



APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2020**

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APM AUTOMOTIVE HOLDINGS BERHAD
 Registration No. 199701009342 (424838-D)
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 31 DECEMBER 2020 – unaudited**

| <i>In thousands of RM</i> | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|--|----------------------------|----------------------------|--------|---------------------------|---------------------------|--------|
| | Current | Corresponding | Change | Cumulative | Cumulative | Change |
| | Quarter Ended 31-Dec-20 | Quarter Ended 31-Dec-19 | | Year to Date 31-Dec-20 | Year to Date 31-Dec-19 | |
| Revenue | 358,615 | 386,302 | -7% | 1,123,558 | 1,496,940 | -25% |
| Results from operating activities | 14,617 | 16,866 | -13% | 16,167 | 71,286 | -77% |
| Finance costs | (1,220) | (1,569) | 22% | (5,111) | (5,997) | 15% |
| Finance income | 1,504 | 2,815 | -47% | 7,818 | 9,880 | -21% |
| Share of the loss of equity-accounted associates and joint ventures, net of tax | (522) | (1,251) | 58% | (3,457) | (6,394) | 46% |
| Profit before tax | 14,379 | 16,861 | -15% | 15,417 | 68,775 | -78% |
| Income tax expense | (5,291) | (4,931) | -7% | (10,044) | (20,362) | 51% |
| Profit for the year | 9,088 | 11,930 | -24% | 5,373 | 48,413 | -89% |
| Other comprehensive income/(loss), net of tax | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | |
| Remeasurement of defined benefit liability | - | (1,492) | 100% | - | (1,492) | 100% |
| Revaluation of property | 68,022 | 31,727 | 114% | 68,022 | 31,727 | 114% |
| Items that will be reclassified subsequently to profit or loss | | | | | | |
| Foreign currency translation differences for consolidated subsidiaries | 3,331 | (1,431) | 333% | (3,532) | 4,456 | -179% |
| Foreign currency translation differences for equity-accounted associate and joint ventures | 1,122 | (32) | 3606% | (223) | 1,099 | -120% |
| Other comprehensive income for the year, net of tax | 72,475 | 28,772 | 152% | 64,267 | 35,790 | 80% |
| Total comprehensive income for the year | 81,563 | 40,702 | 100% | 69,640 | 84,203 | -17% |
| Profit attributable to : | | | | | | |
| Owners of the Company | 2,815 | 6,513 | -57% | (10,469) | 27,237 | -138% |
| Non-controlling interests | 6,273 | 5,417 | 16% | 15,842 | 21,176 | -25% |
| Profit for the year | 9,088 | 11,930 | -24% | 5,373 | 48,413 | -89% |
| Total comprehensive income attributable to : | | | | | | |
| Owners of the Company | 74,743 | 35,227 | 112% | 53,251 | 62,969 | -15% |
| Non-controlling interests | 6,820 | 5,475 | 25% | 16,389 | 21,234 | -23% |
| Total comprehensive income for the year | 81,563 | 40,702 | 100% | 69,640 | 84,203 | -17% |
| Earnings/(Loss) per ordinary share | | | | | | |
| Basic (sen) | 1.44 | 3.33 | -57% | (5.36) | 13.93 | -138% |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 – unaudited**

| <i>In thousands of RM</i> | As at 31-Dec-20 | As at 31-Dec-19 (Audited) |
|---|----------------------------|--|
| Assets | | |
| Property, plant and equipment | 682,270 | 617,305 |
| Investment properties | 106,660 | 112,560 |
| Investment in an associate | - | 898 |
| Investments in joint ventures | 55,286 | 31,723 |
| Intangible assets | 24,577 | 18,526 |
| Deferred tax assets | 23,998 | 17,659 |
| Total non-current assets | 892,791 | 798,671 |
| Inventories | 277,189 | 269,906 |
| Trade and other receivables, including derivatives | 271,470 | 321,314 |
| Other investments | 206,251 | 169,195 |
| Cash and cash equivalents | 203,837 | 179,772 |
| Total current assets | 958,747 | 940,187 |
| Total assets | 1,851,538 | 1,738,858 |
| Equity | | |
| Share capital | 219,498 | 219,498 |
| Reserves | 1,110,863 | 1,067,387 |
| Treasury shares | (13,506) | (13,312) |
| Total equity attributable to owners of the Company | 1,316,855 | 1,273,573 |
| Non-controlling interests | 71,023 | 75,179 |
| Total equity | 1,387,878 | 1,348,752 |
| Liabilities | | |
| Employee benefits | 29,752 | 25,383 |
| Lease liabilities | 12,883 | 13,204 |
| Deferred tax liabilities | 65,828 | 51,082 |
| Loans and borrowings | 192 | - |
| Total non-current liabilities | 108,655 | 89,669 |
| Trade and other payables, including derivatives | 255,038 | 221,838 |
| Lease liabilities | 2,729 | 3,456 |
| Loans and borrowings | 87,399 | 71,696 |
| Current tax liabilities | 9,839 | 3,447 |
| Total current liabilities | 355,005 | 300,437 |
| Total liabilities | 463,660 | 390,106 |
| Total equity and liabilities | 1,851,538 | 1,738,858 |
| Net assets per share attributable to owners of the Company (RM) | 6.74 | 6.51 |

