



APM AUTOMOTIVE HOLDINGS BERHAD

(Company No. 424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 SEPTEMBER 2018 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended 30-Sep-18	Quarter Ended 30-Sep-17		Year to Date 30-Sep-18	Year to Date 30-Sep-17	
Revenue	335,997	291,370	15%	951,787	860,981	11%
Results from operating activities	12,238	18,948	-35%	47,048	46,384	1%
Finance costs	(829)	(982)	-16%	(2,368)	(3,119)	-24%
Finance income	2,587	2,601	-1%	7,629	7,163	7%
Share of the profit/(loss) of associates and joint ventures accounted for using the equity method, net of tax	(386)	(238)	62%	694	(921)	-175%
Profit before tax	13,610	20,329	-33%	53,003	49,507	7%
Income tax expense	(4,700)	(5,573)	-16%	(16,891)	(17,690)	-5%
Profit for the period	8,910	14,756	-40%	36,112	31,817	13%
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	-	-	-	-	882	-100%
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	1,970	(3,185)	-162%	(8,650)	4,071	-312%
Share of foreign currency translation differences of equity-accounted investees	(79)	(963)	-92%	(2,207)	(2,483)	-11%
Other comprehensive income/(expense) for the period, net of tax	1,891	(4,148)	-146%	(10,857)	2,470	-540%
Total comprehensive income for the period	10,801	10,608	2%	25,255	34,287	-26%
Profit attributable to :						
Owners of the Company	3,348	12,934	-74%	21,106	25,997	-19%
Non-controlling interests	5,562	1,822	205%	15,006	5,820	158%
Profit for the period	8,910	14,756	-40%	36,112	31,817	13%
Total comprehensive income attributable to :						
Owners of the Company	5,239	8,786	-40%	10,249	28,467	-64%
Non-controlling interests	5,562	1,822	205%	15,006	5,820	158%
Total comprehensive income for the period	10,801	10,608	2%	25,255	34,287	-26%
Earnings per share						
Basic (sen)	1.71	6.61	-74%	10.79	13.29	-19%

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 SEPTEMBER 2018 – unaudited**

<i>In thousands of RM</i>	As at 30-Sep-18	As at 31-Dec-17 (Audited)
Assets		
Property, plant & equipment	556,774	572,577
Prepaid lease payments	15,001	16,005
Investment properties	108,041	108,000
Investment in an associate	10,263	11,338
Investments in joint ventures	30,835	31,274
Intangible assets	19,490	19,966
Deferred tax assets	12,522	12,113
Total non-current assets	752,926	771,273
Inventories	261,035	242,236
Trade and other receivables, including derivatives	288,966	288,890
Other investments	122,671	110,662
Cash and cash equivalents	218,907	232,809
Total current assets	891,579	874,597
Total assets	1,644,505	1,645,870
Equity		
Share capital	219,498	219,498
Reserves	1,016,962	1,024,463
Treasury shares	(13,312)	(13,305)
Total equity attributable to owners of the Company	1,223,148	1,230,656
Non-controlling interests	66,938	53,934
Total equity	1,290,086	1,284,590
Liabilities		
Employee benefits	21,310	19,715
Deferred tax liabilities	45,098	43,910
Total non-current liabilities	66,408	63,625
Trade and other payables, including derivatives	208,653	225,031
Loans and borrowings	74,408	68,826
Current tax liabilities	4,950	3,798
Total current liabilities	288,011	297,655
Total liabilities	354,419	361,280
Total equity and liabilities	1,644,505	1,645,870
Net assets per share attributable to owners of the Company (RM)	6.25	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 SEPTEMBER 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	-	-	-	-	4,071	-	4,071	-	4,071
Remeasurement of defined benefit liabilities	-	-	-	-	-	882	882	-	882
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(2,483)	-	(2,483)	-	(2,483)
Profit for the period	-	-	-	-	-	25,997	25,997	5,820	31,817
Total comprehensive income for the period	-	-	-	-	1,588	26,879	28,467	5,820	34,287
Own shares acquired	-	(8)	-	-	-	-	(8)	-	(8)
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	12,385	12,385
Dividends to owners of the company	-	-	-	-	-	(28,360)	(28,360)	(2,002)	(30,362)
Total transactions with owners of the Group	-	(8)	-	-	-	(28,360)	(28,368)	10,383	(17,985)
At 30-Sep-2017	219,498	(13,305)	-	92,395	13,240	888,445	1,200,273	53,975	1,254,248
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	-	-	-	-	(8,650)	-	(8,650)	-	(8,650)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(2,207)	-	(2,207)	-	(2,207)
Transfer of revaluation surplus on properties	-	-	-	(3,751)	-	3,751	-	-	-
Profit for the period	-	-	-	-	-	21,106	21,106	15,006	36,112
Total comprehensive income for the period	-	-	-	(3,751)	(10,857)	24,857	10,249	15,006	25,255
Own shares acquired	-	(7)	-	-	-	-	(7)	-	(7)
Dividends to owners of the company	-	-	-	-	-	(16,628)	(16,628)	(2,002)	(18,630)
Total transactions with owners of the Group	-	(7)	-	-	-	(16,628)	(16,635)	(2,002)	(18,637)
At 30-Sep-2018	219,498	(13,312)	-	105,499	(9,070)	920,533	1,223,148	66,938	1,290,086

