



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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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 31 MARCH 2016 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar-16	Current Quarter Ended 31-Mar-15
Revenue	276,135	318,255
Results from operating activities	12,294	31,389
Finance costs	(577)	(302)
Finance income	2,537	1,980
Share of profit of equity-accounted investee, net of tax	(618)	261
Profit before tax	13,636	33,328
Income tax expense	(2,946)	(12,163)
Profit for the period	10,690	21,165
Other comprehensive income/(expense), net of tax		
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(13,227)	3,461
Share of foreign currency translation differences of equity-accounted investees	(1,923)	174
Other comprehensive (expense) / income for the period, net of tax	(15,150)	3,635
Total comprehensive (expense) / income for the period	(4,460)	24,800
Profit attributable to :		
Owners of the Company	9,343	17,827
Non-controlling interests	1,347	3,338
Profit for the period	10,690	21,165
Total comprehensive income attributable to :		
Owners of the Company	(5,807)	21,462
Non-controlling interests	1,347	3,338
Total comprehensive income for the period	(4,460)	24,800
Earnings per share		
Basic (sen)	4.78	9.11
Diluted (sen)	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 2015 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 MARCH 2016 - unaudited**

<i>In thousands of RM</i>	As at 31-Mar-16	As at 31-Dec-15
Assets		
Property, plant & equipment	458,750	466,610
Prepaid lease payments	15,864	16,926
Investment properties	97,854	97,854
Investment in an associate	11,161	11,463
Investments in joint ventures	27,709	29,948
Intangible assets	25,683	23,381
Deferred tax assets	11,272	11,101
Total non-current assets	648,293	657,283
Inventories	222,164	221,793
Trade and other receivables, including derivatives	288,062	265,147
Other investments	131,682	141,969
Cash and cash equivalents	199,666	264,214
Total current assets	841,574	893,123
Total assets	1,489,867	1,550,406
Equity		
Share capital	201,600	201,600
Reserves	989,284	995,091
Treasury shares	(13,293)	(13,289)
Total equity attributable to owners of the Company	1,177,591	1,183,402
Non-controlling interests	36,565	37,220
Total equity	1,214,156	1,220,622
Liabilities		
Employee benefits	13,415	13,001
Deferred tax liabilities	32,693	32,576
Total non-current liabilities	46,108	45,577
Trade and other payables, including derivatives	187,361	226,319
Short term borrowings	40,196	56,194
Current tax liabilities	2,046	1,694
Total current liabilities	229,603	284,207
Total liabilities	275,711	329,784
Total equity and liabilities	1,489,867	1,550,406
Net assets per share attributable to owners of the Company (RM)	6.02	6.05

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 MARCH 2016 - unaudited**

<i>In thousands of RM</i>	<----- Attributable to the owners of the Company ----->								
	<----- Non-Distributable ----->				Distributable				
	Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained profits	Total	Non- controlling interests	Total equity
At 1-Jan-15	201,600	(12,818)	17,898	92,395	(9,725)	854,206	1,143,556	32,949	1,176,505
Foreign currency translation differences for foreign operations	-	-	-	-	3,461	-	3,461	-	3,461
Share of gain of equity-accounted investees	-	-	-	-	174	-	174	-	174
Profit for the period	-	-	-	-	-	17,827	17,827	3,338	21,165
Total comprehensive income for the year	-	-	-	-	3,635	17,827	21,462	3,338	24,800
Own shares acquired	-	(5)	-	-	-	-	(5)	-	(5)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,002)	(2,002)
Total transactions with owners of the Group	-	(5)	-	-	-	-	(5)	(2,002)	(2,007)
At 31-Mar-2015	201,600	(12,823)	17,898	92,395	(6,090)	872,033	1,165,013	34,285	1,199,298
At 1-Jan-16	201,600	(13,289)	17,898	92,395	8,246	876,552	1,183,402	37,220	1,220,622
Foreign currency translation differences for foreign operations	-	-	-	-	(13,227)	-	(13,227)	-	(13,227)
Share of loss of equity-accounted investees	-	-	-	-	(1,923)	-	(1,923)	-	(1,923)
Profit for the period	-	-	-	-	-	9,343	9,343	1,347	10,690
Total comprehensive income for the year	-	-	-	-	(15,150)	9,343	(5,807)	1,347	(4,460)
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(2,002)	(2,002)
Total transactions with owners of the Group	-	(4)	-	-	-	-	(4)	(2,002)	(2,006)
At 31-Mar-2016	201,600	(13,293)	17,898	92,395	(6,904)	885,895	1,177,591	36,565	1,214,156