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2020 – unaudited**

| | <----- Attributable to the owners of the Company -----> | | | | | | | Non- controlling interests | Total equity |
|--|---|--------------------|------------------------|------------------------|---------------------|------------------|-----------------|----------------------------------|-----------------|
| | <----- Non-Distributable -----> | | | Distributable | | | | | |
| <i>In thousands of RM</i> | Share capital | Treasury shares | Revaluation reserve | Translation reserve | Retained profits | Total | | | |
| At 1-Jan-19 | 219,498 | (13,312) | 104,341 | (5,701) | 929,247 | 1,234,073 | 67,948 | 1,302,021 | |
| Foreign currency translation differences for consolidated subsidiaries | - | - | - | 4,456 | - | 4,456 | - | 4,456 | |
| Foreign currency translation differences for equity-accounted associate and joint ventures | - | - | - | 1,099 | - | 1,099 | - | 1,099 | |
| Revaluation surplus of property, plant and equipment, net of tax | - | - | 31,727 | - | - | 31,727 | - | 31,727 | |
| Remeasurement of defined benefit liability | - | - | - | - | (1,550) | (1,550) | 58 | (1,492) | |
| Transfer of revaluation surplus on properties | - | - | (4,909) | - | 4,909 | - | - | - | |
| Profit for the year | - | - | - | - | 27,237 | 27,237 | 21,176 | 48,413 | |
| Total comprehensive income for the year | - | - | 26,818 | 5,555 | 30,596 | 62,969 | 21,234 | 84,203 | |
| Dividends to owners of the company | - | - | - | - | (23,469) | (23,469) | (14,003) | (37,472) | |
| At 31-Dec-19 | 219,498 | (13,312) | 131,159 | (146) | 936,374 | 1,273,573 | 75,179 | 1,348,752 | |
| At 1-Jan-20 | 219,498 | (13,312) | 131,159 | (146) | 936,374 | 1,273,573 | 75,179 | 1,348,752 | |
| Foreign currency translation differences for consolidated subsidiaries | - | - | - | (3,532) | - | (3,532) | - | (3,532) | |
| Foreign currency translation differences for equity-accounted associate and joint ventures | - | - | - | (223) | - | (223) | - | (223) | |
| Revaluation surplus of property, plant and equipment, net of tax | - | - | 67,475 | - | - | 67,475 | 547 | 68,022 | |
| Transfer of revaluation surplus on properties | - | - | (4,909) | - | 4,909 | - | - | - | |
| (Loss)/profit for the year | - | - | - | - | (10,469) | (10,469) | 15,842 | 5,373 | |
| Total comprehensive income for the year | - | - | 62,566 | (3,755) | (5,560) | 53,251 | 16,389 | 69,640 | |
| Own shares acquired | - | (194) | - | - | - | (194) | - | (194) | |
| Deconsolidation of subsidiary | - | - | - | - | - | - | (545) | (545) | |
| Dividends to owners of the company | - | - | - | - | (9,775) | (9,775) | (20,000) | (29,775) | |
| Total transactions with owners of the Group | - | (194) | - | - | (9,775) | (9,969) | (20,545) | (30,514) | |
| At 31-Dec-20 | 219,498 | (13,506) | 193,725 | (3,901) | 921,039 | 1,316,855 | 71,023 | 1,387,878 | |

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2020 – unaudited**

| <i>In thousands of RM</i> | For the 12 months year ended 31-Dec-20 | For the 12 months year ended 31-Dec-19 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax and non-controlling interests | 15,417 | 68,775 |
| Adjustments for non-cash items | 72,150 | 74,971 |
| Changes in working capital | 61,120 | (52,882) |
| Cash generated from operations | 148,687 | 90,864 |
| Interest/Tax/Employee benefits/provision | (5,899) | (17,188) |
| Net cash generated from operating activities | 142,788 | 73,676 |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 20,773 | 764 |
| Acquisition of property, plant and equipment | (45,133) | (31,886) |
| Net increase in other investments | (37,057) | (29,117) |
| Additions of intangible assets | (9,214) | (9,259) |
| Investment in joint ventures | (28,337) | - |
| Net cash used in investing activities | (98,968) | (69,498) |
| Cash flows from financing activities | | |
| Dividends paid to non-controlling interests | (20,000) | (14,003) |
| Dividends paid to owners of the Company | (9,775) | (23,469) |
| Net drawdown/(repayment) of loans and borrowings | 15,895 | (9,799) |
| Payment of lease liabilities | (2,282) | (3,196) |
| Own shares acquired | (194) | - |
| Net cash used in financing activities | (16,356) | (50,467) |
| Net cash increase/(decrease) in cash and cash equivalents | 27,464 | (46,289) |
| Effect of exchange rate fluctuations | (3,399) | 272 |
| Cash and cash equivalents at 1 January | 179,772 | 225,789 |
| Cash and cash equivalents at end of the year | 203,837 | 179,772 |

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

| | | |
|---|----------------|----------------|
| Cash and bank balances | 67,913 | 68,574 |
| Deposits and corporate management account with licensed banks | 135,924 | 111,198 |
| | 203,837 | 179,772 |

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 Malaysian Financial Reporting Standards (“MFRS”) 134: 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 2019. The explanatory notes attached to the condensed report provide explanations 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 2019.

