APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE
FIRST QUARTER ENDED
31 MARCH 2021

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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 MARCH 2021 – unaudited

	INDIVIDUAL QUARTER		
In thousands of RM	**Current Quarter Ended 31-Mar-21**	**Corresponding Quarter Ended 31-Mar-20**	**Change**
Revenue	383,669	279,548	37%
Results from operating activities	28,595	(1,219)	2446%
Finance costs	(1,238)	(1,426)	13%
Finance income	1,423	2,584	-45%
Share of the (loss)/profit of equity-accounted associates and joint ventures, net of tax	(198)	365	-154%
Profit before tax	28,582	304	9302%
Income tax expense	(8,054)	(2,611)	-208%
Profit/(loss) for the period	20,528	(2,307)	990%
Other comprehensive income/(expense), net of tax			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation differences for consolidated subsidiaries	2,125	(14,081)	115%
Foreign currency translation differences for equity-accounted associate and joint ventures	(268)	(2,875)	91%
Other comprehensive income/(expense) for the period, net of tax	1,857	(16,956)	111%
Total comprehensive income/(loss) for the period	22,385	(19,263)	216%
Profit/(loss) attributable to :			
Owners of the Company	14,352	(6,200)	331%
Non-controlling interests	6,176	3,893	59%
Profit/(loss) for the period	20,528	(2,307)	990%
Total comprehensive income attributable to :			
Owners of the Company	16,209	(23,156)	170%
Non-controlling interests	6,176	3,893	59%
Total comprehensive income/(loss) for the period	22,385	(19,263)	216%
Earnings/(Loss) per ordinary share			
Basic (sen)	7.34	(3.17)	332%

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021 – unaudited

In thousands of RM	As at 31-Mar-21	As at 31-Dec-20 (Audited)
Assets		
Property, plant and equipment	672,344	682,270
Investment properties	106,660	106,660
Investments in joint ventures	70,546	55,286
Intangible assets	24,259	24,577
Deferred tax assets	24,538	23,998
Total non-current assets	898,347	892,791
Inventories	271,819	277,189
Trade and other receivables, including derivatives	298,085	271,470
Other investments	198,276	206,251
Cash and cash equivalents	162,708	203,837
Total current assets	930,888	958,747
Total assets	1,829,235	1,851,538
Equity		
Share capital	219,498	219,498
Reserves	1,127,072	1,110,863
Treasury shares	(13,506)	(13,506)
Total equity attributable to owners of the Company	1,333,064	1,316,855
Non-controlling interests	73,198	71,023
Total equity	1,406,262	1,387,878
Liabilities		
Employee benefits	30,390	29,752
Lease liabilities	13,958	12,883
Deferred tax liabilities	65,325	65,828
Loans and borrowings	199	192
Total non-current liabilities	109,872	108,655
Trade and other payables, including derivatives	222,575	255,038
Lease liabilities	2,821	2,729
Loans and borrowings	73,012	87,399
Current tax liabilities	14,693	9,839
Total current liabilities	313,101	355,005
Total liabilities	422,973	463,660
Total equity and liabilities	1,829,235	1,851,538
Net assets per share attributable to owners of the Company (RM)	6.82	6.74

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 MARCH 2021 – unaudited

	<---- *Attributable to the owners of the Company* ----							
	<---- Non-Distributable ---->				Distributable			
In thousands of RM	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1-Jan-2020	219,498	(13,312)	131,159	(146)	936,374	1,273,573	75,179	1,348,752
Foreign currency translation differences for consolidated subsidiaries	-	-	-	(14,081)	-	(14,081)	-	(14,081)
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	(2,875)	-	(2,875)	-	(2,875)
Transfer of revaluation surplus on properties	-	-	(1,227)	-	1,227	-	-	-
Total other comprehensive income for the period	-	-	(1,227)	(16,956)	1,227	(16,956)	-	(16,956)
(Loss)/profit for the period	-	-	-	-	(6,200)	(6,200)	3,893	(2,307)
Total comprehensive (loss)/income for the period	-	-	(1,227)	(16,956)	(4,973)	(23,156)	3,893	(19,263)
Own shares acquired	-	(194)	-	-	-	(194)	-	(194)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
Total transactions with owners of the company	-	(194)	-	-	-	(194)	(4,001)	(4,195)
At 31-Mar-20	219,498	(13,506)	129,932	(17,102)	931,401	1,250,223	75,071	1,325,294
At 1-Jan-2021	219,498	(13,506)	193,725	(3,901)	921,039	1,316,855	71,023	1,387,878
Foreign currency translation differences for consolidated subsidiaries	-	-	-	2,125	-	2,125	-	2,125
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	(268)	-	(268)	-	(268)
Transfer of revaluation surplus on properties	-	-	(2,150)	-	2,150	-	-	-
Total other comprehensive income for the period	-	-	(2,150)	1,857	2,150	1,857	-	1,857
Profit for the period	-	-	-	-	14,352	14,352	6,176	20,528
Total comprehensive income for the period	-	-	(2,150)	1,857	16,502	16,209	6,176	22,385
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
At 31-Mar-21	219,498	(13,506)	191,575	(2,044)	937,541	1,333,064	73,198	1,406,262

