APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2018

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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 2018 – unaudited

In thousands of RM	**INDIVIDUAL QUARTER** Current Quarter Ended 31-Mar-18	Corresponding Quarter Ended 31-Mar-17	Change
Revenue	320,309	294,075	9%
Results from operating activities	26,037	17,295	51%
Finance costs	(834)	(880)	-5%
Finance income	2,251	2,145	5%
Share of the profit/(loss) of associates and joint ventures accounted for using the equity method, net of tax	1,384	(69)	-2106%
Profit before tax	28,838	18,491	56%
Income tax expense	(7,669)	(5,342)	44%
Profit for the period	21,169	13,149	61%
Other comprehensive income, net of tax			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(12,173)	2,416	-604%
Share of foreign currency translation differences of equity-accounted investees	(2,296)	(164)	1300%
Other comprehensive (expense)/income for the period, net of tax	(14,469)	2,252	-742%
Total comprehensive income for the period	6,700	15,401	-56%
Profit attributable to :			
Owners of the Company	16,210	10,552	54%
Non-controlling interests	4,959	2,597	91%
Profit for the period	21,169	13,149	61%
Total comprehensive income attributable to :			
Owners of the Company	1,741	12,804	-86%
Non-controlling interests	4,959	2,597	91%
Total comprehensive income for the period	6,700	15,401	-56%
Earnings per share			
Basic (sen)	8.29	5.40	54%

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 2017 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 2018 – unaudited

In thousands of RM	**As at 31-Mar-18**	**As at 31-Dec-17** (Audited)
Assets		
Property, plant & equipment	559,652	572,577
Prepaid lease payments	14,996	16,005
Investment properties	108,000	108,000
Investment in an associate	11,715	11,338
Investments in joint ventures	29,986	31,274
Intangible assets	20,328	19,966
Deferred tax assets	11,085	12,113
Total non-current assets	755,762	771,273
Inventories	232,883	242,236
Trade and other receivables, including derivatives	290,492	288,890
Other investments	107,364	110,662
Cash and cash equivalents	233,948	232,809
Total current assets	864,687	874,597
Total assets	1,620,449	1,645,870
Equity		
Share capital	219,498	219,498
Reserves	1,025,082	1,024,463
Treasury shares	(13,309)	(13,305)
Total equity attributable to owners of the Company	1,231,271	1,230,656
Non-controlling interests	56,891	53,934
Total equity	1,288,162	1,284,590
Liabilities		
Employee benefits	20,171	19,715
Deferred tax liabilities	44,177	43,910
Total non-current liabilities	64,348	63,625
Trade and other payables, including derivatives	203,640	225,031
Loans and borrowings	59,089	68,826
Current tax liabilities	5,210	3,798
Total current liabilities	267,939	297,655
Total liabilities	332,287	361,280
Total equity and liabilities	1,620,449	1,645,870
Net assets per share attributable to owners of the Company (RM)	6.30	6.29

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018 – unaudited

	<------------- *Attributable to the owners of the Company*						------------>		
	<----------- Non-Distributable		---------->			Distributable			
In thousands of RM	Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1-Jan-17	201,600	(13,297)	17,898	92,395	11,652	889,926	1,200,174	37,772	1,237,946
Transfer in accordance with Section 618(2) of the Companies Act 2016*	17,898	-	(17,898)	-	-	-	-	-	-
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)
Increase in non-controlling interests through business combination	-	-	-	-	-	-	-	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	219,498	(13,301)	-	92,395	13,904	900,478	1,212,974	50,752	1,263,726
At 1-Jan-18	219,498	(13,305)	-	109,250	1,787	913,426	1,230,656	53,934	1,284,590
Opening balance adjustment from adoption of MFRS 9	-	-	-	-	-	(1,122)	(1,122)	-	(1,122)
Restated balance as at 1 Jan 2018	219,498	(13,305)	-	109,250	1,787	912,304	1,229,534	53,934	1,283,468
Foreign currency translation differences for foreign operations	-	-	-	-	(12,173)	-	(12,173)	-	(12,173)
Share of loss of equity-accounted investees	-	-	-	-	(2,296)	-	(2,296)	-	(2,296)
Transfer of revaluation surplus on properties	-	-	-	(1,227)	-	1,227	-	-	-
Profit for the period	-	-	-	-	-	16,210	16,210	4,959	21,169
Total comprehensive income for the period	-	-	-	(1,227)	(14,469)	17,437	1,741	4,959	6,700
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Dividends to owners of the company	-	-	-	-	-	-	-	(2,002)	(2,002)
Total transactions with owners of the Group	-	(4)	-	-	-	-	(4)	(2,002)	(2,006)
At 31-Mar-2018	219,498	(13,309)	-	108,023	(12,682)	929,741	1,231,271	56,891	1,288,162

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, within 24 months upon commencement of the CA 2016, the Group may use the amount standing to the credit of the share premium account of RM17,898,000 as stipulated in Section 618(3) of the CA 2016.

