713	3,753	56,311	5,719
Marketing	50,178	2,304	54,146	2,636
Others	5,523	(2,809)	7,928	(1,946)
Operations outside Malaysia	25,139	2,241	15,326	30
	384,635	26,498	433,720	37,522
Eliminations	(78,872)	559	(93,719)	165
	305,763	27,057	340,001	37,687

*In thousands of RM*

**CUMULATIVE QUARTER**

	<b>30-Jun-15</b>		<b>30-Jun-14</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Operations within Malaysia				
Suspension	114,349	9,012	127,401	11,033
Interior & Plastics	430,885	38,626	455,922	50,216
Electricals & Heat Exchange	89,590	7,945	118,346	10,269
Marketing	83,144	2,896	100,959	4,686
Others	17,454	(2,334)	16,037	(2,841)
Operations outside Malaysia	48,487	3,774	27,558	848
	783,909	59,919	846,223	74,211
Eliminations	(159,891)	466	(198,098)	685
	624,018	60,385	648,125	74,896

**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 2014.

**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 <b>30-Jun-15</b>	Corresponding Quarter Ended <b>30-Jun-14</b>	Cumulative Year To Date <b>30-Jun-15</b>	Corresponding Year To Date <b>30-Jun-14</b>
<b><u>With TCMH Group</u></b>				
Sales	13,352	14,790	25,722	26,275
Purchases	(3,300)	(899)	(4,493)	(3,137)
Administrative and consultancy services	(123)	(42)	(248)	(99)
Insurance	(175)	(94)	(3,475)	(1,946)
Rental expenses	(12)	(2)	(14)	(4)
Rental income	531	1,139	1,062	1,640

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <b>30-Jun-15</b>	Corresponding Quarter Ended <b>30-Jun-14</b>	Cumulative Year To Date <b>30-Jun-15</b>	Corresponding Year To Date <b>30-Jun-14</b>
<b><u>With WTCH Group</u></b>				
Sales	-	-	-	3
Purchases	(35)	(39)	(39)	(84)
Administrative and consultancy services	(964)	(193)	(1,145)	(702)
Rental income	5	47	16	47
Rental expenses	(341)	(152)	(711)	(411)

The above transactions had been entered into the ordinary course of business on normal commercial terms with Warisan TC Holdings Berhad and its subsidiaries (“WTCH Group”).

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <b>30-Jun-15</b>	Corresponding Quarter Ended <b>30-Jun-14</b>	Cumulative Year To Date <b>30-Jun-15</b>	Corresponding Year To Date <b>30-Jun-14</b>
<b><u>With TCIL Group</u></b>				
Sales	3,801	15,372	7,924	48,795
Provision of consultancy services	(175)	13	-	91

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

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

**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 to the composition of the Group for the current quarter under review.

The Group has on 7 August 2015 incorporated a wholly-owned subsidiary, namely APM Auto Components Europe BV (“AACE”) in the Netherlands. The intended principal activity of AACE is investment holding.

**A14. CONTINGENT ASSETS AND LIABILITIES**

There were no contingent assets or contingent liability as at 30 June 2015.

**A.15 CAPITAL COMMITMENTS**

<i>In thousands of RM</i>	<u>30-Jun-15</u>	<u>30-Jun-14</u>
Authorized but not contracted for	60,274	56,688
Contracted but not provided for	27,177	27,222
<b>Total</b>	<b>87,451</b>	<b>83,910</b>

**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**

**2Q15 vs. 2Q14**

The Group recorded revenue of RM305.8 million for 2Q15, a decrease of 10.1% compared to 2Q14 of RM340.0 million caused by lower demand from OEMs for certain car models.

Correspondingly, the Group's profit before tax reduced by 28.2% for the second quarter 2015 to RM27.1 million compared to previous year same quarter of RM37.7 million as production volume reduced while production overheads remained fixed coupled by higher raw material cost (from stronger US Dollar).

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

For the first half of 2015, revenue of the Group recorded a marginal decrease of 3.7% to RM624.0 million from RM648.1 million in previous year same period due to lower demand from OEM customers and replacement markets. The decrease in local operation's revenue was mitigated by higher sales from Operations outside Malaysia that had registered double digit (76%) revenue growth.

The Group's profit before tax decreased from RM74.9 million to RM60.4 million as a result of pricing pressure from OEMs, higher raw material prices arising from unfavorable foreign exchange rate compared to corresponding period in 2014 and lower production volume with production overheads remaining relatively fixed.

**Segmentation Review**

**Suspension Division**

The Suspension Division's revenue dropped by 14.6% to RM59.3 million in 2Q15 compared to RM69.4 million in 2Q14 due to lower demand from the OEMs customers and replacement markets. In line with the decrease in revenue, profit before tax for 2Q15 decreased to RM5.3 million from RM6.2 million in the same quarter last year.