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2021 – unaudited

In thousands of RM	**For the 3 months year ended 31-Mar-21**	**For the 3 months year ended 31-Mar-20**
Cash flows from operating activities		
Profit before tax and non-controlling interests	28,582	304
Adjustments for non-cash items	16,531	12,987
Changes in working capital	(53,624)	41,036
Cash (used in)/generated from operations	(8,511)	54,327
Interest/Tax/Employee benefits/provision	(4,203)	(3,007)
Net cash (used in)/generated from operating activities	(12,714)	51,320
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	79	103
Acquisition of property, plant and equipment	(2,872)	(4,312)
Net decrease/(increase) in other investments	7,975	(20,649)
Additions of intangible assets	(46)	(159)
Investment in joint ventures	(15,943)	-
Net cash used in investing activities	(10,807)	(25,017)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(4,001)	(4,001)
Net repayment of loans and borrowings	(14,380)	(4,112)
Payment of lease liabilities	(296)	(310)
Own shares acquired	-	(194)
Net cash used in financing activities	(18,677)	(8,617)
Net cash (decrease)/increase in cash and cash equivalents	(42,198)	17,686
Effect of exchange rate fluctuations	1,069	(1,263)
Cash and cash equivalents at 1 January	203,837	179,772
Cash and cash equivalents at the end of period	**162,708**	**196,195**

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

Cash and bank balances	68,505	54,051
Deposits and corporate management account with licensed banks	94,203	142,144
	162,708	**196,195**

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020. 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 2020.

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 reporting quarter, the Group has adopted the followings interpretations and amendments issued by the Malaysian Accountancy Standards Board ("MASB"), which become effective for annual periods beginning on or after 1 January 2021:

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*
- Amendments to MFRS 9, *Financial Instruments*
- MFRS 139, *Financial Instruments: Recognition and Measurement*
- MFRS 7, *Financial Instruments: Disclosures*
- MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The abovementioned accounting standards, amendments and interpretations have no material financial impact to the current period and prior period financial statements of the Group.

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 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)*

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

- MFRS 17, *Insurance contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)* and Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)* which are not applicable to the Group; 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, except for MFRS 17, *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts* which 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 2020.

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 March 2021.

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.

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 31 March 2021.

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.

- *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; 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, India, the United States of America, Netherlands, Thailand, Myanmar and the United Kingdom.

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 segments 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. 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.

A9. SEGMENTAL INFORMATION (CONT'D)

In thousands of RM	INDIVIDUAL QUARTER			
	31-Mar-21		31-Mar-20	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	50,377	1,630	35,408	(3,245)
Interior & Plastics	270,268	23,138	197,662	10,875
Electrical & Heat Exchange	26,667	(201)	19,747	(1,444)
Marketing	69,033	3,295	43,150	326
Non-reportable segment	13,686	(1,337)	16,739	(1,970)
Indonesia Operations	18,968	(2,328)	13,386	(4,859)
All Other Segments	44,523	4,043	34,925	457
	493,522	28,240	361,017	140
Eliminations	(109,853)	342	(81,469)	164
	383,669	28,582	279,548	304

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

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 2020.