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 2015 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 MARCH 2016 – unaudited**

<i>In thousands of RM</i>	For the 3 months period ended 31-Mar-16	For the 3 months period ended 31-Mar-15
Cash flows from operating activities		
Profit before tax and non-controlling interests	13,636	33,328
Adjustments for non-cash items	11,720	9,415
Changes in working capital	(59,968)	(28,547)
Cash (used in) / generated from operations	(34,612)	14,196
Interest/Tax/Employee benefits/provision	(3,901)	(7,801)
Net cash (used in) / generated from operating activities	(38,513)	6,395
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	38	310
Acquisition of property, plant and equipment	(9,890)	(16,707)
Net decrease / (increase) in other investments	10,287	(56)
Additions of intangible assets	(3,796)	-
Net cash used in investing activities	(3,361)	(16,453)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(2,002)	(2,002)
Net repayment of short-term borrowings	(15,998)	(1,424)
Purchase of treasury shares	(4)	(5)
Net cash used in financing activities	(18,004)	(3,431)
Net decrease in cash and cash equivalents	(59,878)	(13,489)
Effect of exchange rate fluctuations	(4,670)	2,530
Cash and cash equivalents at 1 January	264,214	279,384
Cash and cash equivalents at the end of period	199,666	268,425

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

Cash and bank balances	91,929	105,362
Deposits and corporate management account with licensed banks	107,737	163,063
	199,666	268,425

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations that are applicable to the Group:

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sales 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*, 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*
- 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)*

The adoption of the above pronouncements did not have any 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 January 2017

- Amendments to MFRS 107, *Statements of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for 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 initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group except as mentioned below:

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.

The Group is currently assessing the financial impact of adopting MFRS 9.

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 Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

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 Transactions Involving the Legal Form of a Lease*.

The new standard requires lessees to present right-of-use assets and lease liabilities on the statement of financial position and to recognise the following for leases at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

The Group is currently assessing the financial impact of adopting MFRS 16.

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

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2015.

A4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

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:

	<i>In thousands of RM</i>	
<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Mar-16	1,000	4

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 31 March 2016.

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.
- *Non-reportable segment, 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.
- *Indonesia operations:* comprises business in Indonesia.
- *All other segment:* comprises businesses in Vietnam, Australia, United States of America and Netherlands.

The manufacturing and distribution of automotive products within the Group are being 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 type of customers for the products are similar for both replacement markets 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.

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

A9. SEGMENTAL INFORMATION (CONT'D)

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER			
	31-Mar-16		31-Mar-15	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	51,873	3,380	55,056	3,710
Interior & Plastics	174,643	7,114	230,096	22,919
Electricals & Heat Exchange	42,266	3,895	45,877	4,192
Marketing	47,348	1,238	32,966	592
Non-reportable segment	13,822	(2,197)	11,931	475
Indonesia Operations	6,311	(1,242)	3,665	(685)
All Other Segments	24,902	1,585	19,683	2,218
	361,165	13,773	399,274	33,421
Eliminations	(85,030)	(137)	(81,019)	(93)
	276,135	13,636	318,255	33,328

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

The valuation of property, plant and equipment and investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2015.

A11. RELATED PARTY DISCLOSURES

The following are significant related party transactions:-

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
	31-Mar-16	31-Mar-15
<u>With TCMH Group</u>		
Sales	26,721	12,370
Purchases	(2,343)	(1,192)
Administrative and consultancy services	(197)	(126)
Insurance	(1,180)	(3,300)
Rental expenses	(10)	(2)
Rental income	466	531

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").

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

A11. RELATED PARTY DISCLOSURES (CONT'D)

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar-16	Corresponding Quarter Ended 31-Mar-15
<u>With WTCH Group</u>	<hr/>	<hr/>
Purchases	(24)	(4)
Administrative and consultancy services	(621)	(181)
Rental income	40	11
Rental expenses	(358)	(370)
	<hr/>	<hr/>

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").

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar-16	Corresponding Quarter Ended 31-Mar-15
<u>With TCIL Group</u>	<hr/>	<hr/>
Sales	11,089	4,123
Provision of consultancy services	-	175
	<hr/>	<hr/>

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 to the composition of the Group since 31 December 2015.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liability as at 31 March 2016.

