



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

CONTENTS

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES TO THE QUARTERLY FINANCIAL REPORT	5-19



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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2018 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended 30-Jun-18	Quarter Ended 30-Jun-17		Year to Date 30-Jun-18	Year to Date 30-Jun-17	
Revenue	295,481	275,536	7%	615,790	569,611	8%
Results from operating activities	8,773	10,141	-13%	34,810	27,436	27%
Finance costs	(705)	(1,257)	-44%	(1,539)	(2,137)	-28%
Finance income	2,791	2,417	15%	5,042	4,562	11%
Share of the profit/(loss) of associates and joint ventures accounted for using the equity method, net of tax	(304)	(614)	-50%	1,080	(683)	-258%
Profit before tax	10,555	10,687	-1%	39,393	29,178	35%
Income tax expense	(4,522)	(6,775)	-33%	(12,191)	(12,117)	1%
Profit for the period	6,033	3,912	54%	27,202	17,061	59%
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	-	882	-100%	-	882	-100%
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	1,553	4,840	-68%	(10,620)	7,256	-246%
Share of foreign currency translation differences of equity-accounted investees	168	(1,356)	-112%	(2,128)	(1,520)	40%
Other comprehensive income/(expense) for the period, net of tax	1,721	4,366	-61%	(12,748)	6,618	-293%
Total comprehensive income for the period	7,754	8,278	-6%	14,454	23,679	-39%
Profit attributable to :						
Owners of the Company	1,548	2,511	-38%	17,758	13,063	36%
Non-controlling interests	4,485	1,401	220%	9,444	3,998	136%
Profit for the period	6,033	3,912	54%	27,202	17,061	59%
Total comprehensive income attributable to :						
Owners of the Company	3,269	6,877	-52%	5,010	19,681	-75%
Non-controlling interests	4,485	1,401	220%	9,444	3,998	136%
Total comprehensive income for the period	7,754	8,278	-6%	14,454	23,679	-39%
Earnings per share						
Basic (sen)	0.79	1.28	-38%	9.08	6.68	36%

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 30 JUNE 2018 – unaudited**

<i>In thousands of RM</i>	As at 30-Jun-18	As at 31-Dec-17 (Audited)
Assets		
Property, plant & equipment	562,958	572,577
Prepaid lease payments	15,126	16,005
Investment properties	108,000	108,000
Investment in an associate	11,223	11,338
Investments in joint ventures	30,342	31,274
Intangible assets	21,377	19,966
Deferred tax assets	11,482	12,113
Total non-current assets	760,508	771,273
Inventories	246,508	242,236
Trade and other receivables, including derivatives	282,106	288,890
Other investments	109,050	110,662
Cash and cash equivalents	215,709	232,809
Total current assets	853,373	874,597
Total assets	1,613,881	1,645,870
Equity		
Share capital	219,498	219,498
Reserves	1,011,723	1,024,463
Treasury shares	(13,309)	(13,305)
Total equity attributable to owners of the Company	1,217,912	1,230,656
Non-controlling interests	61,376	53,934
Total equity	1,279,288	1,284,590
Liabilities		
Employee benefits	20,836	19,715
Deferred tax liabilities	45,353	43,910
Total non-current liabilities	66,189	63,625
Trade and other payables, including derivatives	194,850	225,031
Loans and borrowings	68,739	68,826
Current tax liabilities	4,815	3,798
Total current liabilities	268,404	297,655
Total liabilities	334,593	361,280
Total equity and liabilities	1,613,881	1,645,870
Net assets per share attributable to owners of the Company (RM)	6.23	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 30 JUNE 2018 – 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-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	-	-	-	-	7,256	-	7,256	-	7,256
Remeasurement of defined benefit liabilities	-	-	-	-	-	882	882	-	882
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(1,520)	-	(1,520)	-	(1,520)
Profit for the period	-	-	-	-	-	13,063	13,063	3,998	17,061
Total comprehensive income for the period	-	-	-	-	5,736	13,945	19,681	3,998	23,679
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	12,385	12,385
Dividends to owners of the company	-	-	-	-	-	(19,559)	(19,559)	(2,002)	(21,561)
Total transactions with owners of the Group	-	(4)	-	-	-	(19,559)	(19,563)	10,383	(9,180)
At 30-Jun-2017	219,498	(13,301)	-	92,395	17,388	884,312	1,200,292	52,153	1,252,445
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	-	-	-	-	(10,620)	-	(10,620)	-	(10,620)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(2,128)	-	(2,128)	-	(2,128)
Transfer of revaluation surplus on properties	-	-	-	(2,454)	-	2,454	-	-	-
Profit for the period	-	-	-	-	-	17,758	17,758	9,444	27,202
Total comprehensive income for the period	-	-	-	(2,454)	(12,748)	20,212	5,010	9,444	14,454
Own shares acquired	-	(4)	-	-	-	-	(4)	-	(4)
Dividends to owners of the company	-	-	-	-	-	(16,628)	(16,628)	(2,002)	(18,630)
Total transactions with owners of the Group	-	(4)	-	-	-	(16,628)	(16,632)	(2,002)	(18,634)
At 30-Jun-2018	219,498	(13,309)	-	106,796	(10,961)	915,888	1,217,912	61,376	1,279,288