Likewise, the Suspension Division's revenue for the first half of 2015 decreased by 10.2% to RM114.4 million from RM127.4 million in the same period last year due to lower demand from OEM customers, export and replacement markets. Correspondingly, profit before tax reduced by 18.3% to RM9.0 million from RM11.0 million a year ago in line with the lower revenue.

**Interior & Plastics Division**

Revenue for Interior and Plastics Division recorded a reduction of 12.9% to RM200.8 million in 2Q15. Revenue from the two quarters of 2015 decreased by 5.5% to RM430.9 million compared to RM455.9 million in the previous year same period. The decrease in revenue was attributed to lower demand from OEMs and unfavorable product-mix as certain vehicle models have lower sales value.

Profit before tax was lower by 36.9% to RM15.7 million compared to 2Q14 of RM24.9 million while the revenue for the first half of 2015 was RM38.6 million, a decrease of 23.1% from RM50.2 million of the same corresponding two quarters of 2014. The lower profit before tax was caused by lower sales and pricing pressure from OEMs.

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**B1 OPERATING SEGMENTS REVIEW (CONTINUED)**

**Electrical & Heat Exchange Division**

The Electrical & Heat Exchange Division recorded revenue of RM43.7 million in 2Q15, a decrease of 22.4% compared to same quarter last year of RM56.3 million. Profit before tax registered a drop of 34.4% to RM3.8 million compared to RM5.7 million for previous year same quarter. The reduction in both top and bottom-line was in tandem with lower off take from OEM customers as certain car models reached the end of production during the last quarter of 2014.

Consistent with the above quarterly review, revenue for the first half of 2015 has decreased from RM118.3 million to RM89.6 million in previous year same period. Similarly, profit before tax was also lower to RM7.9 million from RM10.3 million a year ago.

**Marketing Division**

Marketing division recorded RM50.2 million in revenue for the current quarter 2015 a decline of 7.3% compared to RM54.2 million for corresponding quarter in previous year. Weak consumer sentiment post Goods and Services Tax (“GST”) coupled with dealers’ intention to reduce stockholding have affected the domestic replacement market. Reduction of logging activities in East Malaysia has badly affected the demand for suspension parts. Correspondingly, the segment’s profit before tax also was lower by 12.6% to RM2.3 million from RM2.6 million in the same quarter last year.

First half of 2015’s revenue of RM83.1 million declined by 17.6% from RM101.0 million in the same period last year. The decrease was due to lower sales from domestic replacement market for reasons stated above. Furthermore, export sales were affected by the slow economic recovery in Europe.

The segment profit before tax reduced by 38.2% to RM2.9 million from RM4.7 million in the same period last year, in line with the reduction in revenue and higher promotion and marketing expenses resulted from aggressive campaigns. The products mix also contributed to lower profit before tax.

**Others Division, Malaysia**

This segment comprises mainly operations relating to the rental of properties in Malaysia, distribution of motor vehicles, provision of management services, engineering and research services for companies within the Group and sale and distribution of cars. 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 quarters of 2015 recorded a loss of RM2.8 million and RM2.4 million respectively, compared to RM1.9 million in second quarter of 2014 and RMRM2.8 million in the same corresponding two quarters of 2014. 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.

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**B1 OPERATING SEGMENTS REVIEW (CONTINUED)**

**Operations Outside Malaysia**

Operations outside Malaysia posted higher revenue of RM25.1 million for its second quarter of 2015, an increase of 64.0% from RM15.3 million recorded in corresponding quarter last year. The growth in top line was mainly contributed by the coach seats business in Australia of RM12.9 million. Likewise, profit before tax has increased to RM2.2 million from RM0.03 million in the same quarter last year.

Revenue for the first half of 2015 has increased to RM48.5 million from RM27.6 million in previous year same period. The segment profit before tax was significantly higher at RM3.8 million from RM0.8 million in the same period last year, in line with the current year performance. Revenue of RM23.2 million derived by the venture in Australia represented 47.9% of total segment's revenue for the first half of 2015.

**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 first quarter of 2015. The Group's revenue has decreased marginally by 3.9% to RM305.8 million compared to RM318.3 million recorded in preceding quarter. The Group's current quarter profit before tax of RM27.1 million was lower by 18.9% compared to preceding quarter of RM33.3 million mainly due to production volume reduction while production overheads remained relatively fixed coupled by higher raw material cost (from stronger US Dollar).

**B3 COMMENTARY ON PROSPECTS AND TARGETS**

The Malaysian Automotive Association ("MAA") has revised its total industry volume (TIV) downward for this year to 670,000 from 680,000 units earlier, owing to declining vehicle sales in the first half of this year. The continued weakening of the Ringgit Malaysia against the US Dollar and moderation in consumer spending as a result of the economic uncertainties and higher cost of living do not augur well for the local automotive industry. This may lead to overstocking position as a result of excess production capacity.