A2. SIGNIFICANT ACCOUNTING POLICIES

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

During the financial year, the Group has adopted the following standards, amendments and IC interpretations issued by the Malaysian Accounting Standards Board (“MASB”), which became effective for annual periods beginning on or after 1 January 2020:-

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 6, *Leases* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following are accounting standards, interpretations and amendments of the MFRSs 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 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 17, *Insurance contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021;
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023

The Group does not plan to apply Amendments to MFRS 4, *Insurance Contract*, MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* and MFRS 17, *Insurance Contracts* that are effective for annual periods beginning on 1 January 2021, 1 January 2022 and 1 January 2023 respectively as they are not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2019.

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 quarter ended 31 December 2020.

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> | <i>In thousands of RM</i> | |
|--------------|----------------------------------|----------------------------|
| | <u>No. of shares repurchased</u> | <u>Total consideration</u> |
| Jan-20 | 88,200 | 194 |

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 31 December 2020.

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 (“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.

APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. SEGMENTAL INFORMATION (CONT'D)

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. Segmental profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In thousands of RM

INDIVIDUAL QUARTER

| | 31-Dec-20 | | 31-Dec-19 | |
|----------------------------|-------------------------------|--|-------------------------------|--|
| | <u>Segment Revenue</u> | <u>Profit/(loss) before tax</u> | <u>Segment Revenue</u> | <u>Profit/(loss) before tax</u> |
| Suspension | 56,928 | (502) | 43,365 | (1,357) |
| Interior & Plastics | 269,401 | 22,946 | 294,306 | 25,463 |
| Electrical & Heat Exchange | 31,806 | (587) | 32,194 | 1,511 |
| Marketing | 61,138 | 837 | 50,703 | 2,135 |
| Non-reportable segment | 10,016 | (2,527) | 19,107 | (709) |
| Indonesia Operations | 13,679 | (6,654) | 14,242 | (8,753) |
| All Other Segments | 35,359 | 1,499 | 30,199 | (2,026) |
| | 478,327 | 15,012 | 484,116 | 16,264 |
| Eliminations | (119,712) | (633) | (97,814) | 597 |
| | 358,615 | 14,379 | 386,302 | 16,861 |

In thousands of RM

CUMULATIVE QUARTER

| | 31-Dec-20 | | 31-Dec-19 | |
|----------------------------|-------------------------------|--|-------------------------------|--|
| | <u>Segment Revenue</u> | <u>Profit/(loss) before tax</u> | <u>Segment Revenue</u> | <u>Profit/(loss) before tax</u> |
| Suspension | 169,884 | (4,491) | 193,817 | (1,128) |
| Interior & Plastics | 794,725 | 45,066 | 1,117,537 | 90,683 |
| Electrical & Heat Exchange | 92,273 | (3,990) | 122,899 | 4,254 |
| Marketing | 206,485 | 2,033 | 236,159 | 7,168 |
| Non-reportable segment | 49,310 | (7,335) | 80,626 | (2,814) |
| Indonesia Operations | 48,421 | (19,872) | 52,608 | (23,547) |
| All Other Segments | 142,612 | 4,305 | 129,077 | (6,705) |
| | 1,503,710 | 15,716 | 1,932,723 | 67,911 |
| Eliminations | (380,152) | (299) | (435,783) | 864 |
| | 1,123,558 | 15,417 | 1,496,940 | 68,775 |

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

Property, Plant and Equipment

Pursuant to the revaluation model applied for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus (net of deferred tax) of RM68.02 million has been incorporated into the consolidated statement of other comprehensive income for the year ended 31 December 2020 and is recognized in the revaluation reserve and non-controlling interest, as the case may be.

The valuation was carried out by independent firms of professional valuers as listed below, using open market value with existing use basis:

| No. | Location of Properties | Name of Valuer |
|-----|--------------------------|---|
| 1 | Malaysia | Rahim & Co International Sdn. Bhd. |
| 2 | Thailand | Siam City Appraisal Company Limited |
| 3 | Vietnam | The Milky Way Control Joint Stock Company |
| 4 | Indonesia | KJPP Rinaldi Alberth Baroto & Rekan |
| 5 | Australia | Fitzroys Pty Ltd & McGees Property Brisbane |
| 6 | Netherland | Thoma Post Taxaties Zakelijk |
| 7 | United States of America | Newmark Knight Frank Valuation & Advisory LLC |
| 8 | Myanmar | VAS Valuation Co., Ltd |

Investment Properties

Subsequent to initial recognition, investment properties of the Group are stated at fair value which reflects market conditions at reporting date. This valuation has been updated during the year based on a valuation carried out by an independent professional external valuer, Rahim & Co. International Sdn. Bhd. The fair value of investment properties remains the same as the last valuations carried out on 25 November 2019 and 31 December 2019.