A15. CAPITAL COMMITMENTS

<i>In thousands of RM</i>	<u>31-Mar-16</u>	<u>31-Mar-15</u>
Authorized but not contracted for	49,367	43,097
Contracted but not provided for	63,564	33,794
Total	<u>112,931</u>	<u>76,891</u>

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

1Q16 vs. 1Q15

Total Industry Volume (“TIV”) for the first quarter of 2016 fell 22% to 131,267 units from 168,306 units the same quarter last year. Total Production Volume (“TIP”) in current quarter declined by 21% to 129,591 units from 163,697 units in the same quarter last year. (Source : Malaysian Automotive Association).

The Group’s revenue fell in tandem to RM276.1 million for 1Q16, compared to 1Q15 of RM318.3 million largely due to lower off take from OEMs as a result of softer vehicle sales.

Group’s profit before tax came in at RM13.6 million as compared with RM33.3 million in the corresponding quarter of last year due to lower revenue, and higher imported raw material cost from a strong US Dollar.

Segmentation Review

Suspension Division

The Suspension Division’s revenue declined by 5.8% to RM51.9 million in the current quarter compared to RM55.1 million in 1Q15 due to lower off-take from certain models that are ending production. Likewise, profit before tax fell in tandem to RM3.4 million for 1Q16, compared to 1Q15 of RM3.7 million.

Interior & Plastics Division

Revenue for Interior and Plastics Division registered reduction of 24.1% to RM174.6 million in 1Q16 on the back of lower demand for OEM parts, which is line with the lower of TIP by 21% as explained earlier.

However, higher imported raw material cost due to a weak Ringgit and lower production volume while overheads remained relatively fixed resulted in the Division’s profit before tax reducing from RM22.9 million to RM7.1 million. Unfavourable product-mix for certain vehicle models with a lower sales value and margin also contributed to the reduction in bottom-line.

Electrical & Heat Exchange Division

Compared to corresponding same quarter last year, Electrical & Heat Exchange division revenue decreased by 7.9% to RM42.3 million. This was mainly due to lower demand from OEM customers. The bottom-line registered a slight drop to RM3.9 million compared to RM4.2 million in the same quarter last year in line with the lowered revenue.

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)

Marketing Division

Marketing division recorded RM47.3 million in revenue for the current quarter 2016, an increase of 43.6% compared to RM33.0 million for corresponding quarter in previous year. The export sales recorded grew 64% compared to 1Q15, thanks to a recovery in Europe and Russia markets, coupled with a wider client base. The segment's profit before tax had doubled to RM1.2 million from RM0.6 million in the same quarter last year. This is mainly due to higher sales and favourable products mix as certain products have higher margin.

Non-reportable segment, Malaysia

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services, engineering and research services for companies within the Group. The revenue streams were mainly rental and services fee charged within the Group and formed part of inter-segment elimination for the total Group's results (as depicted in Note A9).

For the current quarter of 2016, the Other Operations recorded a loss of RM2.2 million compared to a profit before tax of RM0.5 million recorded the previous year mainly attributed to unrealized forex loss from inter-companies transactions with the Group's overseas operations, increase in manpower related costs as the Group expanded its business outside Malaysia and intensified research and development activities.

Indonesia Operations

Our Indonesia Operations refers to operations produce suspension products such as coil spring and U-bolts and Group's investment in joint venture and associate in Indonesia.

The Indonesia Operations posted higher revenue of RM6.3 million for the current quarter of 2016, an increase of 72.2% from RM3.7 million recorded in the corresponding quarter last year. The growth in top line was mainly contributed by higher off-take from OEMs.

Despite higher revenue, the Indonesia Operation's loss has widened 81.3% to RM1.2 million compared to loss of RM0.7 million in the same quarter last year. The higher loss was caused by the pre-operating cost for building a new plant manufacturing leaf spring which is scheduled to be operational by second half of 2016 and higher loss from the joint venture i.e. P.T. Armada Autoparts.

All Other Segments

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

Operations Outside Malaysia continues to register impressive revenue growth of 26.5% for its first quarter of 2016 at RM24.9 million compared to RM19.7 million recorded in corresponding quarter last year. The revenue from the coach's seat business in Australia constituted 48% of the 1Q16's segment revenue. Higher off-take from OEMs and export market has contributed to the increase in revenue.

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)

All Other Segments (continued)

Nevertheless, profit before tax was weak at RM1.6 million compared to RM2.2 million mainly due to initial set-up cost for the new ventures in Netherlands and acquisition of locomotive driver seats business in Australia, coupled with pre-operating costs incurred in Thailand.