* 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
(Company No. 424838-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2018 – unaudited

<i>In thousands of RM</i>	For the 6 months period ended 30-Jun-18	For the 6 months period ended 30-Jun-17
Cash flows from operating activities		
Profit before tax and non-controlling interests	39,393	29,178
Adjustments for non-cash items	26,946	29,649
Changes in working capital	(29,792)	3,068
Cash generated from operations	36,547	61,895
Interest/Tax/Employee benefits/provision	(5,795)	(4,136)
Net cash generated from operating activities	30,752	57,759
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	598	358
Acquisition of property, plant and equipment	(23,905)	(49,400)
Net decrease/(increase) in other investments	1,612	(14,621)
Additions of intangible assets	(5,745)	(2,699)
Investment in joint ventures	-	(5,430)
Net cash used in investing activities	(27,440)	(71,792)
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)
Dividends paid to owners of the Company	(16,628)	(19,559)
Net (repayment)/drawdown of loans and borrowings	(88)	23,059
Purchase of treasury shares	(4)	(4)
Net cash generated (used in)/from financing activities	(18,722)	13,879
Net decrease in cash and cash equivalents	(15,410)	(154)
Effect of exchange rate fluctuations	(1,690)	11,216
Cash and cash equivalents at 1 January	232,809	229,479
Cash and cash equivalents at the end of period	215,709	240,541

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

Cash and bank balances	49,568	65,730
Deposits and corporate management account with licensed banks	166,141	174,811
	215,709	240,541

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.

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

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*

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

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 of 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

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

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.

Upon adoption of MFRS 15, the Group recognizes 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 as at 31 December 2017 is reduced 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 are not 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:

<u>Month</u>	<u>No. of shares repurchased</u>	<i>In thousands of RM</i>
		<u>Total consideration</u>
Mar-18	1,000	4
	<u>1,000</u>	<u>4</u>

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

A8. DIVIDENDS PAID

A final ordinary dividend of 8.5 sen per ordinary share (2016: 10 sen per ordinary share) totalling RM16.6 million (2016: RM19.6 million) in respect of financial year ended 31 December 2017 was paid on 25 June 2018.

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 segments:* 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.

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

A9. SEGMENTAL INFORMATION (CONT'D)

In thousands of RM

INDIVIDUAL QUARTER

	30-Jun-18		30-Jun-17	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	52,167	1,204	47,810	5,315
Interior & Plastics	194,757	9,664	178,424	6,596
Electricals & Heat Exchange	29,028	285	33,703	63
Marketing	64,590	3,099	61,681	1,890
Non-reportable segment	20,116	(1,210)	15,434	3
Indonesia Operations	11,258	(3,143)	10,999	(3,210)
All Other Segments	31,162	120	30,667	(219)
	403,078	10,019	378,718	10,438
Eliminations	(107,597)	536	(103,182)	249
	295,481	10,555	275,536	10,687

In thousands of RM

CUMULATIVE QUARTER

	30-Jun-18		30-Jun-17	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	108,907	5,345	97,097	10,212
Interior & Plastics	412,683	26,444	374,537	16,855
Electricals & Heat Exchange	62,803	3,949	71,252	627
Marketing	131,311	6,674	119,367	4,805
Non-reportable segment	36,298	(1,669)	31,344	138
Indonesia Operations	25,968	(3,727)	24,709	(5,284)
All Other Segments	60,155	1,257	60,725	1,744
	838,125	38,273	779,031	29,097
Eliminations	(222,335)	1,120	(209,420)	81
	615,790	39,393	569,611	29,178

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.