* 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 SEPTEMBER 2018 – unaudited**

<i>In thousands of RM</i>	For the 9 months period ended 30-Sep-18	For the 9 months period ended 30-Sep-17
Cash flows from operating activities		
Profit before tax and non-controlling interests	53,003	49,507
Adjustments for non-cash items	41,852	41,433
Changes in working capital	(38,088)	(17,668)
Cash generated from operations	56,767	73,272
Interest/Tax/Employee benefits/provision	(9,895)	(6,983)
Net cash generated from operating activities	46,872	66,289
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	858	462
Acquisition of property, plant and equipment	(29,187)	(62,797)
Net (increase)/decrease in other investments	(12,009)	(17,225)
Additions of intangible assets	(6,229)	(2,161)
Investment in joint ventures	-	(5,430)
Net cash used in investing activities	(46,567)	(87,151)
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)	(28,360)
Net drawdown of loans and borrowings	5,581	18,764
Purchase of treasury shares	(7)	(8)
Net cash generated (used in)/from financing activities	(13,056)	779
Net decrease in cash and cash equivalents	(12,751)	(20,083)
Effect of exchange rate fluctuations	(1,151)	9,750
Cash and cash equivalents at 1 January	232,809	229,479
Cash and cash equivalents at the end of period	218,907	219,146

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

Cash and bank balances	59,594	62,766
Deposits and corporate management account with licensed banks	159,313	156,380
	218,907	219,146

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 of assets and financial liabilities, except debts which have 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 a reduction of 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:

In thousands of RM

<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Mar-18	1,000	4
Sep-18	1,000	3
	<u>2,000</u>	<u>7</u>

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

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 30 September 2018.

A9. SEGMENTAL INFORMATION

The Group's operating structure comprises the following strategic business divisions, with 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; and 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 ("IVT") 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-Sep-18		30-Sep-17	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	57,185	1,510	54,052	5,357
Interior & Plastics	215,738	13,989	186,287	9,371
Electrical & Heat Exchange	35,048	1,165	37,936	1,481
Marketing	68,325	2,470	64,489	2,852
Non-reportable segment	26,432	330	15,328	757
Indonesia Operations	15,269	(3,898)	14,879	(1,510)
All Other Segments	32,949	(1,231)	33,801	2,058
	450,946	14,335	406,772	20,366
Eliminations	(114,949)	(725)	(115,402)	(37)
	335,997	13,610	291,370	20,329

In thousands of RM

CUMULATIVE QUARTER

	30-Sep-18		30-Sep-17	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	166,092	6,855	151,149	15,569
Interior & Plastics	628,421	40,433	560,824	26,226
Electrical & Heat Exchange	97,851	5,114	109,188	2,108
Marketing	199,636	9,144	183,856	7,657
Non-reportable segment	62,730	(1,339)	46,672	895
Indonesia Operations	41,237	(7,625)	39,588	(6,794)
All Other Segments	93,104	26	94,526	3,802
	1,289,071	52,608	1,185,803	49,463
Eliminations	(337,284)	395	(324,822)	44
	951,787	53,003	860,981	49,507