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018 – unaudited

In thousands of RM	**For the 3 months period ended 31-Mar-18**	**For the 3 months period ended 31-Mar-17**
Cash flows from operating activities		
Profit before tax and non-controlling interests	28,838	18,491
Adjustments for non-cash items	10,322	16,149
Changes in working capital	(13,794)	(14,490)
Cash generated from operations	25,366	20,150
Interest/Tax/Employee benefits/provision	(3,259)	(3,120)
Net cash generated from operating activities	22,107	17,030
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	354	1,659
Acquisition of property, plant and equipment	(7,653)	(43,893)
Net decrease in other investments	3,298	18,428
Additions of intangible assets	(2,129)	(1,608)
Investment in joint ventures	-	(5,422)
Net cash used in investing activities	(6,130)	(30,836)
Cash flows from financing activities		
Subscription of shares in subsidiaries by non-controlling interests	-	12,385
Dividends paid to non-controlling interests	(2,002)	(2,002)
Net (repayment)/drawdown of loans and borrowings	(9,738)	23,618
Purchase of treasury shares	(4)	(4)
Net cash generated (used in)/from financing activities	(11,744)	33,997
Net increase in cash and cash equivalents	4,233	20,191
Effect of exchange rate fluctuations	(3,094)	2,777
Cash and cash equivalents at 1 January	232,809	229,479
Cash and cash equivalents at the end of period	**233,948**	**252,447**

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

Cash and bank balances	55,974	150,779
Deposits and corporate management account with licensed banks	177,974	101,668
	233,948	**252,447**

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (Condensed Report) have 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 2017. 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 2017.

A2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan amendment, Curtailment and Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2019 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019;

- from the annual period beginning on 1 January 2020 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2020 except for Amendment to MFRS 2, Amendment to MFRS 6 and Amendment to MFRS 14, which are not applicable to the Group; and

- The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

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.

In the implementation of MFRS 9, the Group assesses the impact of the MFRS 9 by estimating the loss rate using Flow Rate method.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

On the date of initial application, MFRS 9 did not affect the classification and measurement assets and financial liabilities, except debts which has increased by RM1.1 million as at 1 January 2018 as a result of applying the ECL model on trade receivables. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus these adjustments were recognized in the opening retained earnings of the current period.

	As reported at 31 December 2017 RM'000	Adjustment from adoption of MFRS 9 RM'000	Restated balance at 1 January 2018 RM'000
Group			
Trade and other receivables	288,890	(1,122)	287,768
Retained earnings	913,426	(1,122)	912,304

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Programs, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

Currently, the Group recognizes revenue from contracts with customers on the basis that persuasive evidence exists, usually in the form of an executed sales agreement, and that the significant risks and rewards of ownership have been transferred to the customer. Upon adoption of MFRS 15, the Group will recognize revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has done its assessment by reviewing the contracts with major customers. Based on the assessment, the impact to its retained earnings is reduce by approximately RM1.0 million. The Group adopted MFRS 15 in accordance with the partial retrospective application for annual periods beginning on 1 January 2018 and the comparatives will not be restated.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2017.

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:

		In thousands of RM
Month	**No. of shares repurchased**	**Total consideration**
Mar-18	1,000	4
	1,000	4

A8. DIVIDENDS PAID

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

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 types 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.

A9. SEGMENTAL INFORMATION (CONT'D)

In thousands of RM	INDIVIDUAL QUARTER			
	31-Mar-18		31-Mar-17	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit /(loss) before tax
Suspension	56,740	4,141	39,930	4,897
Interior & Plastics	217,926	16,780	196,113	10,259
Electricals & Heat Exchange	33,775	3,664	37,549	564
Marketing	66,721	3,575	57,686	2,915
Non-reportable segment	16,182	(459)	15,910	135
Indonesia Operations	14,710	(584)	12,150	(2,074)
All Other Segments	28,993	1,137	30,058	1,963
	435,047	28,254	389,396	18,659
Eliminations	(114,738)	584	(95,321)	(168)
	320,309	28,838	294,075	18,491

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 2017.