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

A11. RELATED PARTY DISCLOSURES

Significant transactions with Tan Chong Motor Holdings Berhad, Warisan TC Holdings Berhad and Tan Chong International Limited Groups, companies in which Director of the Company namely Dato' Tan Heng Chew and Dato' Tan Eng Hwa, are deemed to have substantial financial interests, are as follows-

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<u>With TCMH Group</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>
Sales	16,427	21,608	34,846	41,124
Provision of services	-	40	40	40
Purchases	(8,406)	(3,258)	(11,450)	(5,551)
Administrative and consultancy services	-	(36)	-	(300)
Insurance	(553)	(184)	(2,831)	(1,771)
Rental expenses	(76)	(74)	(150)	(146)
Rental income	387	326	790	652

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<u>With WTCH Group</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>
Sales	138	154	288	154
Purchases	(118)	(129)	(161)	(151)
Administrative and consultancy services	(779)	(823)	(1,275)	(1,411)
Rental income	112	126	225	219
Rental expenses	(288)	(252)	(551)	(569)

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		CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<u>With TCIL Group</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>	<u>30-Jun-18</u>	<u>30-Jun-17</u>
Sales	948	1,423	1,751	3,880
Purchases	(15)	-	(15)	-
Rental expenses	(9)	(18)	(18)	(18)

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 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

There were no changes in the composition of the Group for the quarter under review.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 30 June 2018.

A15. CAPITAL COMMITMENTS

(i) Capital Commitment

<i>In thousands of RM</i>	30-Jun-18	30-Jun-17
Authorized but not contracted for	57,246	42,607
Contracted but not provided for	25,526	14,288
Total	82,772	56,895

(ii) Non-cancellable operating lease commitment

<i>In thousands of RM</i>	30-Jun-18	30-Jun-17
Commitments for minimum lease payments in relation to non-cancellable operating lease are payables as follows:-		
Not later than 1 year	980	1,026
More than 1 year but not later than 5 years	3,922	4,106
More than 5 years	60,433	64,382
TOTAL	65,335	69,514

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

Statement of Financial Position

The financial stability of the Group is reflected in the net assets per share of RM6.23 (2017: RM6.29).

Total assets had decreased marginally from RM1,645.9 million as at 31 December 2017 to RM1,613.9 million as at 30 June 2018. The decrease was mainly due to payment of 2017's final dividend of RM16.6 million on 25 June 2018. Trade Receivable Turnover days had reduced from 69 days to 66 days, due to better collection, from both the Interior and Plastics and Suspension segments. Property, Plant & Equipment decreased by 1.7%, mainly due to the changes in the exchange rate on the assets held Overseas, mainly in Indonesia and Australia.

Prompt payment to suppliers had resulted in total liabilities decreasing by 7.4%. Payables turnover days for June 2018 is 33 days (2017: 41 days).

Capital Expenditure and Cash Flow Position

Despite better performance, cash and cash equivalents had decreased by 10.3% to RM215.7 million from RM240.5 million. This was mainly due to no new drawdown of loan and absence of non-controlling shareholder's subscription of shares in subsidiary.

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 could be used to fund the capital investment.

Analysis of Performance of All Operating Segments

2Q18 vs. 2Q17

In the current quarter, the Group recorded a revenue of RM295.4 million which shows an increase of 7.2% compared to 2Q17 of RM275.5 million. Similar to previous quarter, Interior and Plastics Division registered a higher demand from certain OEM models.

Despite the increase in revenue, Group's profit before tax dipped slightly by 1.2%. The lower profitability was mainly due to higher material costs and unfavorable foreign exchange on export sales suffered by the Suspension division.

Year-to-date 2018 vs. Year-to-date 2017

On a year to date basis, revenue had increased by 8.1% from RM569.6 million in second half of 2017 to RM615.8 million. The higher revenue was contributed by almost all segments except for Electrical and Head Exchange Division which registered lower revenue by 11.9%. The increase in revenue was mainly contributed by higher demand from OEM customers and export sales.

