



# **APM AUTOMOTIVE HOLDINGS BERHAD**

(Company No. 424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 DECEMBER 2016 – unaudited**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Dec-16	Corresponding Quarter Ended 31-Dec-15	Cumulative Year to Date 31-Dec-16	Corresponding Year to Date 31-Dec-15
<i>In thousands of RM</i>				
<b>Revenue</b>	340,713	272,981	1,236,630	1,152,839
<b>Results from operating activities</b>	26,667	18,137	79,136	88,523
<b>Finance costs</b>	(791)	(533)	(2,777)	(1,471)
<b>Finance income</b>	2,140	3,081	9,203	11,086
<b>Share of loss of equity-accounted investee, net of tax</b>	(1,628)	(2,703)	(2,355)	(3,112)
<b>Profit before tax</b>	26,388	17,982	83,207	95,026
<b>Income tax expense</b>	(7,597)	(111)	(23,836)	(23,113)
<b>Profit for the year</b>	18,791	17,871	59,371	71,913
<b>Other comprehensive income, net of tax</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurement of defined benefit liability / (asset)	(1,959)	-	(1,959)	-
<b>Items that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(843)	710	963	16,429
Share of foreign currency translation differences of equity-accounted investees	1,866	(1,232)	2,893	1,542
<b>Other comprehensive income for the year, net of tax</b>	(936)	(522)	1,897	17,971
<b>Total comprehensive income for the year</b>	17,855	17,349	61,268	89,884
<b>Profit attributable to :</b>				
Owners of the Company	15,406	14,712	48,582	60,490
Non-controlling interests	3,385	3,159	10,789	11,423
<b>Profit for the year</b>	18,791	17,871	59,371	71,913
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	14,470	14,190	50,479	78,461
Non-controlling interests	3,385	3,159	10,789	11,423
<b>Total comprehensive income for the year</b>	17,855	17,349	61,268	89,884
<b>Earnings per share</b>				
Basic (sen)	7.88	7.52	24.84	30.93

*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 DECEMBER 2016 – unaudited**

<i>In thousands of RM</i>	<b>As at 31-Dec-16</b>	<b>As at 31-Dec-15</b>
<b>Assets</b>		
Property, plant & equipment	514,336	466,610
Prepaid lease payments	18,028	16,926
Investment properties	99,940	97,854
Investment in an associate	11,763	11,463
Investments in joint ventures	30,186	29,948
Intangible assets	24,601	23,381
Deferred tax assets	10,968	11,101
<b>Total non-current assets</b>	<b>709,822</b>	<b>657,283</b>
Inventories	227,736	221,793
Trade and other receivables, including derivatives	314,820	265,147
Other investments	101,547	141,969
Cash and cash equivalents	229,403	264,214
<b>Total current assets</b>	<b>873,506</b>	<b>893,123</b>
<b>Total assets</b>	<b>1,583,328</b>	<b>1,550,406</b>
<b>Equity</b>		
Share capital	201,600	201,600
Reserves	1,012,321	995,091
Treasury shares	(13,296)	(13,289)
<b>Total equity attributable to owners of the Company</b>	<b>1,200,625</b>	<b>1,183,402</b>
<b>Non-controlling interests</b>	<b>37,772</b>	<b>37,220</b>
<b>Total equity</b>	<b>1,238,397</b>	<b>1,220,622</b>
<b>Liabilities</b>		
Employee benefits	16,634	13,001
Deferred tax liabilities	36,034	32,576
<b>Total non-current liabilities</b>	<b>52,668</b>	<b>45,577</b>
Trade and other payables, including derivatives	236,180	226,319
Short term borrowings	54,692	56,194
Current tax liabilities	1,391	1,694
<b>Total current liabilities</b>	<b>292,263</b>	<b>284,207</b>
<b>Total liabilities</b>	<b>344,931</b>	<b>329,784</b>
<b>Total equity and liabilities</b>	<b>1,583,328</b>	<b>1,550,406</b>
Net assets per share attributable to owners of the Company (RM)	6.14	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 DECEMBER 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
<b>At 1-Jan-15</b>	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	-	-	-	-	16,429	-	16,429	-	16,429
Share of gain of equity-accounted investees	-	-	-	-	1,542	-	1,542	-	1,542
Profit for the year	-	-	-	-	-	60,490	60,490	11,423	71,913
<b>Total comprehensive income for the year</b>	-	-	-	-	17,971	60,490	78,461	11,423	89,884
Own shares acquired	-	(471)	-	-	-	-	(471)	-	(471)
Dividends to owners of the Company	-	-	-	-	-	(38,144)	(38,144)	-	(38,144)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(8,003)	(8,003)
Subscription of shares by non-controlling interest	-	-	-	-	-	-	-	1,738	1,738
Effect of change from joint venture to subsidiary	-	-	-	-	-	-	-	(887)	(887)
<b>Total transactions with owners of the Group</b>	-	(471)	-	-	-	(38,144)	(38,615)	(7,152)	(45,767)
<b>At 31-Dec-2015</b>	201,600	(13,289)	17,898	92,395	8,246	876,552	1,183,402	37,220	1,220,622
<b>At 1-Jan-16</b>	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	-	-	-	-	963	-	963	-	963
Remeasurement of defined benefit liabilities	-	-	-	-	-	(1,959)	(1,959)	-	(1,959)
Share of loss of equity-accounted investees	-	-	-	-	2,893	-	2,893	-	2,893
Profit for the year	-	-	-	-	-	48,582	48,582	10,789	59,371
<b>Total comprehensive income for the year</b>	-	-	-	-	3,856	46,623	50,479	10,789	61,268
Own shares acquired	-	(7)	-	-	-	-	(7)	-	(7)
Acquisition of remaining shares of a subsidiary from non-controlling interests	-	-	-	-	-	-	-	(2,500)	(2,500)
Subscription of shares in subsidiary by non-controlling interests	-	-	-	-	-	-	-	266	266
Dividends to owners of the company	-	-	-	-	-	(33,249)	(33,249)	(8,003)	(41,252)
<b>Total transactions with owners of the Group</b>	-	(7)	-	-	-	(33,249)	(33,256)	(10,237)	(43,493)
<b>At 31-Dec-2016</b>	201,600	(13,296)	17,898	92,395	12,102	889,926	1,200,625	37,772	1,238,397