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"), 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:

In thousands of RM	INDIVIDUAL QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
With TCMH Group	31-Mar-21	31-Mar-20
Sales	4,296	7,882
Provision of services	157	34
Purchases	(286)	(2,667)
Administrative and consultancy services	(668)	(220)
Insurance	(4,459)	(4,118)
Rental expenses	(14)	(17)
Rental income	342	386

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

A11. RELATED PARTY DISCLOSURES (CONT'D)

In thousands of RM	INDIVIDUAL QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
With WTCH Group	**31-Mar-21**	**31-Mar-20**
(Sales returns)/sales	(148)	125
Purchases	(17)	(18)
Administrative and consultancy services	(62)	(166)
Rental income	129	129
Rental expenses	(304)	(304)

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

In thousands of RM	INDIVIDUAL QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
With TCIL Group	**31-Mar-21**	**31-Mar-20**
Sales	3	12
Purchases	-	(68)
Rental expenses	(15)	(21)

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

In thousands of RM	INDIVIDUAL QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended
Key management personnel	**31-Mar-21**	**31-Mar-20**
Director		
Rental expenses	(14)	(14)

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

A12. MATERIAL SUBSEQUENT EVENT

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.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 31 March 2021.

A15. CAPITAL COMMITMENTS

In thousands of RM

	31-Mar-21	31-Mar-20
Contracted but not provided for	18,832	19,573

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The Group's financial stability is reflected in net assets per share which grew from RM6.74 in 2020 to RM6.82 in Q1 2021. Likewise, the Group's Current Ratio had improved from 2.70 times to 2.97 times (Current Ratio = Current Assets / Current Liabilities) as trade and other payables reduced by 13% or RM32.5 million in Q1 2020 compared to 31 December 2020. The Group's financial position remains robust with a net cash position (comprising cash and cash equivalent plus other investment, deducting bank borrowing) of RM287.8 million. The Group's current financial position is primarily driven by net profits earned during the quarter under review.

Statement of Cash Flows and Capital Expenditure

Increase in the purchase of materials, prompt payment to suppliers and longer credit period given to customers coupled with high sales in March 2021resulted in a shortfall in cash from operating activities of RM12.7 million compared to net cash generated from operating activities of RM51.3 million in the corresponding quarter of last year.

As reported in the last quarter, the Group successfully entered into 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**"). The amount of RM15.9 million, being the final tranche of capital for the Joint Venture on the Group's share was disbursed on 31 March 2021. Meanwhile, the Group marginally reduced its investment in unit trust by RM7.9 million compared to increase of RM20.6 million a year before, resulting in reduction in net cash used for investment activities to RM10.8 million for the first quarter of 2021, as compared to RM25.0 million in Q1'2020.

During the quarter under review, the Group's financing repayment increased by RM10.3 million to RM14.4 million from RM4.1 million in Q1 2020, resulting in higher net cash used in financing activities by RM10.0 million as compared to the corresponding quarter of 2020.

As of 31 March 2021, the Group's capital commitment stood at RM18.8 million, mainly due to investments in tooling, machineries/equipment and development costs for the supply of parts for new car models and upgrading of production facilities. The capital commitment will be financed by internally generated funds and/or bank borrowings.

The Group recognises that maintaining sufficient cash reserves is 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 utilised for future capital investment, if and when required.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments

Q1'21 vs. Q1'20

According to the Malaysian Reserve, the Malaysian Automotive Association or MAA is optimistic that the local automotive industry is slated for recovery in 2021 with higher total industry volume ("**TIV**") expected. MAA presently projects TIV for 2021 at 570,000 units, an increase of 8% or 40,566 units compared to 2020. With the PENJANA package being extended till 30 June 2021, local vehicle sales have been encouraging. Accordingly, MAA statistics indicate that TIV in Q1'21 increased by 33% from 105,253 units to 139,499 units compared to same quarter of last year.

Against this backdrop, the Group recorded an impressive revenue growth of 37.2% in Q1'21 from RM279.5 million to RM383.7 million, due mainly to higher demand from domestic and international OEM and REM customers, a stark contrast against the Group's performance in the first quarter of last year, which was severely impacted by the COVID-19 pandemic and strict safety protocols imposed by the Government, resulting in no revenue being earned for almost 45 to 60 days.

With higher revenue, the Group's Profit Before Tax ("PBT") surged to RM28.6 million from RM0.3 million in the same quarter of last year.