On the backdrop of this challenging operating environment, the Group's results for the second half of the year is expected to be adversely affected. Nonetheless, to mitigate this condition, the Group will continue to improve operational efficiency, intensify research and development activities and remain committed to expand regionally and globally.

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**B4 INCOME TAX EXPENSE**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Jun-15</u>	Corresponding Quarter Ended <u>30-Jun-14</u>	Cumulative Year To Date <u>30-Jun-15</u>	Corresponding Year To Date <u>30-Jun-14</u>
(RM'000)				
<b><u>Current tax</u></b>				
- Current year	6,214	6,988	14,299	16,419
- Prior year	(2,285)	95	(1,520)	233
<b><u>Deferred tax</u></b>				
- Current year	662	1,596	927	(500)
- Prior year	1,010	-	4,058	970
Withholding Tax	7	36	7	43
	<u>5,608</u>	<u>8,715</u>	<u>17,771</u>	<u>17,165</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the absence of full group relief.

**B5 CORPORATE PROPOSALS**

There were no corporate proposals announced as at the reporting date.

**B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS**

**a) Derivatives**

The outstanding forward foreign currency contracts entered as at 30 June 2015 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	35,491	(216)	Less than 1 year

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2014. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and its related accounting policies.

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**B6 FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONTINUED)**

**b) RETAINED EARNINGS**

<b>(RM'000)</b>	<b>As At 30-Jun-15</b>	<b>As At 31-Dec-14</b>
Total retained profits/(accumulated losses) of the company and its subsidiaries		
- realised profit	797,967	775,618
- unrealised losses	65,793	70,323
	<u>863,760</u>	<u>845,941</u>
Total share of retained profits of associate:		
- realised profit	9,404	8,488
Total share of retained profits of joint ventures		
- realised profit	23,844	24,079
	<u>897,008</u>	<u>878,508</u>
Consolidation adjustments	(30,150)	(24,302)
Total group retained profits as per consolidated accounts	<u>866,858</u>	<u>854,206</u>

**B7 BORROWINGS AND DEBT SECURITIES**

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

<i>In thousands of RM</i>	<b>30-Jun-15</b>
Unsecured - Foreign currency loans	21,578
- Revolving credit	17,650
	<u>39,228</u>
Amount due within the next 12 months	39,228
	<u>39,228</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		<b>30-Jun-15</b>
<u>Currency</u>	<u>In</u>	
RM	RM	15,000
USD	USD	24,228
		<u>39,228</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**

The Board has declared an interim single tier dividend of 7.5 sen per ordinary share (2014: 7.5 sen per ordinary share) for the financial year ending 31 December 2015 to be paid on 29 September 2015 to shareholders whose names appear in the Record of Depositors on 9 September 2015.

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

- (a) shares transferred into the depositor's securities account before 4.00 p.m. on 9 September 2015 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance to the Rules of Bursa Malaysia Securities Berhad.

**B10 EARNINGS PER SHARE**

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

	Individual Quarter		Cumulative Quarter	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
Profit attributable to the owners of the Company (RM'000)	18,300	25,546	36,127	50,955
Weighted average number of ordinary shares in issue ('000)	195,610	195,686	195,610	195,686
<b>Basic EPS (sen)</b>	<b>9.36</b>	<b>13.05</b>	<b>18.47</b>	<b>26.04</b>

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**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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>(Unaudited) Current Quarter Ended 30-Jun-15</b>	<b>(Unaudited) Corresponding Quarter Ended 30-Jun-14</b>	<b>(Unaudited) Cumulative Year To Date 30-Jun-15</b>	<b>(Unaudited) Corresponding Year To Date 30-Jun-14</b>
(a) Interest income	(2,947)	(2,466)	(4,927)	(5,089)
(b) Other income including investment income	(611)	(2,087)	(2,499)	(3,392)
(c) Interest expense	200	53	502	122
(d) Depreciation and Amortization	12,381	7,324	22,738	15,336
(e) (Reversal) / Provision for and write off receivables	68	(41)	24	(453)
(f) (Reversal) /Provision for and write off inventories	743	(98)	2,948	1,430
(g) (Gain) / loss on disposal of property, plant and equipment	(12)	(56)	(41)	(185)
(h) Foreign exchange (gain) / loss	(1,923)	(447)	265	(334)
(i) (Gain) / loss on derivative	16	(89)	(1,038)	114

**BY ORDER OF THE BOARD**

KHOO PENG PENG  
 QUAH KHIAN KHOON

Company Secretaries  
 Kuala Lumpur  
 21 August 2015