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 Directors 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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
With TCMH Group	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Sales	24,507	19,537	59,353	60,661
Provision of services	-	-	40	40
Purchases	(13,096)	(1,626)	(24,546)	(7,177)
consultancy services	-	8	-	(292)
Insurance	(355)	(102)	(3,186)	(1,873)
Rental expenses	(76)	(73)	(226)	(219)
Rental income	385	359	1,175	1,011

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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
With WTCH Group	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Sales	37	34	325	188
Purchases	(29)	(20)	(190)	(171)
Administrative and consultancy services	(579)	(294)	(1,854)	(1,705)
Rental income	113	112	338	331
Rental expenses	(282)	(401)	(833)	(970)

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	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
With TCIL Group	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Sales	1,381	850	3,132	4,730
Purchases	(2)	-	(17)	-
Rental expenses	(9)	(8)	(27)	(26)

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 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 September 2018.

A15. CAPITAL COMMITMENTS

(i) Capital Commitment

<i>In thousands of RM</i>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
Authorized but not contracted for	49,130	30,503
Contracted but not provided for	18,137	14,630
Total	<u>67,267</u>	<u>45,133</u>

(ii) Non-cancellable operating lease commitment

<i>In thousands of RM</i>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:-		
Not later than 1 year	1,005	1,026
More than 1 year but not later than 5 years	4,021	4,106
More than 5 years	<u>62,113</u>	<u>64,382</u>
TOTAL	<u>67,139</u>	<u>69,514</u>

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The Group's net assets per share as at 30 September 2018 has reduced by RM0.04 to RM6.25 compared to 31 December 2017 of RM6.29. The decrease was mainly due to the foreign currency translation loss for foreign subsidiaries of RM10.8 million for the 9-month period, mainly caused by the weakening of Indonesia Rupiah against Malaysia Ringgit. Nevertheless, the Group financial position remains stable with the Current Ratio of 3.1 times (Current Ratio = Current Assets / Current Liabilities).

Statement of Cash Flow and Capital Expenditure

The Group maintains the same level of cash and cash equivalents at RM219 million as at 30 September 2018 and 30 September 2017. The payment for acquisition of property, plant and equipment has reduced by 53.5% compared to RM62.8 million spent for last year 9-month period. The significant level of capital expenditure in 2017 was mainly for the purchase and construction of plants in Australia, Thailand and Kulim.

As at 30 September 2018, the Group has capital commitments of RM67.3 million, mainly for upgrading of the production facilities and construction of plant in Melaka. The capital commitment will be funded by internal generated funds or bank borrowings.

Sufficient cash reserves are essential in the pursuit of growth and expansion. The Islamic Commercial Papers ("ICPs") Programme and Islamic Medium Term Notes ("IMTNs") of up to RM1.5 billion in nominal value can be utilized for future capital investment, if required.

Analysis of Performance of All Operating Segments

3Q18 vs. 3Q17

Total Industry Production Volume ("TIP") of motor vehicles in the third quarter of 2018 increased by 11% to reach a total of 139,551 units compared to 125,853 units in the same period last year. (Source: Malaysian Automotive Association). The increase in the production volume was mainly due to the encouraging car sales during the zero Goods and Services Tax ("GST") period from June to August 2018.

The Group's revenue increased in tandem to the increase in production of vehicles, to RM336.0 million for the current quarter, compared to 3Q17 of RM291.4 million largely due to higher demand from OEMs. Interior and Plastics Division remains as the top revenue contributor with continued strong demand from certain OEM models.

However, the higher revenue did not translate into better profit before tax ("PBT"). The Group's PBT in the current quarter declined from RM20.3 million to RM13.6 million, mainly due to higher material costs and unfavorable exchange on export sales suffered by Suspension division. Indonesia Operations' loss has worsened, caused by the weakening of Indonesia Rupiah against USD, which has impacted the raw material prices.