Suspension Division

The Suspension Division's revenue increased by 42.3% to RM50.4 million in the current quarter compared to RM35.4 million in 1Q'20 due to higher export and local OEM as global markets seemingly began to improve presumably driven by the worldwide COVID-19 vaccination roll-out. Higher production volume from the increased demand that resulted in higher absorption of production overheads and administrative expenses were the main contributors to the PBT of RM1.6 million compared to Loss Before Tax ("LBT") of RM3.2 million same quarter of last year.

Interior & Plastics Division

According to the Malaysian Automotive Association's statistic, the Total Industry Production ("**TIP**") in Q1'21 increased by 35.6% from 108,444 units to 147, 086 units as compared to same quarter of last year. Higher TIP was mainly due to the rebound experienced by the Malaysian automotive industry, following the imposition of sales tax exemption, coupled with new model launches in Q1'21.

The Interior & Plastics Division's revenue is largely generated from local carmakers. The Division's revenue which increased by 36.7% to RM270.3 million is clearly reflective of the higher TIP. Likewise, PBT increased by 111.9% to RM23.1 million in 1Q'21 against RM10.9 million in 1Q'20. During the current quarter, recognition of revenue from sales of moulds/toolings that brought in better margin, also contributed to higher profitability.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

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

Electrical & Heat Exchange Division

The Electrical & Heat Exchange division generated quarterly revenue of RM26.7 million, an increase of 35.5% from RM19.7 million in the same quarter of last year. In tandem with higher revenue, LBT decreased from RM1.4 million to RM0.2 million. The reversal of provision for staff cost during the quarter also contributed to lower LBT.

Marketing Division

Revenue of the Marketing Division increased by 59.7% year-of-year ("**YoY**") (1Q'21: RM69.0 million; 1Q'20: RM43.2 million), supported by higher demand for export (especially from America and Australia) and local REM. APM's local REM sales are poised to benefit from the shortage of imported parts caused by supply chain disruption experienced by competitors, especially those from Vietnam and China.

The improved in top-line translated into higher profitability. Consequently, the Division's PBT increased from RM0.3 million to RM3.3 million.

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 components for internal and external customers.

Non-reportable segment's revenue dropped by 18.2% to RM13.7 million on the back of lower sales of motor vehicles (the Group had ceased its distribution of motor vehicles in September 2020).

Despite lower revenue, the Division's LBT narrowed to RM1.3 million from RM2.0 million same quarter of last year mainly due to lower staff costs.

Indonesia Operations

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

The Indonesia Operations reported 41.7% growth in revenue at RM19.0 million mainly due to higher demand for leaf springs from local REM and export customers. Demand for leaf spring increased as customers stocked-up in anticipation of price increase from spike in prices of raw material (i.e. steel) globally.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

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

Indonesia Operations (cont'd)

With higher revenue, the Indonesia Operations' LBT reduced by half or 52.1% to RM2.3 million in the current quarter. LBT had narrowed due mainly to strengthening of Indonesia Rupiah against USD that generated lower net foreign exchange loss in Q1'2021 compared to the same quarter of last year.

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 Malaysia").

Operations Outside Malaysia achieved revenue growth of 27.5% for the first quarter of 2021 at RM44.5 million compared to RM34.9 million recorded in the corresponding quarter last year. Revenue contribution from the coach and train seats business in Australia was 56%, followed by Vietnam operations that constituted 28% of the 1Q2021 segmental revenue. Our Australia operations benefited from the increase of public transport projects in Australia and appreciation of AUD against MYR while the higher local REM sales from leaf springs in Vietnam contributed to higher revenue. In line with the improved revenue, the Division posted a higher PBT of RM4.0 million compared to RM0.5 million same quarter of last year.

