



# **APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

### **CONTENTS**

---

<b>CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>1</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>4</b>
<b>NOTES TO THE QUARTERLY FINANCIAL REPORT</b>	<b>5-18</b>



**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 2022 – unaudited**

	<b>INDIVIDUAL QUARTER</b>		
	<b>Current Quarter Ended 31-Mar-22</b>	<b>Corresponding Quarter Ended 31-Mar-21</b>	<b>Change</b>
<i>In thousands of RM</i>			
<b>Revenue</b>	404,455	383,669	5.4%
<b>Results from operating activities</b>	14,086	28,595	-50.7%
<b>Finance costs</b>	(1,101)	(1,238)	11.1%
<b>Finance income</b>	1,241	1,423	-12.8%
<b>Share of the profit/(loss) of equity-accounted associates and joint ventures, net of tax</b>	89	(198)	144.9%
<b>Profit before tax</b>	14,315	28,582	-49.9%
<b>Income tax expense</b>	(3,059)	(8,054)	62.0%
<b>Profit for the period</b>	11,256	20,528	-45.2%
<b>Other comprehensive income/(expense), net of tax</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for consolidated subsidiaries	2,566	2,125	20.8%
Foreign currency translation differences for equity-accounted associate and joint ventures	59	(268)	122.0%
<b>Other comprehensive income for the period, net of tax</b>	2,625	1,857	41.4%
<b>Total comprehensive income for the period</b>	13,881	22,385	-38.0%
<b>Profit attributable to :</b>			
Owners of the Company	7,193	14,352	-49.9%
Non-controlling interests	4,063	6,176	-34.2%
<b>Profit for the period</b>	11,256	20,528	-45.2%
<b>Total comprehensive income attributable to :</b>			
Owners of the Company	9,818	16,209	-39.4%
Non-controlling interests	4,063	6,176	-34.2%
<b>Total comprehensive income for the period</b>	13,881	22,385	-38.0%
<b>Earnings per ordinary share</b>			
Basic (sen)	3.68	7.34	-49.9%

*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 2021 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 MARCH 2022 – unaudited**

<i>In thousands of RM</i>	<b>As at 31-Mar-22</b>	<b>As at 31-Dec-21 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	640,133	649,390
Investment properties	106,660	106,660
Investments in joint ventures	72,307	72,159
Intangible assets	21,096	24,364
Deferred tax assets	23,045	22,325
<b>Total non-current assets</b>	<b>863,241</b>	<b>874,898</b>
Inventories	315,157	359,878
Trade and other receivables, including derivatives	345,526	300,171
Current tax assets	6,477	6,682
Other investments	8,224	8,027
Cash and cash equivalents	278,611	298,992
<b>Total current assets</b>	<b>953,995</b>	<b>973,750</b>
<b>Total assets</b>	<b>1,817,236</b>	<b>1,848,648</b>
<b>Equity</b>		
Share capital	219,498	219,498
Reserves	1,097,650	1,087,832
Treasury shares	(13,506)	(13,506)
<b>Total equity attributable to owners of the Company</b>	<b>1,303,642</b>	<b>1,293,824</b>
Non-controlling interests	67,760	70,148
<b>Total equity</b>	<b>1,371,402</b>	<b>1,363,972</b>
<b>Liabilities</b>		
Employee benefits	32,368	31,788
Lease liabilities	17,215	16,314
Deferred tax liabilities	63,974	64,506
Loans and borrowings	-	-
<b>Total non-current liabilities</b>	<b>113,557</b>	<b>112,608</b>
Trade and other payables, including derivatives	248,914	284,902
Lease liabilities	2,866	3,079
Loans and borrowings	76,087	79,483
Current tax liabilities	4,410	4,604
<b>Total current liabilities</b>	<b>332,277</b>	<b>372,068</b>
<b>Total liabilities</b>	<b>445,834</b>	<b>484,676</b>
<b>Total equity and liabilities</b>	<b>1,817,236</b>	<b>1,848,648</b>
Net assets per share attributable to owners of the Company* (RM)	6.67	6.62