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 fourth quarter of 2015. The Group's revenue of RM276.1 million recorded in first quarter of 2016 was 1.2% higher than that of RM273.0 million recorded in preceding quarter. The Group's current quarter profit before tax of RM13.6 million on the other hand was lower by 24.2% compared to preceding quarter of RM18.0 million mainly due to reversal of staff related cost provision and provision for product warranty claims (in other non-reportable segment and suspension division) recorded in the preceding quarter.

B3. COMMENTARY ON PROSPECTS AND TARGETS

The outlook for 2016 is likely to remain challenging for the auto sector. In a down cycle, operating margins are squeezed on the back of lower volumes and higher costs. Despite the pressure on profitability, the Group will stay focus in reaching out to new customers overseas, supply chain optimisation, productivity enhancement and development of new products.

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL / CUMULATIVE QUARTER	
(RM'000)	Current Quarter Ended <u>31-Mar-16</u>	Corresponding Quarter Ended <u>31-Mar-15</u>
<u>Current tax</u>		
- Current year	2,978	8,085
- Prior year	(818)	765
<u>Deferred tax</u>		
- Current year	659	265
- Prior year	88	3,048
Withholding Tax	39	-
	2,946	12,163

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

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
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B5. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the reporting date, except for the proposed acquisition of assets of TC Aluminium Castings Sdn Bhd (“TCAC”), an indirect wholly-owned subsidiary of Tan Chong Motor Holdings Berhad by APM Thermal Systems Sdn Bhd, a wholly-owned subsidiary of the Company for a total cash consideration of RM5,701,318.00 (“Proposed Acquisition”), which is subject to price adjustment and conditional upon the fulfilment of conditions precedent as set out in our announcement dated 27 April 2016 to Bursa Malaysia Securities Berhad. The Proposed Acquisition is subject to, among others approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 25 May 2016.

B6. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

a) Derivatives

The outstanding forward foreign currency contracts entered as at 31 March 2016 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	32,271	(1,026)	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 2015. 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 31-Mar-16	As At 31-Dec-15
Total retained earnings of the Company and its subsidiaries		
- realised profits	823,121	806,453
- unrealised profits	61,863	70,684
	884,984	877,137
Total share of retained profits of associate:		
- realised profits	10,661	10,742
Total share of retained profits of joint ventures		
- realised profits	18,978	19,540
	914,623	907,419
Consolidation adjustments	(28,728)	(30,867)
Total group retained earnings	885,895	876,552

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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>	31-Mar-16
Unsecured - Foreign currency loans	25,196
- Revolving credit	15,000
	<u>40,196</u>
Amount due within the next 12 months	<u>40,196</u>
	<u>40,196</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		
Functional	Denominated	
<u>Currency</u>	<u>In</u>	31-Mar-16
RM	RM	15,000
IDR	IDR	11,672
IDR	USD	2,746
USD	USD	10,778
		<u>40,196</u>

B8. CHANGES IN MATERIAL LITIGATION

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

B9. DIVIDEND

No dividend has been proposed for the current quarter ended 31 March 2016.

A final single-tier dividend of 12 sen per ordinary share for the financial year ended 31 December 2015 to shareholders whose names appear in the Register of Members on 6 June 2016 was proposed by the Directors. The dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting scheduled on 25 May 2016.

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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 / CUMULATIVE QUARTER	
	31-Mar-16	31-Mar-15
Profit attributable to the owners of the Company (RM'000)	9,343	17,827
Weighted average number of ordinary shares in issue ('000)	195,588	195,684
Basic EPS (sen)	4.78	9.11

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>	INDIVIDUAL / CUMULATIVE QUARTER	
	(Unaudited) Current Quarter Ended 31-Mar-16	(Unaudited) Corresponding Quarter Ended 31-Mar-15
(a) Interest income	(2,537)	(1,980)
(b) Other income including investment income	(584)	(1,888)
(c) Interest expense	577	302
(d) Depreciation and Amortization	11,720	10,357
(e) Provision / (reversal) for and write off of receivables	-	(44)
(f) Provision / (reversal) and write off of inventories	86	2,205
(g) Gain on disposal of property, plant and equipment	(10)	(29)
(h) Net Foreign exchange (gain) / loss	1,670	2,188
(i) Loss/ (gain) on derivatives	2,073	(1,054)

BY ORDER OF THE BOARD
KHOO PENG PENG
QUAH KHIAN KHOON

Company Secretaries
 Kuala Lumpur
 17 May 2016