Correspondingly, the Group's profit before tax increased by 35.0% to RM39.3 million in the six-month period as a result of higher demand from OEM customers coupled with favorable products mix that generated 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)

Segment Review

Suspension Division

In the 2Q18, revenue for Suspension Division increased by 9.2% to RM52.2 million against RM47.8 million in 2Q17 which was contributed by higher export sales of leaf spring products. Despite the increase in revenue, profit before tax for the quarter under review had reduced to RM1.2 million. The decrease resulted from weaker US Dollar against MYR as most export sales were traded in USD. Moreover, the rise in raw material price had adversely impacted the margin.

Similar to quarterly review, the Suspension Division's recorded revenue of RM108.9 million, an increase of 12.2%. Despite the increase, profit before tax had decreased by 47.6% to RM5.3 million in the first half of 2018. The decrease was due to higher material costs and lower average export price as explained above. Besides that, during the first half of 2017, the reversal of provision for product warranty claim had resulted in higher profitability for that period.

Interior & Plastics Division

The revenue for Interior and Plastics Division had increased by 9.2% from RM178.4 million in 2Q17 to RM194.8 million in the quarter under review. The increase was mainly due to higher demand by OEM customers and an introduction of new model. In line with the increase in sales, profit before tax had increased by 46.5% to RM9.7 million, largely due to favorable products mix that generated higher margin.

Consistent with the above quarterly review, revenue and profit before tax for the six-month period of 2018 had increased from RM374.5 million to RM412.7 million and RM16.9 million to RM26.4 million respectively, which were due to the reasons mentioned above.

Electrical & Heat Exchange Division

Despite the better performance from the other divisions, revenue for Electrical & Heat Exchange division saw a decrease by 13.9% from RM33.7 million to RM29.0 million in the previous corresponding quarter. The decrease was due to lower call-in for two major customers and one of its products had reached end of product lifecycle since October 2017. Despite the decrease, profit before tax had increased slightly to RM0.3 million mainly due to price adjustment (due to foreign exchange fluctuation) for one of its customers.

For year-to-date 2018, revenue for the year had decreased by 11.8% to RM62.8 million from RM71.2 million in the same period last year. The lower revenue was mainly due to lower demand from customers and end of product lifecycle as explained earlier. Profit before tax on the other hand had increased from RM0.6 million to RM3.9 million contributed by favorable price adjustments in 2018. In addition, the division had improved led by the efficiency of its operation including cost control.

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)

Segment Review (Cont'd)

Marketing Division

Revenue for the current quarter for marketing division grew by 4.7% or RM2.9 million from RM61.7 million in 2Q17 to RM64.6 million, driven by higher export of leaf spring products to Europe and Pacific. The Sales from the local replacement markets had improved, thanks to the increased logging activities in East Malaysia and launches of new products. With the increase in revenue, profit before tax had increased by 63.2% to RM3.1 million from RM1.9 million in 2Q17. Favorable net foreign exchange gain (realized and unrealized) on the trade receivables/creditors had also contributed an increase to the bottom line.

Consistent with the above, revenue for the six-month period of 2018 had increased from RM119.4 million to RM131.3 million which had been explained earlier. The increase in revenue is the major contributor for the increase in profit before tax by 38.9% to RM6.7 million.

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 increased significantly by 30.3% to RM20.1 million. The increase was contributed by the higher sale of motor vehicles to consumers due to festivities-driven sales campaigns, new model launches and increased customers demand arising from "tax holiday" sales in Malaysia. Despite the increase in revenue, profit before tax had reduced due to higher administrative expenses and lower billing of service fee within the Group.

Consistent with current quarter, on the year-to-date basis, revenue had increased by 15.8% amounting to RM5.0 million from RM31.3 million in current quarter. The segment recorded a loss of RM1.7 million compared to marginal profit of RM0.1 million in the previous year same period.

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 2.7% to RM11.3 million from RM11.0 million in 2Q17. The increase was contributed by the higher sales of leaf spring. Despite improved sales, the associate had incurred loss due to inventory written off and this had offset the contribution gained from the higher sales of leaf spring. Hence, the Indonesia operation's bottom line registered slight improvement with loss of RM3.1 million for the current quarter compared to loss of RM3.2 million in the previous corresponding period.

