



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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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 2017 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER	
	Current Quarter Ended 31-Mar-17	Corresponding Quarter Ended 31-Mar-16
Revenue	294,075	276,135
Results from operating activities	17,295	12,294
Finance costs	(880)	(577)
Finance income	2,145	2,537
Share of loss of equity-accounted investee, net of tax	(69)	(618)
Profit before tax	18,491	13,636
Income tax expense	(5,342)	(2,946)
Profit for the period	13,149	10,690
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	2,416	(13,227)
Share of foreign currency translation differences of equity-accounted investees	(164)	(1,923)
Other comprehensive income/(expense) for the period, net of tax	2,252	(15,150)
Total comprehensive income/(expense) for the period	15,401	(4,460)
Profit attributable to :		
Owners of the Company	10,552	9,343
Non-controlling interests	2,597	1,347
Profit for the period	13,149	10,690
Total comprehensive income/(expense) attributable to :		
Owners of the Company	12,804	(5,807)
Non-controlling interests	2,597	1,347
Total comprehensive income/(expense) for the period	15,401	(4,460)
Earnings per share		
Basic (sen)	5.40	4.78

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 2016 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 2017 - unaudited

<i>In thousands of RM</i>	As at 31-Mar-17	As at 31-Dec-16
Assets		
Property, plant & equipment	539,621	510,972
Prepaid lease payments	17,721	17,888
Investment properties	103,304	103,294
Investment in an associate	11,649	11,763
Investments in joint ventures	35,489	30,186
Intangible assets	23,884	24,601
Deferred tax assets	10,894	11,712
Total non-current assets	742,562	710,416
Inventories	213,822	229,492
Trade and other receivables, including derivatives	287,277	314,846
Other investments	83,119	101,547
Cash and cash equivalents	252,447	229,479
Total current assets	836,665	875,364
Total assets	1,579,227	1,585,780
Equity		
Share capital	201,600	201,600
Reserves	1,024,675	1,011,871
Treasury shares	(13,301)	(13,297)
Total equity attributable to owners of the Company	1,212,974	1,200,174
Non-controlling interests	50,752	37,772
Total equity	1,263,726	1,237,946
Liabilities		
Employee benefits	19,731	17,252
Deferred tax liabilities	37,121	36,160
Total non-current liabilities	56,852	53,412
Trade and other payables, including derivatives	178,917	238,339
Loans and borrowings	78,308	54,692
Current tax liabilities	1,424	1,391
Total current liabilities	258,649	294,422
Total liabilities	315,501	347,834
Total equity and liabilities	1,579,227	1,585,780
Net assets per share attributable to owners of the Company (RM)	6.20	6.14

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017 - unaudited**

	<----- Attributable to the owners of the Company ----->						Total	Non-controlling interests	Total equity
	<----- Non-Distributable ----->			Distributable					
<i>In thousands of RM</i>	Share capital	Treasury shares	Share premiums *	Revaluation reserve	Translation reserve	Retained profits			
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 period	-	-	-	-	(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
At 1-Jan-17	201,600	(13,297)	17,898	92,395	11,652	889,926	1,200,174	37,772	1,237,946
Foreign currency translation differences for foreign operations	-	-	-	-	2,416	-	2,416	-	2,416
Share of loss of equity-accounted investees	-	-	-	-	(164)	-	(164)	-	(164)
Profit for the period	-	-	-	-	-	10,552	10,552	2,597	13,149
Total comprehensive income for the period	-	-	-	-	2,252	10,552	12,804	2,597	15,401
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Subscription of shares in subsidiary by non-controlling interests	-	-	-	-	-	-	-	12,385	12,385
Dividends to owners of the company	-	-	-	-	-	-	-	(2,002)	(2,002)
Total transactions with owners of the Group	-	(4)	-	-	-	-	(4)	10,383	10,379
At 31-Mar-2017	201,600	(13,301)	17,898	92,395	13,904	900,478	1,212,974	50,752	1,263,726

* The Shares Premium are yet to be transfer to Share Capital due to provision of Section 618 (3) of the Companies Act 2016

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 2016 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 2017 – unaudited**