A11. RELATED PARTY DISCLOSURES

The following are significant related party transactions undertaken by the Group with Companies of which Directors had directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control:-

In thousands of RM	INDIVIDUAL QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
With TCMH Group	31-Mar-18	31-Mar-17
Sales	18,419	19,516
Provision of services	40	-
Purchases	(3,044)	(2,293)
Administrative and consultancy services	-	(264)
Insurance	(2,278)	(1,587)
Rental expenses	(74)	(72)
Rental income	403	326

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").

A11. RELATED PARTY DISCLOSURES (CONT'D)

In thousands of RM	**INDIVIDUAL QUARTER**	
	Current Quarter Ended	**Corresponding Quarter Ended**
With WTCH Group	**31-Mar-18**	**31-Mar-17**
Sales	150	-
Purchases	(43)	(22)
Administrative and consultancy services	(496)	(588)
Rental income	113	93
Rental expenses	(263)	(317)

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").

In thousands of RM	**INDIVIDUAL QUARTER**	
	Current Quarter Ended	**Corresponding Quarter Ended**
With TCIL Group	**31-Mar-18**	**31-Mar-17**
Sales	803	2,457
Rental expenses	(9)	-

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 year 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 February 2018, the Group has via its wholly-owned investment holding subsidiaries, APM Automotive Global Ltd ("**AAGL**") and APM Automotive International Limited ("**AAIL**"), jointly incorporated a new subsidiary in the State of Maharashtra under the jurisdiction of the Registrar of Companies, Pune, India by the name of APM Motors India Private Limited (Registration No. 174872) ("**AMI**") and subscribed for the entire issued and paid-up capital of AMI, representing 7,000 shares of Rs. 100 each for a total cash consideration of Rs.700,000 (equivalent to RM42,490) ("**Incorporation of AMI**"), in the following proportions:

I. Subscription of 6,000 shares representing 90% equity interest in AMI by AAGL; and
II. Subscription of 1,000 shares representing 10% equity interest in AMI by AAIL.

A13. CHANGES IN COMPOSITION OF THE GROUP (CONT'D)

AMI was incorporated as a private limited company to carry out the business of tooling & mould design, fabrication, repair and automotive parts manufacturing. The authorised share capital of AMI is Rs.1,000,000 divided into 10,000 shares of Rs. 100/- each of which 7,000 shares of Rs. 100/- each has been issued and fully paid-up.

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 liabilities as at 31 December 2017.

A15. CAPITAL COMMITMENTS

(i) Capital Commitment

In thousands of RM	**31-Mar-18**	**31-Mar-17**
Authorized but not contracted for	57,552	39,539
Contracted but not provided for	22,070	25,495
Total	**79,622**	**65,034**

(ii) Non-cancellable operating lease commitment

	31-Mar-18	**31-Mar-17**
In thousands of RM		
Commitments for minimum lease payments in relation to non-cancellable operating lease are payables as follows:-		
Not later than 1 year	938	1,026
More than 1 year but not later than 5 years	3,751	4,106
More than 5 years	57,657	64,382
TOTAL	62,346	69,514

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The Group's financial stability was reflected in net assets per share which slightly increased to RM6.30 (2017: RM6.29).

Total assets had decreased by 1.5% to RM1,620.4 million, mainly due to depreciation for the quarter and higher consumption of inventory as higher inventories were kept in Q4 2017 due to expected rise in material price and higher sales for Q1 2018.

In line with the higher consumption, lower purchases were made in Q1 2018 which resulted in the lower trade and other payables. These had resulted in total liabilities decreasing by 8.0% to RM332.2 million. The decrease was also contributed by the repayment of the borrowings.

Capital Expenditure and Cash Flow Position

Despite the higher profitability, cash and cash equivalents had decreased by 7.3% to RM233.9 million from RM252.4 million. This was mainly due to no new drawdown of loan was made, absence of NCI subscribing shares in subsidiaries and repayment of matured loan.

Looking ahead, the Group's strong cash and cash equivalents provide flexibility in pursuit of growth and expansion. This is further strengthened with the availability of the Islamic Commercial Papers ("ICPs") Programme and Islamic Medium Term Notes ("IMTNs") of up to RM1.5 billion in nominal value which will be used to fund the capital investment.

Analysis of Performance of All Operating Segments

1Q18 vs. 1Q17

The Group's recorded revenue of RM320.3 million in the current quarter, representing an increase of 8.9% compared to 1Q 2017 of RM294.1 million. The Interior and Plastics Division registered a higher demand for certain OEM models.