A11. RELATED PARTY DISCLOSURES

Significant transactions with Tan Chong Motor Holdings Berhad ("TCMH Group"), Warisan TC Holdings Berhad ("WTCH Group") and Tan Chong International Limited ("TCIL Group"), including their respective subsidiaries, being 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 Quarter Ended | Corresponding Quarter Ended | Cumulative Year To Date | Corresponding Year To Date |
| <u>With TCMH Group</u> | <u>31-Dec-20</u> | <u>31-Dec-19</u> | <u>31-Dec-20</u> | <u>31-Dec-19</u> |
| Sales | 3,478 | 24,404 | 15,897 | 95,389 |
| Provision of services | 75 | 1,070 | 379 | 1,511 |
| Purchases | (961) | (3,360) | (3,779) | (27,391) |
| Administrative and consultancy services | - | - | (220) | (18) |
| Insurance | (137) | (155) | (4,625) | (4,942) |
| Rental expenses | (18) | (86) | (84) | (346) |
| Rental income | 420 | 369 | 1,544 | 1,544 |

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. RELATED PARTY DISCLOSURES (CONT'D)

In thousands of RM

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------|------------------|--------------------|------------------|
| | Current | Corresponding | Cumulative | Corresponding |
| | Quarter Ended | Quarter Ended | Year To Date | Year To Date |
| <u>With WTCH Group</u> | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Sales | 251 | 64 | 762 | 479 |
| Purchases | (108) | (22) | (180) | (538) |
| Administrative and consultancy services | (20) | (419) | (292) | (2,201) |
| Rental income | 129 | 202 | 506 | 480 |
| Rental expenses | (332) | (329) | (1,227) | (1,223) |

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

In thousands of RM

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------------|--------------------|------------------|--------------------|------------------|
| | Current | Corresponding | Cumulative | Corresponding |
| | Quarter Ended | Quarter Ended | Year To Date | Year To Date |
| <u>With TCIL Group</u> | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Sales | 39 | 83 | 120 | 252 |
| Purchases | (2) | (1) | (74) | (10) |
| Rental expenses | (15) | (16) | (67) | (67) |

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

In thousands of RM

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|------------------|--------------------|------------------|
| | Current | Corresponding | Cumulative | Corresponding |
| | Quarter Ended | Quarter Ended | Year To Date | Year To Date |
| <u>Key management personnel</u> | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Director | | | | |
| Rental expenses | 13 | 13 | 54 | 54 |

The above transactions had been entered into in the ordinary course of business on normal commercial terms

A12. MATERIAL SUBSEQUENT EVENT

Although there were no material events subsequent to the reporting quarter, the Board wishes to reiterate the implication that COVID-19 has on the Group.

Since the outbreak of COVID-19, many countries had introduced unprecedented measures to contain the pandemic such as travel restrictions and movement controls.

As at the date this interim financial report is authorised for issuance, the COVID-19 infections in Malaysia remains largely unabated and the Government has initiated the Movement Control Order (“MCO”), Conditional Movement Control Order (“CMCO”) and Recovery Movement Control Order (“RMCO”) across the states as the case maybe. Moreover, the global pandemic is still evolving and unpredictable, including countries in which the Group operates. As such, the Group does not consider it practicable to provide a quantitative estimate of the potential impact the pandemic has on the economic conditions of the Group.

Nevertheless, the Group is monitoring and taking the necessary measures to minimise any impact that may be caused by the COVID-19 pandemic on the Group’s operations.

Save for the above, there were no other material events subsequent to the end of the reporting period and up to the date of issuance of this report.

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter under review except for dissolution of a joint-venture.

Diversified Furniture Systems Sdn. Bhd. (“DFS”), a 50% Controlled Joint Venture of the Company has been struck off from the Register of the Companies Commission of Malaysia following the publication of DSF’s name pursuant to Section 551(3) of the Companies Act, 2016 in the Gazette on 24 December 2020.

The striking off has no material financial or operational effects in the Group for the financial year ended 31 December 2020.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 31 December 2020.

A15. CAPITAL COMMITMENTS

In thousands of RM

| | <u>31-Dec-20</u> | <u>31-Dec-19</u> |
|---------------------------------|------------------|------------------|
| Contracted but not provided for | 16,498 | 18,934 |

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B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The Group's balance sheet remained robust as at 31 December 2020 with shareholders' funds settling at RM1.3 billion, and cash and cash equivalents, together with other investments, amounting to RM410.0 million and a net cash position (cash and cash equivalents plus other investments and deducting bank borrowings) of RM322.5 million.

During the financial year, the Group revalued its properties, comprising land and buildings, to be in line with the Group's accounting policy by applying the revaluation model. This consequently enabled the Group to recognize and enjoy the revaluation surplus of RM68.0 million as at 31 December 2020. As a result, the net assets per share increased by 3.5% to RM6.74 from RM6.51 in 2019.

Total current assets increased by 1.9%, to RM958.7 million mainly due to better receivable management, which resulted in lower receivables and leading to higher cash and cash equivalents and other investments by RM24.1 million and RM37.1 million respectively. Meanwhile, current liabilities also increased by 18.2% to RM355.0 million. The increase was mainly due to higher accruals (largely caused by deferred revenue recognition on tooling moulds) and bank borrowings which were used to purchase materials for new models in the domestic and Indonesia markets.

Statement of Cash Flows and Capital Expenditure

Cash flows generated from operating activities amounted to RM142.8 million, representing a hefty increase of 93.8% compared to last year. This increase was largely in respect of changes in working capital (lower trade receivables and higher trade and other payables). Lower payment of corporate income tax instalment (due to lower profit) and refund of overpayment for prior years' income tax during the year also contributed to the improved cash flows of the Group.

On 26 June 2020, following months of negotiations, the Group successfully embarked on a joint-venture ("**Joint Venture**") with Hyundai Transys Inc. ("**TRANSYS**") to manufacture and supply automobile seats and their related parts and components ("**Products**") to its counterpart in Indonesia, namely PT Hyundai Motor Manufacturing Indonesia ("**PTHMMI**") through PT. Hyundai Transys Indonesia ("**HTI**"). As of 31 December 2020, the Group has invested RM28.3 million in the Joint Venture. Correspondingly, the net cash used in investing activities was higher at RM98.9 million.