*\*Net assets per share is calculated based on total share capital in issue less treasury shares of 6,105,700.*

*The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 – unaudited**

	<----- Attributable to the owners of the Company ----->							
	<----- Non-Distributable ----->			Distributable				
<i>In thousands of RM</i>	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1-Jan-2021</b>	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	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	(2,150)	1,857	2,150	1,857	-	1,857
Profit for the period	-	-	-	-	14,352	14,352	6,176	20,528
<b>Total comprehensive income for the period</b>	-	-	(2,150)	1,857	16,502	16,209	6,176	22,385
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
<b>Total transactions with owners of the company</b>	-	-	-	-	-	-	(4,001)	(4,001)
<b>At 31-Mar-21</b>	219,498	(13,506)	191,575	(2,044)	937,541	1,333,064	73,198	1,406,262
<b>At 1-Jan-2022</b>	219,498	(13,506)	185,125	(2,518)	905,225	1,293,824	70,148	1,363,972
Foreign currency translation differences for consolidated subsidiaries	-	-	-	2,566	-	2,566	-	2,566
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	59	-	59	-	59
Transfer of revaluation surplus on properties	-	-	(2,150)	-	2,150	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	(2,150)	2,625	2,150	2,625	-	2,625
Profit for the period	-	-	-	-	7,193	7,193	4,063	11,256
<b>Total comprehensive income for the period</b>	-	-	(2,150)	2,625	9,343	9,818	4,063	13,881
Capital reduction in subsidiary	-	-	-	-	-	-	(2,450)	(2,450)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
<b>Total transactions with owners of the Group</b>	-	-	-	-	-	-	(6,451)	(6,451)
<b>At 31-Mar-22</b>	219,498	(13,506)	182,975	107	914,568	1,303,642	67,760	1,371,402

*The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 MARCH 2022 – unaudited**

<i>In thousands of RM</i>	<b>For the 3 months year ended 31-Mar-22</b>	<b>For the 3 months year ended 31-Mar-21</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	14,315	28,582
Adjustments for non-cash items	22,890	16,531
<b>Operating profit before working capital changes</b>	<b>37,205</b>	<b>45,113</b>
<b>Changes in working capital</b>		
Deposits and prepayments	(3,087)	1,754
Inventories	44,366	4,922
Trade and other payables, including derivatives	(36,160)	(32,148)
Trade and other receivables, including derivatives	(42,158)	(28,152)
<b>Cash generated from/(used in) operations</b>	<b>166</b>	<b>(8,511)</b>
Employee benefits paid	(370)	(219)
Interest received	1,241	1,423
Interest paid	(1,101)	(1,238)
Warranties paid	(393)	(704)
Net income tax paid	(4,230)	(3,465)
<b>Net cash used in operating activities</b>	<b>(4,687)</b>	<b>(12,714)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	40	79
Acquisition of property, plant and equipment	(3,557)	(2,872)
Net (increase)/decrease in other investments	(197)	7,975
Additions of intangible assets	(2,463)	(46)
Investment in joint ventures	-	(15,943)
<b>Net cash used in investing activities</b>	<b>(6,177)</b>	<b>(10,807)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(4,001)	(4,001)
Net repayment of loans and borrowings	(3,395)	(14,380)
Payment of lease liabilities	(228)	(296)
Payment of reduction of share capital in subsidiary to non-controlling interest	(2,450)	-
Own shares acquired	-	-
<b>Net cash used in financing activities</b>	<b>(10,074)</b>	<b>(18,677)</b>
Net cash decrease in cash and cash equivalents	(20,938)	(42,198)
Effect of exchange rate fluctuations	557	1,069
Cash and cash equivalents at 1 January	298,992	203,837
<b>Cash and cash equivalents at the end of period</b>	<b>278,611</b>	<b>162,708</b>
Cash and cash equivalents at the end of period comprise the following:		
Cash and bank balances	57,278	68,505
Deposits and corporate management account with licensed banks	221,333	94,203
	<b>278,611</b>	<b>162,708</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021. 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 2021.