Likewise, Group's profit before tax increased by 55.9% to RM28.8 million compared to previous year same quarter of RM18.5 million. The higher profit was mainly attributed to the better utilization of fixed overhead which led to an improve gross profit margin for the Group.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Segment Review

Suspension Division

The Suspension Division saw an increase in revenue by 42.1% to RM56.7 million in 1Q18 against RM39.9 million in 1Q17. The revenue growth was due to higher export sales for leaf spring products. Despite the increase in revenue, profit before tax for quarter under review had reduced to RM4.1 million from RM4.9 million a year ago. The decrease resulted from weaker US Dollar against MYR as most export sales were traded in USD. Moreover, the rise in raw material price mainly steel bar and natural gas had impacted the margin.

Interior & Plastics Division

The revenue for Interior and Plastics Division had increased by 11.1% from RM196.1 million in 1Q17 to RM217.9 million in the current quarter. The increase is mainly due to higher demand by OEM customers and an introduction of new model since second half of 2017. Profit before tax had increased by 63.6% to RM16.8 million which is in-line with the increase in revenue, coupled with favorable products mix that generated higher margin.

Electrical & Heat Exchange Division

The Electrical & Heat Exchange Division saw a decrease in revenue by 10.1% to RM33.8 million. End of Production of two major models by OEM's customers was the key reason for the decrease. However, profit before tax had increased as the division had improved its operation efficiency including cost control. Besides, positive price adjustment by one of the customers had contributed to the better profitability.

Marketing Division

Revenue for marketing division grew by 15.7% or RM9.0 million quarter on quarter to RM66.7 million in 1Q18 driven by higher export sales of leaf spring products to Europe. Local replacement markets sales also improved as it's had expanded its product range by including new models. The increase in profit before tax is in tandem with the increase in revenue and a favourable products mix.

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 the 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, the non-reportable segment, Malaysia's revenue slightly increased by 1.7% to RM16.1 million. Despite the increase, the segment had a loss before tax of RM0.5 million mainly due to higher administrative costs.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Indonesia Operations

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.

Revenue for Indonesia operations had increased by 21.1% to RM14.7 million from RM12.2 million in 1Q17, as compared to 1Q18. The increase was contributed by the sales of leaf spring. The division had narrowed the loss before tax due to the higher sales of leaf spring and better performance by both the associate and joint venture of the Group.

All Other Segments

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

The revenue for Operations outside Malaysia had decreased by 3.5% for the 1Q18 to RM29.0 million from RM30.0 million recorded in the corresponding quarter last year. The reduction in revenue was mainly due to lower sales from Australia operations resulting from the unfavourable exchange rate.

Profit before tax had decreased by 42.1% or RM0.8 million mainly due to the higher material price and labour cost experienced by the leaf spring plant in Vietnam.

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

	Current Quarter 31-Mar-18	Preceding Quarter 31-Dec-17	Changes
Revenue	320,309	327,538	-2%
Profit before tax	28,838	21,877	32%

Compared with Q4 17, the revenue decreased by 2.2% from RM327.5 million to RM320.3 million and profit before tax increased by 31.8% (from RM21.9 million to RM28.9 million).

The lower sale of OEMs parts in the Interior & Plastic Division (I&P) had caused a decrease in the Group revenue.

However, despite the decrease in revenue, profit before tax was higher mainly due to better profitability from the Electrical and Heat Exchange Division as explained earlier. The I&P division's profit before tax for the current quarter was higher compared to Q417 despite the lower revenue. This was because of the provision for obsolete inventories in the immediate preceding quarter. The favorable products mix in the I&P division also improved its profitability.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS,

APM is primarily engaged in the design, manufacturing and supply of automotive parts with a reach that extends not only throughout Malaysia but internationally as well. Currently, APM has active presence in the United States of America, Netherlands, Australia, Thailand, Vietnam and the Republic of Indonesia.

APM's performance depends on regulatory, cultural and economic stability of these territories. APM is aware of these risk factors and accepts that many of them may not be within its control.

However, APM believes that prudent planning with organizational foresight and product innovation can minimize the risks and facilitate sustainable growth.

APM organically developed a 5-year transformation plan as a counter measure to assist it in maintaining sustainable growth. This plan, which focusses on priority areas such as expansion, efficiency and cost effective operations, was launched in 2015.

To-date, the transformation has seen the development and launch of APM's Test Lab which is equipped with the latest state of the art equipment for product testing and measurements and APM's participation in projects that involve the use and application of efficient alternative renewable energy.