*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 DECEMBER 2016 – unaudited**

<i>In thousands of RM</i>	<b>For the 12 months period ended 31-Dec-16</b>	<b>For the 12 months period ended 31-Dec-15</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	83,207	95,026
Adjustments for non-cash items	67,431	47,938
Changes in working capital	(48,952)	53,162
<b>Cash generated from operations</b>	<b>101,686</b>	<b>196,126</b>
Interest/Tax/Employee benefits/provision	(21,229)	(27,144)
<b>Net cash generated from operating activities</b>	<b>80,457</b>	<b>168,982</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	5,881	436
Acquisition of property, plant and equipment	(95,954)	(95,661)
Acquisition of prepaid lease expenses	(1,089)	-
Net decrease/(increase) in other investments	40,422	(63,463)
Additions of intangible assets	(13,441)	(10,257)
<b>Net cash used in investing activities</b>	<b>(64,181)</b>	<b>(168,886)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(8,003)	(8,003)
Dividends paid to owners of the Company	(33,249)	(38,144)
Acquisition of remaining shares of a subsidiary	(2,500)	-
Subscription of shares in subsidiary by non controlling interest	265	-
Net drawdown of short-term borrowings	(1,503)	19,165
Purchase of treasury shares	(7)	(471)
<b>Net cash used in financing activities</b>	<b>(44,997)</b>	<b>(25,715)</b>
Net decrease in cash and cash equivalents	(28,721)	(25,619)
Effect of exchange rate fluctuations	(6,090)	10,449
Cash and cash equivalents at 1 January	264,214	279,384
<b>Cash and cash equivalents at the end of year</b>	<b>229,403</b>	<b>264,214</b>

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

Cash and bank balances	105,443	60,476
Deposits and corporate management account with licensed banks	123,960	203,738
	<b>229,403</b>	<b>264,214</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 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 2, *Share-based Payment*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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

**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:

<u>Month</u>	<u>No. of shares repurchased</u>	<i>In thousands of RM</i>	
		<u>Total consideration</u>	
Mar-16	1,000		4
Aug-16	1,000		3
	<u>2,000</u>	<u></u>	<u>7</u>

**A8. DIVIDENDS PAID**

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



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

**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 manufacturing products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts; developing Internet of Things ("IoT") telematics platform; and manufacturing and supplying In-vehicle Infotainment ("IVI") systems.
- *Marketing Division, Malaysia:* main activity is that of trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Non-reportable segment, Malaysia:* comprises mainly operations related to the rental of investment properties in Malaysia; casting, machining and assembly of aluminum parts and component; 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 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)**