Consistent with the above-mentioned factors, the revenue in Indonesia Operations for the six months of 2018 increased by 5.1% to RM25.9 million whilst losses had narrowed by RM1.6 million, i.e. 29.5%.

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)

Segment Review (Cont'd)

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 increased by 1.6% for the 2Q18 to RM31.2 million. After relocation of plant in previous year, the Australia operation has normalized and thus, chalked an increase in revenue. In line with higher revenue, the Division has registered profit before tax of RM0.1 million as compared to loss of RM0.2 million in 2Q17.

For year-to-date, revenue decreased by 0.9% to RM60.2 million mainly due to lower off-take from OEM customers in the Vietnam’s seat plant as the product is approaching end of product life cycle. Profit before tax had reduced from RM1.7 million to RM1.2 million. The lower profit margin is also caused by higher material price, especially steel bar suffered by Vietnam’s leaf spring operation.

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

<i>In Thousands of RM</i>	Segment Revenue				Segment Profit Before Tax			
	30-Jun-18	31-Mar-18	Changes		30-Jun-18	31-Mar-18	Changes	
			Amount	%			Amount	%
Suspension	52,167	56,740	(4,573)	-8.1%	1,204	4,141	(2,937)	-70.9%
Interior & Plastics	194,757	217,926	(23,169)	-10.6%	9,664	16,780	(7,116)	-42.4%
Electricals & Heat Exchange	29,028	33,775	(4,747)	-14.1%	285	3,664	(3,379)	-92.2%
Marketing	64,590	66,721	(2,131)	-3.2%	3,099	3,575	(476)	-13.3%
Non-reportable segment	20,116	16,182	3,934	24.3%	(1,210)	(459)	(751)	163.6%
Indonesia Operations	11,258	14,710	(3,452)	-23.5%	(3,143)	(584)	(2,559)	438.2%
All Other Segments	31,162	28,993	2,169	7.5%	120	1,137	(1,017)	-89.4%
	403,078	435,047	(31,969)	-7.3%	10,019	28,254	(18,235)	-64.5%
Eliminations	(107,597)	(114,738)	7,141	-6.2%	536	584	(48)	-8.2%
	295,481	320,309	(24,828)	-7.8%	10,555	28,838	(18,283)	-63.4%

Compared with Q1 18, the revenue decreased by 7.8% from RM320.3 million to RM295.5 million and profit before tax decreased by 63.4% (from RM28.8 million to RM10.6 million).

The OEM customers who planned production shutdown for routine maintenance during festive season holiday in the second quarter of 2018 was the main reason for the lower sales experienced by most Divisions.

Higher material costs especially steel bar had impacted the bottom-line of the Suspension Division for Malaysia, Indonesia and Vietnam’s operations. For the Interior & Plastic Division, the lower profit before tax was also due to reversal of staff related costs provision and recovery of costs from customer in the first quarter of 2018. The Electrical & Heat Exchange division 1Q18’s profit included price adjustment by one of the customers and reversal of stock 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

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

APM is principally involved in the design, manufacturing, assembly and production of automotive and mobility components. APM's main operation is located in Malaysia but it is also present in various other jurisdictions including United States of America, Netherlands, Australia, Thailand, Vietnam and the Republic of Indonesia.

Changes in policies and regulations as well as economic and currency uncertainty are the primary factors that could affect APM's performance. In this respect, APM has always exercised prudence in its business dealings.

With the trade war between the US and China, re-introduction of Sales and Services Tax particularly toward the last quarter of the year and with stringent hire purchasing rules expected to continue, the automotive business will become more challenging. The Malaysian Automotive Association ("MAA") has revised downward their original forecast for 2018 Total Industry Volume ("TIV") from 590,000 to 585,000 despite the encouraging car sales during the zero Good and Services Tax ("GST") period in June 2018.

APM acknowledges that change is constant and in order to maintain sustainable growth, APM is prepared to embrace change or risk being left behind. Accordingly, APM has to-date embarked on various projects involving the use of alternative energy and disruptive technology. When these projects materialize, they will provide APM with more sustainable revenue streams.