## **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 period the Group has adopted the following interpretations and amendments issued by the Malaysian Accounting Standards Board (“MASB”), which became effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*.
- 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*; and
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*.

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

The following are accounting standards, interpretations and amendments to 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 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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*; and
- Amendments to MFRS 112, *Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

### ***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*.

**A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- 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*, Amendments to MFRS 17 *Insurance Contracts* and Amendments to *Initial Application of MFRS 17 and MFRS 9—Comparative Information* (Amendment 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 and prior year financial statements of the Group.

**A3. AUDIT QUALIFICATIONS**

There were no audit qualifications in the annual financial statements of the Group for the year ended 31 December 2021.

**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 had a material effect on the assets, liabilities, equity, net income or cash flows for the quarter ended 31 March 2022.

**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 2022.

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

**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; and
- *All other segments:* comprises businesses in Vietnam, Australia, India, Canada, the United States of America, the 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 divisions are similar. The types of customers for the products are similar for both replacement markets ("REM") and Original Equipment Manufacturer ("OEM") markets.

Performance is measured based on segmental 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*

	<b>INDIVIDUAL QUARTER</b>			
	<b>31-Mar-22</b>		<b>31-Mar-21</b>	
	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>	<b>Segment Revenue</b>	<b>Profit/(loss) before tax</b>
Suspension	56,367	348	50,377	1,630
Interior & Plastics	280,162	15,871	270,268	23,138
Electrical & Heat Exchange	26,391	(724)	26,667	(201)
Marketing	86,326	2,960	69,033	3,295
Non-reportable segment	13,085	(2,735)	13,686	(1,337)
Indonesia Operations	26,567	(1,636)	18,968	(2,328)
All Other Segments	38,916	27	44,523	4,043
	527,814	14,111	493,522	28,240
Eliminations	(123,359)	204	(109,853)	342
	404,455	14,315	383,669	28,582



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

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

The valuations of properties, right-of-use assets and investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2021.

**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:

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>	
	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>
<b><u>With TCMH Group</u></b>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Sales	9,113	4,296
Provision of services	162	157
Purchases	(1,651)	(286)
Administrative and consultancy services	(153)	(668)
Insurance	(3,202)	(4,459)
Rental expenses	(5)	(14)
Rental income	450	342

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

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>	
	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>
<b><u>With WTCH Group</u></b>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Sales/(Sales return)	182	(148)
Purchases	(23)	(17)
Administrative and consultancy services	(34)	(62)
Rental income	129	129
Rental expenses	(317)	(304)

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

**A11. RELATED PARTY DISCLOSURES (CON'T)**

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>	
	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>
<b><u>With TCIL Group</u></b>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Sales	41	3
Rental expenses	(20)	(15)

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

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>	
	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>
<b><u>Key management personnel</u></b>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Director		
Rental expenses	-	(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 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 2022.

**A15. CAPITAL COMMITMENTS**

<i>In thousands of RM</i>	<b><u>31-Mar-22</u></b>	<b><u>31-Mar-21</u></b>
Contracted but not provided for	12,104	18,832

## **B1. OPERATING SEGMENTS REVIEW**

### **Statement of Financial Position**

The financial stability of the Group is displayed in its net assets per share which grew from RM6.62 in 2021 to RM6.67 in Q1 2022. Likewise, the Group's Current Ratio improved from 2.62 times to 2.87 times (Current Ratio = Current Assets / Current Liabilities) as trade and other payables recorded a reduction by 12.6% or RM36 million in Q1 2022 compared to 31 December 2021. The Group's financial position remains strong with a net cash position (i.e., cash and cash equivalents plus other investments deduct bank borrowings) of RM210.7 million. The improvement in Group's financial position is largely attributed to net profits earned during the quarter under review.