	<b>INDIVIDUAL QUARTER</b>			
	<b>31-Dec-16</b>		<b>31-Dec-15</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Suspension	50,361	7,474	58,855	8,584
Interior & Plastics	242,320	13,043	170,591	730
Electricals & Heat Exchange	47,311	2,679	41,854	5,906
Marketing	55,221	2,027	51,817	2,002
Non-reportable segment	15,181	3,010	14,956	3,155
Indonesia Operations	16,665	(4,921)	4,890	(3,166)
All Other Segments	38,836	2,612	24,503	918
	465,895	25,924	367,466	18,129
Eliminations	(125,182)	464	(94,485)	(147)
	340,713	26,388	272,981	17,982

	<b>CUMULATIVE QUARTER</b>			
	<b>31-Dec-16</b>		<b>31-Dec-15</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit / (loss) before tax</b>
Suspension	209,724	23,171	224,310	22,040
Interior & Plastics	830,420	35,784	753,965	44,016
Electricals & Heat Exchange	175,205	14,626	173,444	15,065
Marketing	213,334	8,553	179,140	7,646
Non-reportable segment	56,077	2,071	43,785	1,258
Indonesia Operations	38,153	(11,160)	16,550	(4,721)
All Other Segments	131,381	9,870	97,080	9,448
	1,654,294	82,915	1,488,274	94,752
Eliminations	(417,664)	292	(335,435)	274
	1,236,630	83,207	1,152,839	95,026

**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.

Subsequent to initial recognition, investment properties of the Group are stated at fair value which reflects market conditions at reporting date. The Group last recognized the fair value of the investment property based on a valuation carried out by external valuer on 18 November 2015. This valuation has been updated during the year based on a valuation carried out by an independent professional external valuer, Rahim & Co. Chartered Surveyors on 24 November 2016. The fair value gain of RM2,100,000 (net of deferred tax) has been incorporated into the consolidated financial statements for the year ended 31 December 2016.

**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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended 31-Dec-16</b>	<b>Corresponding Quarter Ended 31-Dec-15</b>	<b>Cumulative Year To Date 31-Dec-16</b>	<b>Corresponding Year To Date 31-Dec-15</b>
<b><u>With TCMH Group</u></b>				
Sales	42,628	10,225	119,353	47,613
Purchases	(1,435)	(1,280)	(11,212)	(13,805)
Administrative and consultancy services	-	7	(197)	(286)
Insurance	(1,610)	(839)	(3,036)	(4,526)
Rental expenses	(112)	(10)	(143)	(35)
Rental income	326	460	1,687	1,800

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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended 31-Dec-16</b>	<b>Corresponding Quarter Ended 31-Dec-15</b>	<b>Cumulative Year To Date 31-Dec-16</b>	<b>Corresponding Year To Date 31-Dec-15</b>
<b><u>With WTCH Group</u></b>				
Sales	298	-	300	-
Purchases	(48)	(17)	(167)	(81)
Administrative and consultancy services	(197)	(185)	(1,805)	(1,838)
Rental income	109	-	279	16
Rental expenses	(296)	(237)	(1,240)	(1,187)

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>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended 31-Dec-16</b>	<b>Corresponding Quarter Ended 31-Dec-15</b>	<b>Cumulative Year To Date 31-Dec-16</b>	<b>Corresponding Year To Date 31-Dec-15</b>
<b><u>With TCIL Group</u></b>				
Sales	4,417	3,448	39,998	14,758
Rental expenses	(58)	-	(58)	-

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**

On 28 December 2016, APM subscribed for 52% of the total issued and paid-up share capital in Omnimatics Sdn Bhd (“Omnimatics”) pursuant to the terms of a Subscription Agreement entered into on 2 December 2016 with Raj Kissu A/L Rajandran (“RAJ”), Watchtower & Friends Sdn Bhd (“Watchtower”) and Omnimatics, resulting in Omnimatics becoming a subsidiary of Auto Parts Holdings Sdn Bhd (APH). Total investment cost is RM650,000. The principal activity of Omnimatics is to develop an Internet of Things (“IoT”) telematics platform.

Save for the above, there were no other changes to the composition of the Group for the current quarter under review.