In addition to the above, APM is always on a look out for viable commercial acquisitions. APM is confident it has in place all the necessary measures to mitigate any eventualities.

Although the business environment is anticipated to remain challenging, the Group expects to perform satisfactorily this year.

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
(RM'000)	Current Quarter Ended <u>30-Jun-18</u>	Corresponding Quarter Ended <u>30-Jun-17</u>	Cumulative Year To Date <u>30-Jun-18</u>	Corresponding Year To Date <u>30-Jun-17</u>
<u>Current tax</u>				
- Current year	3,840	5,917	10,659	9,593
- Prior year	247	(12)	230	(252)
<u>Deferred tax</u>				
- Current year	417	(392)	1,284	211
- Prior year	-	1,254	-	2,537
Withholding Tax	18	8	18	28
	<u>4,522</u>	<u>6,775</u>	<u>12,191</u>	<u>12,117</u>

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.

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

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
<u>30-Jun-18</u>			
Not past due	167,812	-	167,812
Past due 0 - 90 days	35,214	-	35,214
Past due 91 - 180 days	63	-	63
Past due more than 180 days	5,042	(2,026)	3,016
	<u>208,131</u>	<u>(2,026)</u>	<u>206,105</u>
<u>31-Dec-17</u>			
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
	<u>221,814</u>	<u>(950)</u>	<u>220,864</u>

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 who 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 30 June 2018 are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets / (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	47,375	516	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.

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

B8. BORROWINGS AND DEBT SECURITIES

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

<i>In thousands of RM</i>	30-Jun-18	31-Dec-17
Unsecured - Foreign currency loans	47,089	50,926
- Revolving credit	21,650	17,900
	<u>68,739</u>	<u>68,826</u>
Amount due within the next 12 months	<u>68,739</u>	<u>68,826</u>
	<u>68,739</u>	<u>68,826</u>

Group borrowings breakdown by currencies.

<i>In thousands of RM</i>			
Functional	Denominated		
<u>Currency</u>	<u>In</u>	30-Jun-18	31-Dec-17
RM	RM	21,650	17,900
AUD	AUD	24,363	23,005
IDR	IDR	17,170	23,100
IDR	USD	4,556	4,821
USD	USD	1,000	-
		<u>68,739</u>	<u>68,826</u>

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

The Board has proposed an interim single-tier dividend of 5.0 sen per ordinary share (2017: 4.5 sen per ordinary share) for the financial year ending 31 December 2018 to be paid on 8 October 2018 to shareholders whose names appear in the Record of Depositors on 20 September 2018.

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

- Shares transferred into the depositor's securities account before 4.00 p.m. on 20 September 2018 in respect of ordinary transfers; and
- Shares brought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance to the Rules of Bursa Malaysia Securities Berhad

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

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		CUMULATIVE QUARTER	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Profit attributable to the owners of the Company (RM'000)	1,548	2,511	17,758	13,063
Weighted average number of ordinary shares in issue ('000)	195,584	195,586	195,584	195,586
Basic EPS (sen)	0.79	1.28	9.08	6.68

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

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 30-Jun-18	(Unaudited) Corresponding Quarter Ended 30-Jun-17	(Unaudited) Cumulative Year To Date 30-Jun-18	(Unaudited) Corresponding Year To Date 30-Jun-17
(a) Interest income	(2,791)	(2,417)	(5,042)	(4,562)
(b) Other income including investment income	(998)	(881)	(2,415)	(1,825)
(c) Interest expense	705	1,257	1,539	2,137
(d) Depreciation and Amortization	15,326	15,392	29,407	30,796
(e) Impairment loss on trade receivables	-	-	-	68
(f) Reversal of impairment loss on trade receivables	(38)	-	(38)	-
(g) Provision/(Reversal) of slow moving stock	1,856	(45)	1,022	(392)
(h) Gain on disposal of property, plant and equipment	(75)	(54)	(166)	(80)
(i) Inventory written off	-	-	1,300	-
(j) Net Foreign exchange (gain)/loss	(1,027)	325	305	971
(k) Loss/(gain) on derivatives	465	650	(1,296)	292

BY ORDER OF THE BOARD

KHOO PENG PENG

Company Secretary
Kuala Lumpur
29 August 2018