### **Statement of Cash Flows and Capital Expenditure**

The decrease in inventories (caused mainly by material usage for production in Q1 2022) mainly contributed to net cash used in operating activities of RM4.7 million as compared to RM12.7 million in the corresponding quarter of last year.

In the first quarter of 2022, application of the Group's net cash for investment purposes dropped by 43% to RM6.2 million compared to RM10.8 million in the same quarter of 2021. The high net cash used in investment activities of Q1 2021 was mainly due to the Group's investment in the joint venture with Hyundai Transys Inc. in Indonesia as reported in the previous year.

During the quarter under review, the Group recorded a reduction in financing repayment of RM11.0 million to RM3.4 million from RM14.4 million in Q1 2021, resulting in net cash used in financing activities of RM10.1 million, which is lower by RM8.6 million compared to the corresponding quarter of 2021.

As at 31 March 2022 and owing primarily to investments on tooling, machineries/equipment and development costs for the supply of parts for new car models and upgrading of production facilities, the Group's capital commitment which, is funded by internally generated funds and/or bank borrowings, stood at RM12.1 million.

Maintaining sufficient cash reserves in the pursuit of growth and expansion is paramount and remains a priority for the Group. Accordingly, the Group's liquidity is and remain 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 when required.

### **Analysis of Performance of All Operating Segments**

#### **Q1 2022 vs. Q1 2021**

The Malaysian Automotive Association or MAA is optimistic that the local automotive industry is slated for a recovery in 2022 with higher total industry volume ("TIV") expected. MAA presently projects TIV for 2022 to be at 600,000 units, an increase of 17.9% or 91,248 units compared to 2021.

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

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

Against this backdrop, the Group recorded a revenue growth of 5.4% in Q1 2022 from RM383.7 million in Q1 2021 to RM404.5 million, due mainly to higher demands from domestic and international OEM and REM customers.

Surges in material, logistic and energy costs as well as supply chain disruption and the resultant effects of Russia's invasion of Ukraine had materially affected the Group's overall performance.

Consequently, the Group's Profit Before Tax ("**PBT**") narrowed to RM14.3 million from RM28.6 million in the same quarter of last year, despite recording a higher revenue. The higher PBT of Q1 2021 was also contributed by the recognition of revenue from the sale of moulds/toolings which enabled the Interior and Plastic Division to enjoy a better margin.

**Suspension Division**

The Suspension Division's revenue increased by 11.9% to RM56.4 million in the current quarter compared to RM50.4 million in Q1 2021. This was mainly due to higher sales from all segments i.e. export, local OEM and REM, as domestic and global economies appear to be experiencing a steady upward trajectory following 2 years of downturn caused by the COVID-19 pandemic. Despite enjoying higher revenue, the Suspension Division registered a lower PBT of RM0.3 million compared to RM1.6 million in the same quarter of last year. Higher freight costs, surge in the price of steel and increased energy costs all weighed down on the Division's profitability.

**Interior & Plastics Division**

According to the MAA's statistics, the Total Industry Production ("**TIP**") in Q1 2022 increased by 5% from 147,086 units to 154,160 units. The higher TIP was mainly due to rebound experienced by the Malaysian automotive industry in light of the sales tax exemption for vehicles granted by the Government of Malaysia and improved commercial activities with the easing of COVID-19 safety protocols.

The Interior & Plastics Division's revenue is largely generated from local carmakers. As such, the higher Division's revenue by 3.7% at RM9.9 million is clearly reflective of the higher TIP. In contrast to the higher revenue, the Division's PBT decreased by 31.4% to RM15.9 million in Q1 2022 against RM23.1 million in Q1 2021, caused by the higher material price and manpower costs. Moreover, the recognition of revenue from sales of moulds/toolings that generated higher profit margin also contributed to the higher profits of the corresponding quarter last year.