<i>In thousands of RM</i>	For the 3 months period ended 31-Mar-17	For the 3 months period ended 31-Mar-16
Cash flows from operating activities		
Profit before tax and non-controlling interests	18,491	13,636
Adjustments for non-cash items	16,149	11,720
Changes in working capital	(14,490)	(59,968)
Cash generated from/(used in) operations	20,150	(34,612)
Interest/Tax/Employee benefits/provision	(3,120)	(3,901)
Net cash generated from/(used in) operating activities	17,030	(38,513)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,659	38
Acquisition of property, plant and equipment	(43,893)	(9,890)
Net decrease in other investments	18,428	10,287
Additions of intangible assets	(1,608)	(3,796)
Investment in Joint Venture Company	(5,422)	-
Net cash used in investing activities	(30,836)	(3,361)
Cash flows from financing activities		
Subscription of shares in subsidiary by non-controlling interests	12,385	-
Dividends paid to non-controlling interests	(2,002)	(2,002)
Net drawdown/(repayment) of loans and borrowings	23,618	(15,998)
Purchase of treasury shares	(4)	(4)
Net cash generated from/(used in) financing activities	33,997	(18,004)
Net increase/(decrease) in cash and cash equivalents	20,191	(59,878)
Effect of exchange rate fluctuations	2,777	(4,670)
Cash and cash equivalents at 1 January	229,479	264,214
Cash and cash equivalents at the end of period	252,447	199,666

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

Cash and bank balances	150,779	91,929
Deposits and corporate management account with licensed banks	101,668	107,737
	252,447	199,666

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016. 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 2016.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations that are applicable to the Group:

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 107, *Statements of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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*, and 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.

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

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2016.

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.

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

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 period to date, other than the following repurchase of shares by the Company:

In thousands of RM

<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Feb-17	<u>1,000</u>	<u>4</u>

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 31 March 2017.

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 components; distribution of motor vehicles; provision of management services for companies within the Group and provision of automotive research and development services.
- *Indonesia operations:* comprises business in Indonesia.
- *All other segment:* comprises businesses in Vietnam, Australia, United States of America, Netherlands, Thailand and Myanmar.

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

A9. SEGMENTAL INFORMATION (CONT'D)

The manufacturing and distribution of automotive products within the Group are managed by four different operating segments within the Group. These operating segments are aggregated to form a reportable segment due to the similar nature and economic characteristics of the products. The nature, production process and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar for both replacement markets (“REM”) and Original Equipment Manufacturer (“OEM”) markets.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the Chief Operating Decision Makers (“CODM”). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In thousands of RM

INDIVIDUAL QUARTER

	31-Mar-17		31-Mar-16	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	39,930	4,897	51,873	3,380
Interior & Plastics	196,113	10,259	174,643	7,114
Electricals & Heat Exchange	37,549	564	42,266	3,895
Marketing	57,686	2,915	47,348	1,238
Non-reportable segment	15,910	135	13,822	(2,197)
Indonesia Operations	12,150	(2,074)	6,311	(1,242)
All Other Segments	30,058	1,963	24,902	1,585
	389,396	18,659	361,165	13,773
Eliminations	(95,321)	(168)	(85,030)	(137)
	294,075	18,491	276,135	13,636

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 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>	INDIVIDUAL QUARTER	
	Current Quarter Ended 31-Mar-17	Corresponding Quarter Ended 31-Mar-16
<u>With TCMH Group</u>		
Sales	19,516	26,721
Purchases	(2,293)	(2,343)
Administrative and consultancy services	(264)	(197)
Insurance	(1,587)	(1,180)
Rental expenses	(72)	(10)
Rental income	326	466

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	
	Current Quarter Ended 31-Mar-17	Corresponding Quarter Ended 31-Mar-16
<u>With WTCH Group</u>		
Purchases	(22)	(24)
Administrative and consultancy services	(588)	(621)
Rental income	93	40
Rental expenses	(317)	(358)

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 QUARTER	
	Current Quarter Ended 31-Mar-17	Corresponding Quarter Ended 31-Mar-16
<u>With TCIL Group</u>		
Sales	2,457	11,089

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 except for the following:-

- i) The proposed joint venture with TACHI-S (Thailand) Co. Ltd to develop, manufacture, assemble and sell of automotive seats in Vietnam as announced earlier was completed on 19 January 2017. The newly incorporated joint venture company, namely APM TACHI-S SEATING SYSTEMS VIETNAM CO.,LTD is classified and accounted for as a “join venture” of the Group; and
- ii) The proposed joint venture with Delta Kogyo Co., Ltd to carry on the business of developing, manufacturing, assembling and sale of automobile seating system as announced earlier was completed on 26 January 2017. The newly incorporated joint venture company, namely APM DELTA SEATING SYSTEMS SDN BHD is classified and accounted for as “subsidiary” of the Group.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liability as at 31 March 2017.