**A14. CONTINGENT ASSETS AND LIABILITIES**

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

**A15. CAPITAL COMMITMENTS**

<i>In thousands of RM</i>	<b>31-Dec-16</b>	<b>31-Dec-15</b>
Authorized but not contracted for	46,047	75,585
Contracted but not provided for	42,177	19,925
<b>Total</b>	<b>88,224</b>	<b>95,510</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**

**4Q16 vs. 4Q15**

The Group registered a revenue of RM340.7 million in the current quarter, an increase of 24.8% against RM273.0 million in the same quarter of 2015, with the Interior & Plastics Division and operations outside Malaysia driving the momentum. The Interior & Plastic Division saw higher demand for OEM parts arising from the commencement of localization in 3Q2016 for certain vehicle models.

The Group's profit before tax jumped significantly by 46.5% to RM26.4 million in 4Q16 from RM18.0 million recorded in the same quarter last year backed by higher sales volume of OEM parts. The lower profit before tax in 4Q15 was also because of an one-off adjustment on inventory value for Interior and Plastic Division.

**Year-to-date 2016 vs. Year-to-date 2015**

The Group closed the year in review with revenue of RM 1,236.6 million, representing year-on-year revenue growth of 7.3%, buoyed by the higher contribution recorded in the Interior & Plastic Division, Marketing Division and across all countries outside Malaysia.

Nevertheless, the Group profit before tax was down by 12.4% to RM83.2 million, from RM95.0 million in the preceding year owing to the depressed margin experienced in the Interior & Plastics Division and higher operating costs for the newly set-up manufacturing plant in Indonesia. The former was attributed to higher cost for raw materials arising from a weaker ringgit, and unfavourable products-mix.

**Segmentation Review**

**Suspension Division**

The Suspension Division saw a decline in revenue by RM8.5 million or 14.4% to RM50.4 million in the current quarter under review as against RM58.9 million in 4Q15. Revenue growth was hampered by the lower off-take from local OEM customers and consequently, the Division experienced a drop in its profit before tax by 12.9% to RM7.5 million in the current quarter from RM8.6 million in the corresponding quarter of the previous year.

Year-to-date, Suspension Division's revenue was weaker by 6.5%, to RM209.7 million from RM224.3 million in last year substantially impacted by the lower off-take from certain OEM parts that have approached their last phase of product life cycle. In contrast, profit before tax was slightly higher at RM23.2 million against RM22.0 million over the previous year boosted by the favourable product mix, particularly products for export markets which command higher margin.

**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 (CONT'D)**

**Interior & Plastics Division**

In line with the impressive revenue growth of 42.0% to RM242.3 million in 4Q16 against RM170.6 million in 4Q 2015, profit before tax improved significantly in the Interior & Plastics Division to RM13.0 million from RM0.7 million recorded in corresponding quarter of last year. The revenue growth was primarily driven by the new model launches coupled with higher localization content for certain OEM parts for both existing and new vehicle models.

On a year to year basis, the Division's revenue inched up 10.1% to RM830.4 million in 2016 against RM754.0 million a year ago, mainly contributed by the additional RM54.7 million arising from the consolidation of APM Tachi-S Seating Systems Sdn Bhd (previously a joint venture of the group and results were shared in the consolidated income statements) and the launching of new models and higher localization content for certain OEM parts in the second half of 2016.

Profit before tax, however, fell to RM35.8 million, representing a decline of 18.6% from RM44.0 million recorded in the preceding year. The weakened Ringgit which adversely affected raw material costs together with unfavourable products mix continues to impact the performance of the Division.

**Electrical & Heat Exchange Division**

In the current quarter under review, the revenue for Electrical & Heat Exchange Division increased by 12.9% to RM47.3 million from RM41.9 million in the same quarter of the previous year. The increase was predominantly attributable to the higher demand from OEM customers following the launches of new models. Despite the higher revenue, profit before tax declined to RM2.7 million from RM5.9 million in 4Q15. The higher profit before tax in 4Q15 was due to reversal of provision recorded in the same period last year.

Revenue for the Division in 2016 was sustained at RM175.2 million, which was a marginal increase of 1.0% from RM173.4 million recorded in 2015. Consistent with the above, profit for the year was lower by 3.3% to RM14.6 million from RM15.1 million last year.