During the year, net cash used in financing activities was lower at RM16.3 million compared to RM50.5 million of last year mainly due to the drawdown of bank loan of RM15.9 million against its repayment of RM9.8 million. The drawdown was used to purchase materials for new models in the domestic and Indonesia markets.

As of 31 December 2020, the Group's capital commitment stood at RM16.5 million, mainly due to investments in tooling, machineries/equipment and development costs for supply of parts for new car models and upgrade of production facilities. The capital commitments will be funded via internally generated funds and/or bank borrowings. As part of the counter measures to preserve cash during the pandemic, the Group had deferred much of its capital expenditures.

The Group continues to recognize and acknowledge that adequate cash reserves are essential in the pursuit of growth and expansion. Thus, the Group's liquidity remains intact as the Islamic Commercial Papers Programme and Islamic Medium Term Notes of up to RM1.5 billion in nominal value can be utilized for future capital investment and unutilized short term banking facilities of RM40 million for working capital, if and when required.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments

Q4'20 vs. Q4'19

The Group's revenue declined by 7.2 % in Q4'20 to RM358.6 million from RM386.3 million in Q4'19 mainly due to lower demands from OEM customers of the Interior and Plastic Division, as most of the parts had reach End of Production ("EOP") in Q4 2019 and first half of 2020.

In line with the reduction in revenue, the Group's Profit Before Tax ("PBT") reduced to RM14.4 million from RM16.8 million in the same quarter of last year.

Year-to-date 2020 ("YTD 2020") vs Year-to-date 2019 ("YTD 2019")

The reduction in the Group's revenue and bottom line in Q2 2020 can also be seen on a year to date basis, as the impact of the COVID-19 pandemic grew steadily from the beginning of the year and gathered pace particularly from implementation of the MCO on 18 March 2020 but decreased gradually resulting from implementation of the milder CMCO and subsequently, the RMCO.

Consequently, the Group's revenue for the year under review reduced by 24.9% to RM1,123.5 million from RM1,496.9 million a year ago. In tandem with the decrease in revenue, the Group's pre-tax profit dropped by 77.6%, from RM68.8 million to RM15.4 million as production overheads and administrative expenses remained relatively fixed.

Suspension Division

The Suspension Division continued to achieve double digit revenue growth since beginning of the third quarter of the year. Its revenue rose 31.1% to RM56.9 million from RM43.4 million same quarter last year. Higher export sales of leaf spring products and higher call-in from local Original Equipment Manufacturers ("OEMs") and Replacement Markets ("REMs") for suspension products were the main contributors to the improved revenue. Economic activities have since improved domestically following complete inactivity for almost 45 to 60 days due to the MCO.

In tandem with the revenue growth, the Division registered lower Loss Before Tax ("LBT") of RM0.5 million against RM1.4 million in the same quarter of prior year. Higher provision for product warranty claims during the quarter negated the impact on profitability resulting from revenue growth.

For year-to-date of 2020, the Division's revenue decreased by RM23.9 million or 12.3% mainly as no revenue was generated during the MCO and CMCO period from 18 March to 9 June 2020. Lower revenue coupled with higher provision for warranty claims contributed towards the increase in the Division's LBT, which increased to RM4.5 million as compared to RM1.1 million a year ago.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (Cont'd)

Interior & Plastics Division

For the current quarter, the Interior & Plastics Division experienced reduction in both revenue and PBT by 8.5% and 9.9% respectively. The lower demand was attributed to the EOP of certain model at the end of last year and 1st half of the year. This resulted in lower profitability, made worse by unfavourable product mix.

Likewise, for the whole year, revenue and PBT of the Division decreased significantly from RM1,117.5 million and RM90.7 million to RM794.7 million and RM45.1 million respectively, as no revenue was generated during the MCO and CMCO period from 18 March to 9 June 2020 and the reasons mentioned earlier.

Electrical & Heat Exchange Division

The Electrical & Heat Exchange Division generated quarterly revenue of RM31.8 million, a slight decrease of 1.2% from RM32.2 million in the same quarter of last year. Lower demands from certain OEM customers and domestic coach builders for air-conditioning system was the main reasons for the lower revenue.

In line with the reduction in revenue, this Division ended the quarter with LBT of RM0.6 million compared to a PBT of RM1.5 million reported in Q4'19. The higher impairment loss on trade receivables during the quarter adversely impacted the Division's profitability. In compliance with the MFRS, the Group used an allowance matrix to measure the Expected Credit Loss ("ECL") of trade receivables where invoices which were past due for more than 180 days would be considered for impairment.

Consistent with the above quarterly results, coupled with complete plant closure during MCO in the first half of the year, revenue for the 12-month period of 2020 decreased to RM92.3 million from RM122.9 million recorded last year. The Division registered a YTD LBT of RM4.0 million against PBT of RM4.3 million in YTD 2019, mainly due to the reasons mentioned earlier.

Marketing Division

The Marketing Division continued to enjoy strong export sales as APM's products, especially leaf spring were well receive globally. Revenue of the Marketing Division increased by 20.5% year-over-year ("YoY") (4Q'20: RM61.1 million; 4Q'19: RM50.7 million), supported by growing demand for export (especially from America and Australia) and local REM. Many overseas customers started to have multiple sourcing of products from various countries as the trade war between China and United States of America was prolonged. However, the increase in revenue did not translate into better profit. The Division registered lower PBT by 61.9% to RM0.8 million from RM2.1 million. This was mainly due to unfavourable net foreign exchange loss (realized and unrealised) on trade receivables/creditors and aggressive promotional discounts given in order to secure the new markets/customers.