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PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Year-on-date 2018 vs. Year-on-date 2017

On a year-on-date basis, the Group's revenue recorded 10.5% growth, contributed mainly by the Interior and Plastics division which increased by 12.1% or RM67.6 million. The increase was due to generally higher demand from OEM customers as explained earlier.

Correspondingly, the Group's PBT increased by 7.1% to RM53.0 million in the 9-month period as a result of higher demand from OEM customers coupled with favorable products mix that generated higher margin recorded in Interior and Plastics division.

Segment Review

Suspension Division

The higher demand for shock absorbers from certain OEM models brought in additional revenue to Suspension Division, resulting in the revenue increasing by 5.8% to RM57.2 million compared to RM54.1 million recorded in the same quarter of last year. Unfortunately, the Division's PBT fell by 71.8% after suffering higher steel costs and lower average price for export. Sales denominated in US Dollar became unfavorable due to strengthening of Ringgit against US Dollar. Apart from that, the results in Q3'17 included a reversal of provision for product warranty claim.

For year-on-date of 2018, the Division's revenue increased by RM14.9 million (9.9%) mainly due to higher exports of leaf springs to the Europe and ASEAN regions and higher demand for leaf springs from local replacement and OEM markets.

Similar to the quarterly review, the Suspension division recorded PBT of RM6.9 million, a decrease of 56% due to the rising steel cost, unfavorable export price and reversal of provision for product warranty claim in last year same period, as explained earlier.

Interior & Plastics Division

For the current quarter, the Interior & Plastic division experienced growth in both revenue and profit before tax by RM29.5 million and RM4.6 million respectively. The higher demand from OEM customers resulted from the good car sales during the zero GST period from June to August 2018 which was the key contributor to the increase. In line with the increase in revenue, PBT had increased by 49.3% to RM14.0 million, largely due to favorable product mix that generated higher margin.

Consistent with the current quarter, on the year-on-date basis, revenue and PBT for the 9-month period of 2018 had increased from RM560.8 million to RM628.4 million and RM26.2 million to RM40.4 million respectively, largely due to the reasons mentioned earlier.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Segment Review (Cont'd)

Electrical & Heat Exchange Division

Despite an increase in the TIP for the current quarter, revenue of the Electrical & Heat Exchange division saw a drop of 7.6% from RM37.9 million in the previous corresponding quarter to RM35.0 million. The decrease was mainly due to one of its key products which had reached end of product lifecycle since October 2017. Hence, the division's PBT decreased by RM0.3 million to RM1.2 million compared to the previous year same quarter of RM1.5 million.

In the first nine months, the Electrical & Heat Exchange posted RM97.9 million in revenue against RM109.2 million a year ago. The decrease was due to lower call-in for two major customers and one of its products which had reached end of product lifecycle since October 2017. Despite the decrease, profit before tax had more than doubled from RM2.1 million to RM5.1 million, mainly due to price adjustment (arising from foreign exchange fluctuation) for one of its customers and improved margin due to the strengthening of Ringgit that lowered the material costs.

Marketing Division

The Marketing Division increased its revenue by RM3.8 million or 5.9% quarter on quarter from RM64.5 million in 3Q17 to RM68.3 million. The higher sales activities were fueled by the increase of orders from local dealers before implementation of Sales and Services Tax ("SST") in Malaysia, increased logging activities (thanks to the Pan Borneo Highway project in East Malaysia) and launch of new range of products. However, the segment's PBT had decreased to RM2.5 million from RM2.9 million in the same quarter last year. This is mainly due to unfavorable product mix and higher promotional and advertising costs incurred for the period.

For year-on-date 2018, revenue increased from RM183.9 million to RM199.6 million, an increase of RM15.8 million (8.6%). The growth was attributed to the increase in the domestic market and export sales. APM's products especially leaf springs are well received globally. The segment's PBT had increased to RM9.1 million from RM7.7 million in the same 9-month period last year, mainly due to the realised/unrealised net foreign exchange gains arising from 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 the business of casting, machining and assembly of aluminum parts and components and distribution of motor vehicles to internal and external customers.