**Marketing Division**

Marketing division's revenue grew by RM3.4 million, or 6.6% quarter on quarter to RM55.2 million in 4Q2016 driven by promotional activities and stronger export sales to Korea and Australia. Notwithstanding the surge in revenue, profit before tax did not grow and was constant at RM2.0 million in both 4Q2016 and 4Q2015, owing to expenditures incurred on promotional activities and unfavourable products mix.

In 2016, this division posted revenue of RM213.3 million, representing a surge of 19.1% from RM179.1 million recorded in last year. Apart from aggressive promotional and market-driven campaigns and activities and the introduction of new product range during the year, the stronger US Dollar for our export sales has also aided in achieving revenue growth and commendable profit before tax of RM8.6 million from RM7.6 million in the preceding year.

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**OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

**Non-reportable segment, Malaysia**

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services and engineering and research services for companies within the Group. The revenue 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).

Quarter on quarter, revenue grew slightly by 1.5% in the non-reportable, Malaysia segment to RM15.2 million from RM15.0 million whilst its profit before tax stood at RM3.0 million, which was lower by RM0.1 million from the same period in 2015.

On a year-to-date basis, this segment recorded a higher profit of RM2.1 million compared to RM1.3 million in the previous year mainly due to recognition of fair value gain on investment properties of RM2.2 million (2015 : RM0.6 million).

**Indonesia Operations**

The Indonesia Operations refer to the Group's wholly-owned subsidiaries producing suspension products such as coil spring and leaf spring as well as the Group's investment in joint venture and associates in Indonesia.

Revenue for Indonesia Operations grew more than threefold to RM16.7 million in the fourth quarter of 2016 from RM4.9 million recorded in the corresponding quarter last year thanks to higher demand from OEMs customers and new vehicle models launches.

The Indonesia Operation closed the quarter with a loss of RM4.9 million against a loss of RM3.2 million in the same quarter last year. The higher losses in the segment were owing to depreciation charges from plant and machineries and lower profit contributed by an associate.

For the whole of 2016, the revenue in Indonesia Operation increased by 130.1%, or RM21.6 million to RM38.2 million from RM16.6 million a year ago but its loss before tax deteriorated to RM11.2 million from RM 4.7 million in the preceding year due to factors mentioned above and pre-operating costs for the Group's new manufacturing plant for leaf spring which commenced operations in June 2016.

**All Other Segments**

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

Revenue from Operations Outside Malaysia remained the key revenue growth driver for the group, registering a surge of 58.5%, quarter on quarter to RM38.8 million dominated by 42.1% growth in the coach seat business in Australia and 74.5% growth in Vietnam operations. Revenue from Australia and Vietnam accounted for 43.3% and 47.2% of the 4Q2016 segment revenue respectively. As a consequence, profit before tax for the segment in 4Q2016 was higher at RM2.6 million as compared to RM0.9 million in 4Q2015. The favourable rate of exchange in translating the overseas operations' performance to Ringgit Malaysia has also partly contributed to both the top and bottom-line growth.

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
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**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

**All Other Segments (cont'd)**

Year-to-date, revenue for this segment grew to RM131.4 million, representing a growth rate of 35.3% from RM97.1 million while its profit before tax was at RM9.9 million, a marginal increase of 4.2% compared to RM9.5 million in previous year. The profitability in this segment was dragged down by the pre-operating costs in Europe, Myanmar and Thailand operations.

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

Revenue came in at RM340.7 million in the fourth quarter of 2016, a modest increase of 8.8% from RM313.3 million recorded in preceding quarter with stable profit before tax of RM26.3 million, a marginal decline of RM0.4 million or 1.5%, compared to preceding quarter of RM26.7 million. The lower profitability was mainly due to higher losses from the associate in Indonesia.

**B3. COMMENTARY ON PROSPECTS AND TARGETS**

Malaysian Automotive Association (“MAA”) has forecasted its Total Industry Volume (“TIV”) for 2017 to be 590,000 units, a marginal increase of 1.7% against 580,124 units in 2016. In 2016, the TIV slipped 13% as compared to 2015 and was the lowest for the past consecutive six years.

With the weakening of the Ringgit and the dampened consumer sentiment, the automotive industry continues to operate in a challenging environment clouded with many economic uncertainties.

The Group expects 2017 to be a challenging year but will remain cautious and optimistic that our ongoing strategies of product innovation and regional expansion will yield positive momentum. We will stay focused in containing our operating cost and grow our top and bottom-line while at the same time, improve operational efficiency and productivity in order for the Group to ride through this challenging time.