On the year to date, the Marketing Division recorded lower revenue and pre-tax results, from reduced economic activities both locally and globally, caused mainly by the COVID-19 pandemic during first half of the year. Revenue and PBT of the Marketing Division for the year decreased by 12.6% and 71.6% to RM206.5 million and RM2.0 million respectively.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (cont'd)

Non-reportable segment, Malaysia

This segment comprises mainly operations relating to revenue received from sources that include rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. Revenue from these services and sources form part of inter-segment elimination for the total Group's results (as depicted in Note A9). This segment also comprises the business of casting, machining and assembly of aluminum parts and distribution of motor vehicles to internal and external customers.

Non-reportable segment's revenue dropped by 47.6% to RM10.0 million on the back of lower sales of motors vehicles (the Group had ceased its distribution of motor vehicles in September 2020) and inter-group billings of services. Lower revenue and higher provision for staff cost contributed to the higher LBT for the Division. In addition, the lower loss recorded in Q4'19 was due to recognition of fair value on investment properties of RM1.0 million while the fair value for the year remained unchanged.

Likewise, on the year-to-date basis, this segment registered a lower revenue of 38.9% to RM49.3 million from RM80.7 million a year ago for the same reasons as mentioned earlier. Consistent with the lower revenue, the Segment's LBT widened from RM2.8 million to RM7.3 million.

Indonesia Operations

Indonesia Operations refer to the manufacture of suspension products such as coil springs, shock absorber and leaf springs as well as the Group's investment and participation in joint ventures and associate in Indonesia.

Since the Indonesian government imposed partial lockdown on 3 April 2020 and coupled with the persistently high infection rate of COVID-19, the Indonesia automotive industry was acutely affected. Most of the Group's OEM customers had yet to resume full or normal productions. Consequently, like many of our contemporaries, our suspension plants especially coil spring were badly affected as the main source of revenue stemmed from such OEM customers. Fortunately, the higher demand from local REM and export for leaf springs mitigated the fall in local OEM sales. Hence, our operations in Indonesia experienced a minor decrease of 4.0% in revenue to RM13.7 million.

Despite the lower revenue, the Division's LBT narrowed by RM2.1 million from RM8.8 million of the corresponding period of last year. The higher loss recorded last year was mainly caused by higher share of joint venture's loss and impairment loss on investment in an associate. Our associate in Indonesia incurred significant losses last year due to lower sales, expenses incurred for staff retrenchment and restructuring exercises and provision of stock obsolesces as well as higher operating costs. These losses were recorded in Q3 2019.

Excluding the impairment loss on investment of RM4.2 million for Q4'19, the Division's LBT for Q4'19 was RM4.6 million. As such, the Division's LBT of RM6.7 million for the current quarter in fact was higher by 45.6% mainly due to impairment of certain machines and equipment in view of the low utilization of machines/equipment as compared to initially planned.

Likewise, for the whole year, revenue of the Division decreased from RM52.6 million to RM48.4 million and LBT was lower by 15.7% from RM23.5 million to RM19.8 million, mainly due to the reasons mentioned earlier.

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B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (Cont'd)

All Other Segments

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

Revenue for the Operations Outside of Malaysia was on an upward trajectory with a growth of 17.1%, YoY, to RM35.3 million dominated by higher sales of leaf spring products from our operations in Vietnam. Meanwhile, the Division recorded PBT of RM1.5 million as compared to LBT of RM2.0 million the same period of last year on the back of higher revenue. In addition, the better performance was also contributed by our Australia operations being a recipient of subsidy from the Australian Government called the **Job Keeper Payment Scheme** which was introduced to support businesses affected by COVID-19.

Likewise for the whole year, revenue for the Operations Outside of Malaysia increased by 10.4% from RM129.1 million to RM142.6 million dominated by higher sales of air-conditioning products in Vietnam and coach/train seats in Australia during the first half of the year and commendable sales of leaf spring in Vietnam in the second half of the year. Our Australia operations benefited from an increase in public transport projects in its territory whilst the supply of air-conditioning products in Vietnam, which commenced in June 2019, also contributed towards the revenue for this segment.

In line with the improved revenue, this Division posted PBT of RM4.3 million as compared to last year’s LBT of RM6.7 million. The higher PBT was contributed by higher revenue and for reasons mentioned earlier. Last year’s losses were primarily due to the one-off imposition of import duty and penalty by the Vietnam Customs on the incorrect application of tariff code by our Vietnam operations.