A15. CAPITAL COMMITMENTS

<i>In thousands of RM</i>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
Authorized but not contracted for	39,539	49,367
Contracted but not provided for	25,495	63,564
Total	65,034	112,931

B1. OPERATING SEGMENTS REVIEW

Analysis of Performance of All Operating Segments

1Q17 vs. 1Q16

The Group recorded revenue of RM294.1 million for the current quarter, an increase of 6.5% compared to 1Q16 of RM276.1 million, largely due to higher off take from OEMs thanks to the new models launched in the second half of 2016.

Group's profit before tax came in at RM18.5 million as compared with RM13.6 million in the corresponding quarter of last year due to higher sales and lower foreign currency translation losses arising from the trade debtors/creditors and bank balances.

Segmentation Review

Suspension Division

The Suspension Division's revenue declined by 23.0% to RM39.9 million in the current quarter compared to RM51.8 million in 1Q16 mainly caused by lower off-take from OEM as certain models had reached end of model life cycle in the second half of 2016. The profit before tax on the other hand, increased to RM4.9 million for 1Q17, compared to 1Q16 of RM3.4 million. The increase was mainly due to reversal of provision for warranty and lower foreign currency translation losses arising from the trade debtors/creditors and bank balances.

Interior & Plastics Division

Revenue for Interior and Plastics Division registered an increase of 12.3% to RM196.1 million in 1Q17 on the back of higher demand for OEM parts, arising from new model launches and higher localization content for certain OEM parts in the second half of 2016.

Correspondingly, profit before tax increased by 45.1% to RM10.3 million compared to RM7.1 million a year ago in line with the higher revenue. The higher profit before tax was also because reversal of staff related cost provision in the first quarter of 2017.

Electrical & Heat Exchange Division

Compared to corresponding same quarter last year, Electrical & Heat Exchange division revenue decreased by 11.2% to RM37.5 million. This was mainly due to lower demand from OEM customers. Likewise, the bottom-line registered a drop of 84.6% to RM0.6 million compared to RM3.9 million in the same quarter last year. The reduction in the profit before tax was in tandem with the lower demand from OEM markets while production overheads remained relatively fixed despite a reduction in production volume. The 1Q16's profit included reversal of product related costs provision during that period.

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)

Marketing Division

The strong USD against Ringgit Malaysia continues to benefit marketing export division. The export sale grew by 18.6% compared to 1Q16. The local REM also saw an increase of revenue by 28.5%, thanks to the aggressive promotional campaign and launch of new products during the quarter under review. Overall, the Marketing division recorded revenue of RM57.7 million for the current quarter 2017, an increase of 21.9% compared to RM47.3 million for the corresponding quarter in previous year. The segment's profit before tax had increased to RM2.9 million from RM1.2 million in the same quarter last year. This is mainly due to higher sales, favourable products mix as certain products have higher margins and lower foreign currency translation losses arising from the trade debtors/creditors and bank balances.

Non-reportable segment, Malaysia

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

For the current quarter of 2017, the segment revenue increased by 15.2% to RM15.9 million from RM13.8 million in the corresponding quarter last year. The increase was mainly to due to revenue contribution from the acquisition of aluminum casting business on September 2016.

In line with the increase in revenue, this segment recorded profit before tax of RM0.1 million compared to a loss of RM2.2 million in the previous year.

Indonesia Operations

Our Indonesia Operations refers to the manufacture of suspension products such as coil spring and leaf spring and the Group's investment in joint venture and associate in Indonesia.

The Indonesia Operations posted higher revenue of RM12.2 million for the current quarter of 2017, an increase of 93.7% from RM6.3 million recorded in the corresponding quarter last year. The growth in top line was mainly contributed by higher off-take from OEMs and sale of leaf spring upon commencement of its production in June 2016.

However, the Indonesia Operation's loss has widened by 75.0% to RM2.1 million compared to loss of RM1.2 million in the same quarter last year. The higher loss was caused by lower foreign currency translation gain arising from the trade debtors/creditors and bank balances.