The efforts and projects undertaken by APM following the commencement of its transformation plan is coming to fruition and with Moody upgrading its global auto industry from negative to stable (Source: https://www.cnbc.com/2018/03/14/moodys-upgrades-auto-industry-outlook-to-stable-from-negative.html) and the anticipated growth of the automotive industry on all fronts in 2018 by The Malaysian International Trade and Industry (MITI) (source: www.miti.gov.my/miti/.../Media_Release*),* greater growth can be expected from APM.

In addition to the above, APM will continue to strive for greater success expeditiously through mergers, acquisitions, strategic partnerships, joint ventures and alliances.

B4. INCOME TAX EXPENSE

In thousands of RM	INDIVIDUAL QUARTER	
(RM'000)	**Current Quarter Ended 31-Mar-18**	**Corresponding Quarter Ended 31-Mar-17**
Current tax		
- Current year	6,819	3,676
- Prior year	(17)	(240)
Deferred tax		
- Current year	867	603
- Prior year	-	1,283
Witholding Tax	-	20
	7,669	5,342

The Group's effective tax rate is higher than the statutory tax rate mainly due to current year losses of certain subsidiaries for which no deferred tax asset was recognized.

B5. CORPORATE PROPOSALS

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

B6. TRADE RECEIVABLES

	Gross RM'000	Impairment RM'000	Net RM'000
31-Mar-18			
Not past due	195,533	-	195,533
Past due 0 - 90 days	24,723	(249)	24,474
Past due 91 - 180 days	1,459	(266)	1,193
Past due more than 180 days	5,235	(1,557)	3,678
	226,950	(2,072)	224,878
31-Dec-17			
Not past due	195,330	-	195,330
Past due 0 - 90 days	18,822	-	18,822
Past due 91 - 180 days	5,595	-	5,595
Past due more than 180 days	2,067	(950)	1,117
	221,814	(950)	220,864

The trade amounts due from related parties and non-related parties are subject to 30-60 days trade credit term.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realizable values. Due to the nature of the industry, a significant portion of these receivables comprises regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Significant past due receivables, if deemed as high risks, are monitored individually

B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 31 March 2018 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	42,355	2,337	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 2017. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and its related accounting policies.

B8. BORROWINGS AND DEBT SECURITIES

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

In thousands of RM		**31-Mar-18**	**31-Dec-17**
Unsecured	- Foreign currency loans	47,489	50,926
	- Revolving credit	11,600	17,900
		59,089	68,826
Amount due within the next 12 months		59,089	68,826
		59,089	68,826

Group borrowings breakdown by currencies.

In thousands of RM

Functional Currency	Denominated In	**31-Mar-18**	**31-Dec-17**
RM	RM	11,600	17,900
AUD	AUD	21,894	23,005
IDR	IDR	21,440	23,100
IDR	USD	4,155	4,821
		59,089	68,826

Foreign currency loans were not hedged against Ringgit Malaysia as the drawdowns were done by overseas subsidiaries in their local currency respectively.

The Group borrowings are subject to interest ranging from 2.55% to 8.60% (2017: 2.55% to 8.60%) per annum.

B9. CHANGES IN MATERIAL LITIGATION

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

B10. DIVIDEND

No dividend has been proposed for the current quarter ended 31 March 2018.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a final single-tier dividend of 8.5 sen per ordinary share for the year ended 31 December 2017 (2016 – 10 sen per ordinary share) which will be paid on 25 June 2018. The entitlement date shall be 8 June 2018.

The net amount payable is RM16.6 million (2016 – RM19.6 million).

B11. 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-18	**31-Mar-17**
Profit attributable to the owners of the Company (RM'000)	16,210	10,552
Weighted average number of ordinary shares in issue ('000)	195,584	195,586
Basic EPS (sen)	**8.29**	**5.40**

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Profit before tax is arrived at after charging / (crediting) the following items:

	INDIVIDUAL QUARTER	
In thousands of RM	**(Unaudited) Current Quarter Ended 31-Mar-18**	**(Unaudited) Corresponding Quarter Ended 31-Mar-17**
Interest income	(2,251)	(2,145)
Other income including investment income	(1,417)	(944)
Interest expense	834	880
Depreciation and Amortization	14,081	15,404
Impairment loss on trade receivables	-	68
Reversal of slow moving stock	-	(347)
Gain on disposal of property, plant and equipment	(91)	(26)
Inventory written off	1,300	-
Net Foreign exchange loss	1,332	646
Gain on derivatives	(1,761)	(358)

BY ORDER OF THE BOARD

KHOO PENG PENG

Company Secretary
Kuala Lumpur
16 May 2018