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

| In Thousands of RM | Segment Revenue | | | | Segment Profit/(Loss) Before Tax | | | |
|-----------------------------|-----------------|-----------|---------|--------|----------------------------------|-----------|---------|----------|
| | 31-Dec-20 | 30-Sep-20 | Changes | | 31-Dec-20 | 30-Sep-20 | Changes | |
| | | | Amount | % | | | Amount | % |
| Suspension | 56,928 | 57,301 | (373) | -0.7% | (502) | 4,142 | (4,644) | -112.1% |
| Interior & Plastics | 269,401 | 237,994 | 31,407 | 13.2% | 22,946 | 21,190 | 1,756 | 8.3% |
| Electricals & Heat Exchange | 31,806 | 30,012 | 1,794 | 6.0% | (587) | (238) | (349) | -146.6% |
| Marketing | 61,138 | 70,296 | (9,158) | -13.0% | 837 | 1,518 | (681) | -44.9% |
| Non-reportable segment | 10,016 | 13,040 | (3,024) | -23.2% | (2,527) | (361) | (2,166) | -600.0% |
| Indonesia Operations | 13,679 | 13,068 | 611 | 4.7% | (6,654) | (4,408) | (2,246) | -51.0% |
| All Other Segments | 35,359 | 35,987 | (628) | -1.7% | 1,499 | 1,571 | (72) | -4.6% |
| | 478,327 | 457,698 | 20,629 | 4.5% | 15,012 | 23,414 | (8,402) | -35.9% |
| Eliminations | (119,712) | (123,882) | 4,170 | 3.4% | (633) | 39 | (672) | -1723.1% |
| | 358,615 | 333,816 | 24,799 | 7.4% | 14,379 | 23,453 | (9,074) | -38.7% |

B2. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D)

The Group recorded a growth in revenue by 7.4% as compared to the preceding quarter. However, PBT dropped from RM23.5 million to RM14.3 million.

The Interior and Plastic segment was the main contributor to the increase in revenue as production and supply of new parts to the local OEM grew in the quarter under review.

Despite the improvement in revenue, Group PBT reduced quarter-on-quarter (“QoQ”), with the Suspension Division, Indonesia Operations and Non-reporting segment being the cause for reasons as explained earlier in Section B1.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS

As a background, APM is principally involved in the design, manufacturing, assembly and production of automotive and mobility components. APM is headquartered in Malaysia but has presence and operations in various territories that include the United States of America, Netherlands, Australia, Thailand, Myanmar, Vietnam and the Republic of Indonesia.

The risk of unfavorable changes in policies and regulations as well as economic and currency uncertainties remain the potential factors that could affect APM’s overall performance. In this respect, APM has always exercised prudence in its business dealings and undertakings as well as cost optimization to mitigate the risk.

The Group experienced an upward trajectory in performance as revenue improved throughout the 4th quarter, due to the easing of the Government SOPs for business activity in the beginning of the said quarter domestically.

The outlook for 2021 appears somewhat positive in view of the Malaysian Automotive Association (“MAA”) which has forecasted its Total Industry Volume (“TIV”) for 2021 to be 570,000 units, an increase of 8% compared to 2020’s TIV of 529,434 units. MAA foresees economic recovery, both globally as well as locally in 2021 and continuation of the sales tax exemption incentive for passenger vehicles under the PENJANA package till 30 June 2021 will boost car sales.

The position above is further strengthened, as echoed by CGS-CIMB Securities who believes that the country’s economic growth is likely to recover strongly in 2021, with Bank Negara Malaysia (BNM) revising its gross domestic product (GDP) forecast to between +6.5% and +7.5% from +5.5% to +8% on the back of fiscal and monetary stimulus tailwinds.

However, businesses and the general public are still reeling from the devastating effects of the Covid-19 pandemic with daily infection remains unabated.

APM’s cost of operations has increased due to its compliance with government SOPs and its efforts to curb the spread of Covid-19 infection but the increase is not exponential. Nonetheless, the Group will continue with its austerity measures to mitigate such costs and remain vigilant in its expenditure.

The Group will also continue its focus on its long-term plan and strategies for business sustainability and continue to strive for greater success expeditiously through mergers, acquisitions, strategic partnerships, joint ventures and alliances.

By and large, APM continues to remain cautiously optimistic in light of the impending implementation of the government’s vaccination program nationwide. However, the Group continues to hold the view that pre-pandemic performance cannot and should not be expected in the short or medium term.

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B4. INCOME TAX EXPENSE

| <i>In thousands of RM</i> | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------|---|---|---|--|
| | Current Quarter Ended <u>31-Dec-20</u> | Corresponding Quarter Ended <u>31-Dec-19</u> | Cumulative Year To Date <u>31-Dec-20</u> | Corresponding Year To Date <u>31-Dec-19</u> |
| <u>Current tax</u> | | | | |
| - Current year | 8,582 | 4,049 | 20,158 | 23,115 |
| - Prior year | (309) | (786) | 89 | (3,387) |
| <u>Deferred tax</u> | | | | |
| - Current year | (2,659) | 2,529 | (10,105) | (121) |
| - Prior year | (365) | (874) | (159) | 716 |
| Withholding Tax | 42 | 13 | 61 | 39 |
| | 5,291 | 4,931 | 10,044 | 20,362 |

The Group's effective tax rate for the year ended 31 December 2020 is higher than the statutory tax rate mainly due to current year losses of certain subsidiaries for which no deferred tax asset was recognized and the absence of group relief to set off the losses.

B5. CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the reporting date.