Revenue for non-reportable segment increased by RM11.1 million (72.4%). Trading of motor vehicle business recorded historical high following the festive-driven sales campaigns, new model launches and "tax holiday" in Malaysia. However, higher administrative expenses especially staff costs and lower billing of service fee had impacted the division's profitability.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Segment Review (Cont'd)

Non-reportable segment, Malaysia (Cont'd)

Consistent with the above quarterly results, trading of motor vehicles was the main contributor to the revenue increase. Revenue for the nine-month period of 2018 increased from RM46.7 million to RM62.7 million recorded in the same period of last year. Despite the increased revenue, this segment recorded a loss of RM1.3 million compared to profit of RM0.9 million a year ago mainly due to higher administrative expenses.

Indonesia Operations

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

The Indonesia Operations registered a marginal increase in revenue by 2.6% (3Q'18: RM15.3 million; 3Q'17: RM14.9 million), mainly contributed from leaf springs for local replacement market. The Indonesia Operations closed the quarter with a loss of RM3.9 million against a loss of RM1.5 million in the same quarter last year. The higher losses were due to increase in raw material cost and weakening of the Indonesia Rupiah ("IDR") against USD. The higher share of associate's loss (caused by lower revenue and adverse impact of forex rate of IDR to USD) has widened the loss of the Indonesia Operations for the current quarter.

Consistent with the above-mentioned factors, the revenue and loss for the Indonesia Operations for the nine months of 2018 increased by 4.2% to RM41.2 million and by 12.2% to RM7.6 million respectively.

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 the Operations outside Malaysia had decreased marginally by 2.5% (from RM33.8 million to RM32.9 million). The decrease was mainly due to lower off-take from OEM customers in Vietnam, especially for seat plant as the product has achieved end of product life cycle. Correspondingly, the Division recorded loss of RM1.2 million compared to profit of RM2.1 million in 3Q17. The loss for the current quarter was also caused by the rising material and operating costs for Vietnam Operations, higher operating costs in Australia resulting from the relocation of plant at Brisbane and higher operating costs which comprised mainly staff costs and depreciation for Thailand operations.

Likewise, for the year to date, revenue decreased marginally for this segment by 1.5% to RM93.1 million while registering negligible profit compared to a profit of RM3.8 million in the same period last year.

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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-Sep-18	30-Jun-18	Changes		30-Sep-18	30-Jun-18	Changes	
			Amount	%			Amount	%
Suspension	57,185	52,167	5,018	9.6%	1,510	1,204	306	25.4%
Interior & Plastics	215,738	194,757	20,981	10.8%	13,989	9,664	4,325	44.8%
Electricals & Heat Exchang	35,048	29,028	6,020	20.7%	1,165	285	880	308.8%
Marketing	68,325	64,590	3,735	5.8%	2,470	3,099	(629)	-20.3%
Non-reportable segment	26,432	20,116	6,316	31.4%	330	(1,210)	1,540	-127.3%
Indonesia Operations	15,269	11,258	4,011	35.6%	(3,898)	(3,143)	(755)	24.0%
All Other Segments	32,949	31,162	1,787	5.7%	(1,231)	120	(1,351)	-1125.8%
	450,946	403,078	47,868	11.9%	14,335	10,019	4,316	43.1%
Eliminations	(114,949)	(107,597)	(7,352)	6.8%	(725)	536	(1,261)	-235.3%
	335,997	295,481	40,516	13.7%	13,610	10,555	3,055	28.9%

The Group recorded a growth in revenue by 13.7% as compared to preceding quarter and PBT increased from RM10.6 million to RM13.6 million.

The increase in revenue was contributed by all segments for reasons explained in the section B1 of this report.

The Group's PBT grew in line with revenue, from RM10.6 million to RM13.6 million. Despite higher revenue, the Operations Outside Malaysia and Indonesia Operations recorded higher loss mainly caused by the effect of weakening of the local currency against USD compared to Q218 and higher material price.

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 uncertainties are the primary factors that could affect APM's performance. In this respect, APM has always exercised prudence in its business dealings.

The vehicle industry in Malaysia saw a marked increase in sales in Q3 in view of the zero GST for 3 months from June to August 2018. During those 3 months, the Total Industry Volume ("TIV") reached 165,257 units or 32% higher than that of the same period in 2017 (Source: Malaysian Automotive Association ("MAA")).