**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 revenue of RM26.4 million, a decrease of 1.0% from RM26.7 million in the same quarter of last year mainly due to End of Production (“EOP”) of air conditioning parts during the current quarter. In tandem with the lower revenue, Loss Before Tax (“LBT”) increased from RM0.2 million to RM0.7 million. Unfavourable product mix that generated lower margins also contributed to the higher LBT.

**Marketing Division**

Revenue of the Marketing Division increased by 25.1% year-of-year (“YoY”) (Q1 2022: RM86.3 million; Q1 2021: RM69.0 million), supported by higher demand for export (especially from America and Australia) and local REM. The Group’s local REM sales are expected to capitalize on the shortage of imported parts caused by supply chain disruption experienced by competitors, especially those from Vietnam and China, as well as the gradually improving business activities following the easing of restrictions after COVID-19 lockdown. Export sales were boosted by delivery of the unfulfilled order due to unavailability of shipments during the last quarter of 2021.

However, the improved in top-line did not translate into higher profitability due to the escalation of freight costs and material price. Consequently, the Division’s PBT decreased from RM3.3 million to RM3.0 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.

Non-reportable segment’s revenue decreased by 4.4% to RM13.7 million on the back of lower inter-segment billings of services.

The Division’s LBT widened to RM2.7 million from RM1.3 million in the same quarter of last year mainly due to higher staff costs. The lower LBT in Q1 2021 was also resulted from reversal of overprovision of staff related costs.

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

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

**Indonesia Operations**

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

This segment managed to maintain its growth in revenue, especially from the manufacturing and supply of leaf spring products for export and to local REM. Revenue of this segment increased by 40.1% YoY (Q1 2022 : RM26.6 million; Q1 2021 : RM19.0 million).

With higher revenue, the Indonesia Operations' LBT reduced by 29.7% to RM1.6 million in the current quarter.

**All Other Segments**

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

Operations Outside Malaysia recorded lower revenue for the first quarter of 2022 at RM38.9 million compared to RM44.5 million recorded in the corresponding quarter last year. The decrease in revenue is primarily due to lower revenue contribution from the coach seat business in Australia that was largely influenced by the subdued demand for new buses, disruption of supply chain and the lack of government spending coupled with expenses incurred on the delay in the commencement of the Group's Australia Operations in Perth.

The Group's Operations in the USA was a casualty of disruption in the logistics industry which caused a dip in its sales. Meanwhile, the increase in material prices, especially that of steel, caused a dent in the bottom-line of the Group's Vietnam Operations.

Overall, this segment posted a lower PBT of RM0.03 million compared to RM4.0 million in the same quarter of last year, in line with lower revenue and higher costs as explained earlier.

**APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF**  
**BURSA MALAYSIA SECURITIES BERHAD**

**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-Mar-22	31-Dec-21	Changes		31-Mar-22	31-Dec-21	Changes	
			Amount	%			Amount	%
Suspension	56,367	62,032	(5,665)	-9.1%	348	4,983	(4,635)	-93.0%
Interior & Plastics	280,162	313,441	(33,279)	-10.6%	15,871	24,436	(8,565)	-35.1%
Electricals & Heat Exchange	26,391	30,304	(3,913)	-12.9%	(724)	70	(794)	-1134.3%
Marketing	86,326	65,288	21,038	32.2%	2,960	1,107	1,853	167.4%
Non-reportable segment	13,085	10,352	2,733	26.4%	(2,735)	(836)	(1,899)	-227.2%
Indonesia Operations	26,567	25,710	857	3.3%	(1,636)	(1,513)	(123)	-8.1%
All Other Segments	38,916	36,027	2,889	8.0%	27	119	(92)	-77.3%
	527,814	543,154	(15,340)	-2.8%	14,111	28,366	(14,255)	-50.3%
Eliminations	(123,359)	(128,196)	4,837	3.8%	204	(18)	222	1233.3%
	404,455	414,958	(10,503)	-2.5%	14,315	28,348	(14,033)	-49.5%

The Group's revenue decreased quarter-on-quarter ("QoQ") by 2.5% in Q1 2022 from RM415.0 million to RM404.5 million mainly due to lower revenue from Suspension, Interior and Plastics ("I&P") and Electrical and Heat Exchange ("E&HE") Divisions. In tandem with this decrease, the Group's PBT reduced to RM14.3 million from RM28.3 million reported in Q4 2021.