B6. TRADE RECEIVABLES

| <i>In thousands of RM</i> | Gross | Impairment | Net |
|-----------------------------|----------------|-------------------|----------------|
| <u>31-Dec-20</u> | | | |
| Not past due | 208,070 | (108) | 207,962 |
| Past due 1 - 90 days | 9,341 | (191) | 9,150 |
| Past due 91 - 180 days | 1,563 | (183) | 1,380 |
| | 218,974 | (482) | 218,492 |
| Credit impaired | | | |
| Past due more than 180 days | 2,718 | (2,718) | - |
| Individually impaired | 1,445 | (1,445) | - |
| | 223,137 | (4,645) | 218,492 |
| <u>31-Dec-19</u> | | | |
| Not past due | 234,751 | (57) | 234,694 |
| Past due 1 - 90 days | 16,507 | (552) | 15,955 |
| Past due 91 - 180 days | 728 | (436) | 292 |
| | 251,986 | (1,045) | 250,941 |
| Credit impaired | | | |
| Past due more than 180 days | 1,006 | (1,006) | - |
| Individually impaired | 3,889 | (3,889) | - |
| | 256,881 | (5,940) | 250,941 |

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B6. TRADE RECEIVABLES (CONT'D)

The trade receivables from both related parties and non-related parties are given 30 to 90 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 closely monitored individually.

B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 31 December 2020 are as follows:

In thousands of RM

| Type Derivatives | Nominal Amount | Net Fair Value Assets / (Liabilities) | Maturity |
|------------------------------------|----------------|---|------------------|
| Forward foreign exchange contracts | 11,899 | (31) | 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 2019. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and their related accounting policies.

B8. BORROWINGS AND DEBT SECURITIES

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

| <i>In thousands of RM</i> | 31-Dec-20 | 31-Dec-19 |
|--------------------------------------|------------------|------------------|
| Unsecured - Foreign currency loans | 58,613 | 53,796 |
| - Revolving credit | 28,978 | 17,900 |
| | <u>87,591</u> | <u>71,696</u> |
| Amount due within the next 12 months | 87,399 | 71,696 |
| Amount due between two to five years | 192 | - |

In thousands of RM

| Functional Currency | Denominated In | 31-Dec-20 | 31-Dec-19 |
|------------------------|-------------------|------------------|------------------|
| RM | RM | 28,978 | 17,900 |
| EUR | EUR | 1,304 | 1,171 |
| AUD | AUD | 18,676 | 22,773 |
| IDR | IDR | 35,475 | 26,066 |
| IDR | USD | 876 | 3,786 |
| USD | USD | 2,282 | - |
| | | <u>87,591</u> | <u>71,696</u> |

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B8. BORROWINGS AND DEBT SECURITIES (CONT'D)

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

The Group borrowings are subject to interest ranging from 0.14% to 7.40% (2019: 0.26% to 8.15%) per annum.

B9. CHANGES IN MATERIAL LITIGATION

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

B10. DIVIDEND

Subject to approval of the shareholders at the forthcoming Annual General Meeting, the Board recommends a final dividend of 7.0 sen per ordinary share for the year ended 31 December 2020 (2019 – 5.0 sen per ordinary share). The net amount payable is RM 13.7 million (2019 – RM9.8 million).

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

B11. EARNINGS/(LOSS) PER SHARE (“EPS”/ (“LPS”))

The calculation of basic earnings/(loss) per share for the period is based on the net profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the periods as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|-------------|--------------------|--------------|
| | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| Profit/(loss) attributable to the owners of the Company (RM'000) | 2,815 | 6,513 | (10,469) | 27,237 |
| Weighted average number of ordinary shares in issue ('000) | 195,494 | 195,583 | 195,496 | 195,583 |
| Basic EPS/(LPS) (sen) | 1.44 | 3.33 | (5.36) | 13.93 |

The total number of ordinary shares issued of the Company as at 31 December 2020 was 195,496,416 (2019: 195,582,500).

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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) | (Unaudited) | (Unaudited) | (Unaudited) |
| | Current | Corresponding | Cumulative | Corresponding |
| | Quarter Ended | Quarter Ended | Year To Date | Year To Date |
| | 31-Dec-20 | 31-Dec-19 | 31-Dec-20 | 31-Dec-19 |
| (a) Interest income | (1,504) | (2,815) | (7,818) | (9,880) |
| (b) Other income including investment income | (951) | (2,226) | (5,139) | (6,029) |
| (c) Interest expense | 1,220 | 1,569 | 5,111 | 5,997 |
| (d) Depreciation and Amortization | 16,050 | 16,157 | 59,230 | 62,174 |
| (e) Impairment loss on trade receivables | 1,932 | 788 | 3,313 | 1,116 |
| (f) Write back of impairment loss on trade receivables | (437) | (227) | (1,596) | (733) |
| (g) Provision for slow moving stock | 4,168 | 507 | 5,209 | 1,315 |
| (h) Net gain on disposal of property, plant and equipment | (1,140) | (90) | (1,356) | (551) |
| (i) Inventory written off | - | 556 | - | 1,213 |
| (j) Net foreign exchange loss/(gain) | 489 | (1,982) | 2,966 | 763 |
| (k) (Gain)/loss on derivatives | (481) | 514 | (728) | (1,204) |
| (l) Fair value adjustment on investment properties | - | (1,040) | - | (1,040) |
| (m) Impairment loss of investment in an associate | 247 | 4,201 | 247 | 4,201 |
| (n) Impairment loss of property, plant and equipment | 2,500 | - | 2,500 | - |

B13. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements have been authorized for issue by the Board of Directors in accordance with its resolution on 25 February 2021.

BY ORDER OF THE BOARD

KHOO PENG PENG
 SOO SHIOW FANG

Company Secretaries
 Kuala Lumpur

DATED: 25 FEBRUARY 2021