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B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS (Cont'd)

Uncertain economic and political environment, the rising cost of living, the weakening of the Ringgit versus the USD, the strict scrutiny of financial institutions on vehicle loan application, the lack of disposal income and the increase of materials due to the effect of the trade dispute waged by the US against China has largely attributed to the decline in consumer sentiments towards the acquisition of big-ticket items.

All these have led the Malaysian Automotive Association (“MAA”) to revise its original TIV forecast downward from 590,000 to 585,000 even though TIV as of 30 September 2018 stood at 454,971 units, representing a 7% increase from the 425,678 units in the same period last year (Source: MAA).

APM acknowledges that change is constant and in order to remain sustainable, APM must remain relentless in the implementation of its 5-year strategy plan, which focuses on expansion, cost effective operations, research and development and branding enhancement activities.

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Sep-18</u>	Corresponding Quarter Ended <u>30-Sep-17</u>	Cumulative Year To Date <u>30-Sep-18</u>	Corresponding Year To Date <u>30-Sep-17</u>
<u>Current tax</u>				
- Current year	6,531	5,475	17,190	15,068
- Prior year	(1,220)	459	(990)	207
<u>Deferred tax</u>				
- Current year	(96)	(732)	1,188	(521)
- Prior year	(525)	360	(525)	2,897
Withholding Tax	10	11	28	39
	<u>4,700</u>	<u>5,573</u>	<u>16,891</u>	<u>17,690</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.

B5. CORPORATE PROPOSALS

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

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PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B6. TRADE RECEIVABLES

<i>In thousands of RM</i>	Gross	Impairment	Net
<u>30-Sep-18</u>			
Not past due	187,857	-	187,857
Past due 0 - 90 days	26,769	-	26,769
Past due 91 - 180 days	1,086	-	1,086
Past due more than 180 days	5,864	(3,398)	2,466
	221,576	(3,398)	218,178
<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
	221,814	(950)	220,864

The trade receivables amounts due from related parties and non-related parties are given 30-60 days 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 September 2018 are as follows:

In thousands of RM

Type of Derivatives	Notional Amount	Net Fair Value Assets / (Liabilities)	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 their related accounting policies.

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-Sep-18	31-Dec-17
Unsecured	- Foreign currency loans	50,458	50,926
	- Revolving credit	23,950	17,900
		<u>74,408</u>	<u>68,826</u>
Amount due within the next 12 months		<u>74,408</u>	<u>68,826</u>
		<u>74,408</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-Sep-18	31-Dec-17
RM	RM	23,950	17,900
AUD	AUD	24,988	23,005
IDR	IDR	22,095	23,100
IDR	USD	3,375	4,821
		<u>74,408</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

No dividend has been proposed for the current quarter ended 30 September 2018.

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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-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Profit attributable to the owners of the Company (RM'000)	3,348	12,934	21,106	25,997
Weighted average number of ordinary shares in issue ('000)	195,583	195,586	195,583	195,586
Basic EPS (sen)	1.71	6.61	10.79	13.29

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		CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<i>In thousands of RM</i>	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
(a) Interest income	(2,587)	(2,601)	(7,629)	(7,163)
(b) Other income including investment income	(1,454)	(1,407)	(3,869)	(3,232)
(c) Interest expense	829	982	2,368	3,119
(d) Depreciation and Amortization	15,111	14,273	44,518	45,069
(e) Impairment loss on trade receivables	255	-	255	68
(f) Net reversal of impairment loss on trade receivables	(57)	-	(95)	-
(g) Net reversal of slow moving stock	(3,331)	(380)	(2,309)	(772)
(h) Gain on disposal of property, plant and equipment	(132)	(40)	(298)	(120)
(i) Inventory written off	1,037	-	2,337	-
(j) Net Foreign exchange (gain)/loss	(318)	(329)	(13)	642
(k) Loss/(gain) on derivatives	2,296	(229)	1,000	63

BY ORDER OF THE BOARD

KHOO PENG PENG

Company Secretary
Kuala Lumpur
16 November 2018