For the quarter under review, all the Group's three primary divisions namely, Suspension, I&P and E&HE Divisions registered lower revenue in light of the lower off-take from certain OEM customers. This was mainly caused by the temporary closure of plants by certain OEM customers in Q1 2022 due to the annual festivities and the consequential effects of the unplanned disruption in supply chain as a result of the flooding that occurred in Klang Valley towards the end of December 2021. The lower revenue gave rise to lower profitability, aggravated by higher material costs and staff related expenses.

The higher revenue achieved by Marketing Division compared to the preceding quarter was mainly due to reasons explained in Section B1 where the results corresponded with the Marketing Division's improved bottom-line.

For the Non-reportable Segments, the LBT in Q1 2022 widened mainly due to higher staff costs whilst there was reversal of overprovision of staff costs in the immediate preceding quarter.

The Group's Vietnam Operations, one of the key revenues contributors for Operations Outside Malaysia Division, recorded higher revenue QoQ due to higher demand from OEM customers for air-conditioning products and higher export of leaf springs. However, higher operating costs (as explained in Section B1) adversely affected the bottom line of this segment. Consequently, this Segment's PBT decreased by 77.3% to RM0.03 million compared to RM0.1 million in the preceding 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. Although APM's main operations are located in Malaysia, 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.

In view of the extension in the sales and service tax (SST) exemption on all passenger vehicles until end June 2022 and other measures introduced by the authorities to boost the automotive industry, the Group is confident that its prospect will continue to improve despite the anticipated surges in logistics and material cost going into the next quarter.

Nonetheless, the Group's bottom line will likely be affected by the increase in minimum wages from RM1,200 to RM1,500. Its efficiency will also likely be affected because of the present acute shortage of workers in the automotive manufacturing industry. Disruption in operations and supply chain due to COVID-19 concerns cannot be discounted and these may dampen the Group's prospects.

To mitigate the above impact, the Group will look into sourcing materials from other or alternative suppliers and adjustments of its selling price. Even then, the effects of such mitigation may only be felt after a few months.

The Group will also explore higher usage of automation to reduce its reliance on manpower and to lower its labour cost. The streamlining or relocation of certain processes to the Group's overseas operation is another option which it will consider as an alternative measure to overcome the risks identified above.

Meanwhile, the Group will remain focused on long terms strategies for business sustainability and will strive for greater success expeditiously through mergers, acquisitions, strategic partnerships, joint ventures and alliances.

### **B4. INCOME TAX EXPENSE**

*In thousands of RM*

	<b>INDIVIDUAL QUARTER</b>	
	<b>Current Quarter Ended <u>31-Mar-22</u></b>	<b>Corresponding Quarter Ended <u>31-Mar-21</u></b>
<b><u>Current tax</u></b>		
- Current year	3,718	8,587
- Prior year	500	448
<b><u>Deferred tax</u></b>		
- Current year	(859)	(745)
- Prior year	(318)	(243)
Withholding Tax	18	7
	<u>3,059</u>	<u>8,054</u>

The Group's effective tax rate for the financial period ended 31 March 2022 is lower than the statutory tax rate mainly due to the recognition of previously unrecognised tax losses and double deduction of certain expenses for tax purposes.



**APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF**  
**BURSA MALAYSIA SECURITIES BERHAD**

**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>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
<b><u>31-Mar-22</u></b>			
Not past due	284,407	-	284,407
Past due 1 - 90 days	13,597	(53)	13,544
Past due 91 - 180 days	1,687	(137)	1,550
	<b>299,691</b>	<b>(190)</b>	<b>299,501</b>
<b>Credit impaired</b>			
Past due more than 180 days	3,684	(3,684)	-
Individually impaired	1,324	(1,324)	-
	<b>304,699</b>	<b>(5,198)</b>	<b>299,501</b>
<b><u>31-Dec-21</u></b>			
Not past due	252,809	(211)	252,598
Past due 1 - 90 days	8,060	(168)	7,892
Past due 91 - 180 days	1,051	(204)	847
	<b>261,920</b>	<b>(583)</b>	<b>261,337</b>
<b>Credit impaired</b>			
Past due more than 180 days	3,725	(3,725)	-
Individually impaired	1,000	(1,000)	-
	<b>266,645</b>	<b>(5,308)</b>	<b>261,337</b>

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 2022 are as follows:

*In thousands of RM*

<b>Type Derivatives</b>	<b>Nominal Amount</b>	<b>Net Fair Value Assets / (Liabilities)</b>	<b>Maturity</b>
Forward foreign exchange contracts	20,482	(171)	Less than 1 year

**APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF**  
**BURSA MALAYSIA SECURITIES BERHAD**

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

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements for the year ended 31 December 2021. 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>		<b>31-Mar-22</b>	<b>31-Dec-21</b>
Unsecured	- Foreign currency borrowings	56,950	56,117
	- Local currency borrowings	19,137	23,366
		<b>76,087</b>	<b>79,483</b>
<b>Amount due within the next 12 months</b>		<b>76,087</b>	<b>79,483</b>
<b>Amount due between two to five years</b>		<b>-</b>	<b>-</b>

*In thousands of RM*

<u>Functional</u> <u>Currency</u>	<u>Denominated</u> <u>In</u>	<b>31-Mar-22</b>	<b>31-Dec-21</b>
RM	RM	19,137	23,366
RM	USD	241	1,092
EUR	EUR	1,800	1,794
AUD	AUD	13,376	12,873
IDR	IDR	26,879	24,841
IDR	USD	14,654	15,517
		<b>76,087</b>	<b>79,483</b>

The borrowings are mainly bank trade facilities utilized for working capital purposes.

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 0.51% to 6.95% (2021: 0.56% to 6.95%) per annum.

**B9. CHANGES IN MATERIAL LITIGATION**

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

**B10. DIVIDEND**

No dividend has been proposed for the current quarter ended 31 March 2022.

**APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))**  
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF**  
**BURSA MALAYSIA SECURITIES BERHAD**

**B11. EARNINGS PER SHARE**

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

	<b>INDIVIDUAL QUARTER</b>	
	<u>31-Mar-22</u>	<u>31-Mar-21</u>
Profit attributable to the owners of the Company (RM'000)	7,193	14,352
Weighted average number of ordinary shares in issue ('000)	195,494	195,494
<b>Basic EPS (sen)</b>	<b>3.68</b>	<b>7.34</b>

The total number of ordinary shares issued by the Company as at 31 March 2022 was 195,494,300 (31 March 2021: 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:

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>	
	<b>(Unaudited) Current Quarter Ended 31-Mar-22</b>	<b>(Unaudited) Corresponding Quarter Ended 31-Mar-21</b>
(a) Interest income	(1,241)	(1,423)
(b) Interest expense	1,101	1,238
(c) Depreciation and Amortization	21,458	15,270
(d) Net impairment gain on trade receivables	(39)	(477)
(e) Provision for slow moving stock	316	422
(f) Net loss/(gain) on disposal of property, plant and equipment	29	(78)
(g) Net foreign exchange gain	(1,421)	(1,108)
(h) Loss on derivatives	204	272

**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 20 May 2022.

**BY ORDER OF THE BOARD**

SOO SHIOW FANG  
 Company Secretary  
 Kuala Lumpur  
 Dated: 20 May 2022