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

	Segment Revenue				Segment Profit/(Loss) Before Tax			
			Changes				Changes	
In Thousands of RM	31-Mar-21	31-Dec-20	Amount	%	31-Mar-21	31-Dec-20	Amount	%
Suspension	50,377	56,928	(6,551)	-11.5%	1,630	(502)	2,132	424.7%
Interior & Plastics	270,268	269,401	867	0.3%	23,138	22,946	192	0.8%
Electricals & Heat Exchange	26,667	31,806	(5,139)	-16.2%	(201)	(587)	386	65.8%
Marketing	69,033	61,138	7,895	12.9%	3,295	837	2,458	293.7%
Non-reportable segment	13,686	10,016	3,670	36.6%	(1,337)	(2,527)	1,190	47.1%
Indonesia Operations	18,968	13,679	5,289	38.7%	(2,328)	(6,654)	4,326	65.0%
All Other Segments	44,523	35,359	9,164	25.9%	4,043	1,499	2,544	169.7%
	493,522	478,327	15,195	3.2%	28,240	15,012	13,228	88.1%
Eliminations	(109,853)	(119,712)	9,859	8.2%	342	(633)	975	154.0%
	383,669	358,615	25,054	7.0%	28,582	14,379	14,203	98.8%

The Group's revenue increased by 7.0% in Q1'21 from RM358.6 million in Q4'20 to RM383.7 million mainly due to higher revenue from Marketing Division, Operations Outside Malaysia and Indonesia Operations. In tandem with this revenue increase, the Group's Profit Before Tax ("PBT") doubled to RM28.6 million from RM14.4 million reported in the preceding Q4'20.

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

Both Suspension and the Electrical and Heat Exchange Divisions ("E&HE Division") registered lower revenue by 11.5% and 16.2% respectively compared to the preceding quarter. For Suspension Division, the lower revenue was predominantly caused by a decrease in leaf spring sales for both export and local REM as a result of disruption in shipments (both export sales and import of material) during the first quarter of 2021. Lower off-take from certain OEM customers had caused a drop in revenue in the E& HE Division. Despite lower revenue, both Suspension and E&HE Divisions' profitability improved. The Suspension Division recorded PBT of RM1.6 million as compared to LBT of RM0.5 million in preceding quarter, mainly due to lower provision for product warranty claims. As for the E&HE Division, the lower LBT of RM0.2 million compared with RM0.6 million in preceding quarter was due to lower impairment loss on trade receivables during the quarter under review.

The higher revenue achieved by Marketing Division compared to preceding quarter was mainly due to reasons explained in Section B1, which improved the Marketing Division's bottom-line. The low PBT in Q4'20 was mainly due to unfavourable net foreign exchange loss (realised and unrealised) on trade receivables and payables.

Our Australia operations, being the key contributor to the revenue of the Operations Outside Malaysia Division, recorded higher revenue in Q12021 mainly due to higher plant productivity and capacity utilisation. Seasonally, the Australia plants close for a longer period during the year-end festival holidays.

Indonesia Operations recorded higher revenue for reasons as explained earlier in Section B1. Its LBT was lower by 65.0% compared to RM6.7 million recorded in Q4'20, mainly due to higher revenue and the absence of impairment of certain machines and equipment, which was previously necessitated by the low utilisation of machines and equipment as compared to initially planned during the quarter.

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 operations are located in Malaysia but the Group is also present in various other jurisdictions including United States of America, Netherlands, Australia, Thailand, Vietnam, the Republic of Indonesia and recently, the United Kingdom.

The Group's prospects are expected to remain on an upward trajectory but the present escalation of major raw material prices such as Polyurethane or PU padding chemical, plastic resin and steel as well as the rise in logistical cost are expected to dampen its progress.

Steel is a material that is also widely used in the automotive industry and [1]China is one of the world's largest steel producers in the world. [2]The price of steel is set to soar in view of the recent tax increase imposed by the Chinese government on steel exporters for a range of products to reduce output so that lower carbon emissions can be achieved.

The Group's prospects may also be impacted by delays in shipping caused by high volume and port congestion as [3]factory-to-door delivery times have been pushed to an average of nine weeks compared to four to five weeks from Asia to both US East and West coasts.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS (CONT'D)

In order to mitigate the impact of the above, the Group will look into the sourcing of material from other or alternative suppliers and adjustments to its selling prices. However, the effects of such approach can and will only likely be felt after 3 months.

Worldwide COVID-19 infection rate is still on the rise with new variants being discovered from time to time despite efforts to contain it. Malaysia is not spared and if this trend were to continue, governments may be forced to look into further lockdowns for containment purposes and if so, the Group's supply chain and business will invariably be affected.

The Group does not expect full pre-pandemic recovery to occur for at least 2 to 3 years but remains optimistic in view of the efforts undertaken by the Government and the global community to revive the economy. TIV is therefore anticipated to remain strong for the remainder of year.