**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS**  
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**B4. INCOME TAX EXPENSE**

*In thousands of RM*

(RM'000)	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>31-Dec-16</u>	Corresponding Quarter Ended <u>31-Dec-15</u>	Cumulative Year To Date <u>31-Dec-16</u>	Corresponding Year To Date <u>31-Dec-15</u>
<b><u>Current tax</u></b>				
- Current year	5,112	(2,702)	20,290	16,635
- Prior year	861	291	(503)	(1,810)
<b><u>Deferred tax</u></b>				
- Current year	2,303	2,672	2,641	4,686
- Prior year	(690)	(471)	1,187	3,274
Withholding Tax	11	321	221	328
	<u>7,597</u>	<u>111</u>	<u>23,836</u>	<u>23,113</u>

The Group's effective tax rate for the year 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 but not completed as at the reporting date.

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

**a) Derivatives**

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

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	61,428	(408)	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.

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**B6. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONT'D)**

**b) Retained Earnings**

<b>(RM'000)</b>	<b>As At 31-Dec-16</b>	<b>As At 31-Dec-15</b>
Total retained earnings of the Company and its subsidiaries		
- realised profits	818,182	806,453
- unrealised profits	77,825	70,684
	<u>896,007</u>	<u>877,137</u>
Total share of retained profits of associate:		
- realised profits	10,439	10,742
Total share of retained profits of joint ventures		
- realised profits	17,492	19,540
	<u>923,938</u>	<u>907,419</u>
Consolidation adjustments	(34,012)	(30,867)
<b>Total group retained earnings</b>	<u><u>889,926</u></u>	<u><u>876,552</u></u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued by Malaysian Institute of Accountants on 20 December 2010.

**B7. BORROWINGS AND DEBT SECURITIES**

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

<i>In thousands of RM</i>	<b>31-Dec-16</b>
Unsecured - Foreign currency loans	33,692
- Revolving credit	15,000
- Islamic Commercial Paper	1,000
- Islamic Medium Term Notes	5,000
	<u>54,692</u>
Amount due within the next 12 months	<u>54,692</u>
	<u><u>54,692</u></u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		
<u>Currency</u>	<u>Denominated In</u>	<b>31-Dec-16</b>
RM	RM	21,000
AUD	AUD	1,776
IDR	IDR	21,579
IDR	USD	3,140
USD	USD	7,197
		<u>54,692</u>

**APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)**  
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**OF BURSA MALAYSIA SECURITIES BERHAD**

**B8. CHANGES IN MATERIAL LITIGATION**

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

**B9. PROPOSE DIVIDEND**

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a final single-tier dividend of 10 sen per ordinary share for the year ended 31 December 2016 (2015 – 12 sen per ordinary share). The net amount payable is RM19.6 million (2015 – RM23.5 million).

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

**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	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Profit attributable to the owners of the Company (RM'000)	15,406	14,712	48,582	60,490
Weighted average number of ordinary shares in issue ('000)	195,587	195,589	195,587	195,589
<b>Basic EPS (sen)</b>	<b>7.88</b>	<b>7.52</b>	<b>24.84</b>	<b>30.93</b>

**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 QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Quarter Ended	(Unaudited) Corresponding Quarter Ended	(Unaudited) Cumulative Year To Date	(Unaudited) Corresponding Year To Date
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
(a) Interest income	(2,140)	(3,081)	(9,203)	(11,086)
(b) Other income including investment income	(342)	(802)	(2,317)	(4,432)
(c) Interest expense	791	533	2,777	1,471
(d) Depreciation and Amortization	16,770	11,769	59,759	45,609
(e) Provision / (reversal) for and write off of receivables	-	53	(38)	(47)
(f) Provision / (reversal) of slow moving stock	3,711	1,543	5,769	3,657
(g) Inventory written off	818	986	6,401	5,947
(h) Gain on disposal of property, plant and equipment	(5)	-	(120)	(97)
(i) Net Foreign exchange (gain) / loss	(1,905)	(612)	2,277	616
(j) Loss/ (gain) on derivatives	(1,045)	1,355	(380)	821
(k) Fair Value adjustment on investment properties	(2,084)	(564)	(2,084)	(564)

**BY ORDER OF THE BOARD**

KHOO PENG PENG  
 QUAH KHIAN KHOON  
 Company Secretaries  
 Kuala Lumpur  
 27 February 2017