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)

All Other Segments

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

Operations Outside Malaysia continues to register revenue growth with increase of 20.9% for its first quarter of 2017 at RM30.1 million compared to RM24.9 million recorded in corresponding quarter last year. The revenue from the coach’s seat business in Australia constituted 54% of the segments revenue. The recognition of sales from the newly acquired locomotive coach seat in Australia also contributed to this higher revenue. The acquisition was completed on 9 March 2016.

Likewise, profit before tax has improved by 25.0% to RM2.0 million from RM1.6 million in the same quarter last year.

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

Total Industry Volume (“TIV”) for the first quarter of 2017 fell 12.8% to 140,839 units from 161,691 units recorded in the preceding quarter. Total Production Volume (“TIP”) for the current quarter was also lower by 12.8% to 138,015 units from 158,288 units in last quarter of 2016. (Source : Malaysian Automotive Association).

The Group’s revenue fell in tandem to RM294.1 million for the first quarter of 2017, compared to preceding quarter of RM340.7 million largely due to lower off take from OEMs as a result of softer vehicle sale.

The Group’s current quarter profit before tax of RM18.5 million was lower by 29.9% compared to preceding quarter of RM26.4 million mainly due to lower sales and fair value gain on investment properties of RM2 million recorded in the preceding quarter.

B3. COMMENTARY ON PROSPECTS AND TARGETS

The Group continues to face a challenging operating environment in the highly competitive domestic automotive industry as margins remains under pressure from lower volumes and higher costs.

The Group, which has a strong emphasis on technology for sustainable growth would continue to drive the growth by developing higher quality products and expand product range locally and regionally.

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER	
(RM'000)	Current Quarter Ended <u>31-Mar-17</u>	Corresponding Quarter Ended <u>31-Mar-16</u>
<u>Current tax</u>		
- Current year	3,676	2,978
- Prior year	(240)	(818)
<u>Deferred tax</u>		
- Current year	603	659
- Prior year	1,283	88
Withholding Tax	20	39
	<u>5,342</u>	<u>2,946</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to the availability of tax incentives.

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 as at 31 March 2017 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	39,324	54	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 2016. 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

(RM'000)	As At 31-Mar-17	As At 31-Dec-16
Total retained earnings of the Company and its subsidiaries		
- realised profits	836,122	818,182
- unrealised profits	72,387	77,825
	<u>908,509</u>	<u>896,007</u>
Total share of retained profits of associate:		
- realised profits	10,359	10,439
Total share of retained profits of joint ventures		
- realised profits	17,190	17,492
	<u>936,058</u>	<u>923,938</u>
Consolidation adjustments	(35,580)	(34,012)
Total group retained earnings	<u>900,478</u>	<u>889,926</u>

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-17
Unsecured - Foreign currency loans	60,873
- Revolving credit	11,000
- Banker's Acceptances	1,435
- Islamic Medium Term Notes	5,000
	<u>78,308</u>
Amount due within the next 12 months	<u>78,308</u>
	<u>78,308</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>		31-Mar-17
<u>Currency</u>	<u>Denominated In</u>	
RM	RM	17,435
AUD	AUD	27,963
IDR	IDR	22,672
IDR	USD	3,099
USD	USD	7,139
		<u>78,308</u>

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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 2017.

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) will be paid on 28 June 2017. The entitlement date shall be 8 June 2017.

The net amount payable is RM19.6 million (2015 – RM23.5 million).

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	
	31-Mar-17	31-Mar-16
Profit attributable to the owners of the Company (RM'000)	10,552	9,343
Weighted average number of ordinary shares in issue ('000)	195,586	195,588
Basic EPS (sen)	5.40	4.78

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	
	(Unaudited)	(Unaudited)
	Current	Corresponding
	Quarter Ended	Quarter Ended
	31-Mar-17	31-Mar-16
(a) Interest income	(2,145)	(2,537)
(b) Other income including investment income	(944)	(584)
(c) Interest expense	880	577
(d) Depreciation and Amortization	15,404	11,720
(e) Impairment loss on trade receivables	68	-
(f) (Reversal)/provision of slow moving stock	(347)	86
(g) Gain on disposal of property, plant and equipment	(26)	(10)
(h) Net Foreign exchange loss	646	1,670
(i) (Gain)/ loss on derivatives	(358)	2,073

BY ORDER OF THE BOARD

KHOO PENG PENG
 QUAH KHIAN KHOON

Company Secretaries
 Kuala Lumpur
 5 May 2017