The Group will continue to focus on long term strategies for business sustainability and continue to strive for greater success expeditiously through mergers, acquisition, strategic partnership, joint ventures and alliances.

[1]*https://en.wikipedia.org/wiki/List_of_countries_by_steel_production*
[2]*https://www.theedgemarkets.com/article/china-wants-more-steel-home-industry-faces-overhaul*
[3]*https://www.freightos.com/freight-resources/coronavirus-updates/*

B4. INCOME TAX EXPENSE

In thousands of RM	**INDIVIDUAL QUARTER**	
	Current Quarter Ended 31-Mar-21	**Corresponding Quarter Ended 31-Mar-20**
Current tax		
- Current year	8,587	4,511
- Prior year	448	(154)
Deferred tax		
- Current year	(745)	(2,062)
- Prior year	(243)	313
Withholding Tax	7	3
	8,054	2,611

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

B5. CORPORATE PROPOSAL

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

B6. TRADE RECEIVABLES

In thousands of RM	Gross	Impairment	Net
31-Mar-21			
Not past due	222,890	(11)	222,879
Past due 1 - 90 days	22,607	(33)	22,574
Past due 91 - 180 days	2,018	(254)	1,764
	247,515	(298)	247,217
Credit impaired			
Past due more than 180 days	2,530	(2,495)	35
Individually impaired	1,330	(1,330)	-
	251,375	**(4,123)**	**247,252**
31-Dec-20			
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**

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 realisable 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 31 March 2021 are as follows:

In thousands of RM

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	29,791	(263)	Less than 1 year

B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS (CONT'D)

Derivatives (Cont'd)

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as of and for the year ended 31 December 2020. 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:

In thousands of RM		**31-Mar-21**	**31-Dec-20**
Unsecured	- Foreign currency loans	54,750	58,613
	- Revolving credit	18,461	28,978
		73,211	87,591
Amount due within the next 12 months		73,012	87,399
Amount due between two to five years		199	192

In thousands of RM

Functional Currency	Denominated In	**31-Mar-21**	**31-Dec-20**
RM	RM	18,461	28,978
EUR	EUR	1,048	1,304
AUD	AUD	15,972	18,676
IDR	IDR	34,949	35,475
IDR	USD	157	876
USD	USD	2,624	2,282
		73,211	87,591

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 at rates ranging from 0.25% to 7.40% (2020: 0.25% to 7.65%) per annum.

B9. CHANGES IN MATERIAL LITIGATION

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

B10. DIVIDEND

Subject to the approval of 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) which will be paid on 24 June 2021. The entitlement date will be 10 June 2021.

The net amount payable is RM 13.7 million (2020 – RM9.8 million).

B11. EARNINGS/(LOSS) PER SHARE

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

	INDIVIDUAL QUARTER	
	31-Mar-21	**31-Mar-20**
Profit/(loss) attributable to the owners of the Company (RM'000)	14,352	(6,200)
Weighted average number of ordinary shares in issue ('000)	195,494	195,502
Basic EPS/(LPS) (sen)	**7.34**	**(3.17)**

The total number of ordinary share issued of the Company as of 31 March 2021 was 195,494,300 (31 March 2020: 195,494,300).

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	
		(Unaudited)	**(Unaudited)**
		Current	**Corresponding**
	In thousands of RM	**Quarter Ended**	**Quarter Ended**
		31-Mar-21	**31-Mar-20**
(a)	Interest income	(1,423)	(2,584)
(b)	Interest expense	1,238	1,426
(c)	Depreciation and Amortization	15,270	14,576
(d)	Impairment loss on trade receivables	133	71
(e)	Write back of impairment loss on trade receivables	(610)	(224)
(f)	Provision/(write back) for slow moving stock	422	(117)
(g)	Net gain on disposal of property, plant and equipment	(78)	(71)
(h)	Net foreign exchange (gain)/loss	(1,108)	2,574
(i)	Loss on derivatives	272	328

B13. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements have been authorised for issue by the Board of Directors in accordance with its resolution on 19 May 2021.

BY ORDER OF THE BOARD

KHOO PENG PENG
SOO SHIOW FANG

Company Secretaries
Kuala Lumpur
Dated: 19 May 2021