



# **APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

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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 2023 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		
	Current Quarter Ended 31-Mar-23	Corresponding Quarter Ended 31-Mar-22	Change
<b>Revenue</b>	507,082	404,455	25.4%
<b>Results from operating activities</b>	22,025	14,086	56.4%
<b>Finance costs</b>	(2,219)	(1,101)	-101.5%
<b>Finance income</b>	2,278	1,241	83.6%
<b>Share of the profit of equity-accounted associates and joint ventures, net of tax</b>	963	89	982.0%
<b>Profit before tax</b>	23,047	14,315	61.0%
<b>Income tax expense</b>	(6,860)	(3,059)	-124.3%
<b>Profit for the period</b>	16,187	11,256	43.8%
<b>Other comprehensive income, net of tax</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for consolidated subsidiaries	3,526	2,566	37.4%
Foreign currency translation differences for equity-accounted associates and joint ventures	2,815	59	4671.2%
<b>Other comprehensive income for the period, net of tax</b>	6,341	2,625	141.6%
<b>Total comprehensive income for the period</b>	22,528	13,881	62.3%
<b>Profit attributable to :</b>			
Owners of the Company	9,668	7,193	34.4%
Non-controlling interests	6,519	4,063	60.4%
<b>Profit for the period</b>	16,187	11,256	43.8%
<b>Total comprehensive income attributable to :</b>			
Owners of the Company	16,009	9,818	63.1%
Non-controlling interests	6,519	4,063	60.4%
<b>Total comprehensive income for the period</b>	22,528	13,881	62.3%
<b>Earnings per ordinary share</b>			
Basic (sen)	4.95	3.68	34.5%

*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 2022 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 2023 – unaudited**

<i>In thousands of RM</i>	<b>As at 31-Mar-23</b>	<b>As at 31-Dec-22 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	619,491	627,279
Investment properties	106,700	106,700
Investment in an associate	6,293	6,455
Investments in joint ventures	90,225	86,284
Intangible assets	20,161	20,542
Deferred tax assets	25,835	25,874
<b>Total non-current assets</b>	<b>868,705</b>	<b>873,134</b>
Inventories	341,626	374,676
Trade and other receivables, including derivatives	352,943	347,243
Current tax assets	4,352	5,360
Other investments	3,831	3,177
Cash and cash equivalents	374,787	353,106
<b>Total current assets</b>	<b>1,077,539</b>	<b>1,083,562</b>
<b>Total assets</b>	<b>1,946,244</b>	<b>1,956,696</b>
<b>Equity</b>		
Share capital	219,498	219,498
Reserves	1,097,881	1,081,872
Treasury shares	(13,506)	(13,506)
<b>Total equity attributable to owners of the Company</b>	<b>1,303,873</b>	<b>1,287,864</b>
Non-controlling interests	67,644	65,126
<b>Total equity</b>	<b>1,371,517</b>	<b>1,352,990</b>
<b>Liabilities</b>		
Employee benefits	35,213	34,252
Lease liabilities	18,044	17,895
Deferred tax liabilities	59,393	61,689
Loans and borrowings	50,000	50,000
<b>Total non-current liabilities</b>	<b>162,650</b>	<b>163,836</b>
Trade and other payables, including derivatives	331,839	356,310
Lease liabilities	3,640	3,460
Loans and borrowings	68,077	75,045
Current tax liabilities	8,521	5,055
<b>Total current liabilities</b>	<b>412,077</b>	<b>439,870</b>
<b>Total liabilities</b>	<b>574,727</b>	<b>603,706</b>
<b>Total equity and liabilities</b>	<b>1,946,244</b>	<b>1,956,696</b>
Net assets per share attributable to owners of the Company* (RM)	6.67	6.59

*\*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 2022 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 2023 – unaudited**

In thousands of RM	<----- Attributable to the owners of the Company ----->							Total equity
	<----- Non-Distributable ----->				Distributable	Total	Non-controlling interests	
	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings			
<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
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-
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 company</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
<b>At 1-Jan-2023</b>	219,498	(13,506)	176,525	(6,741)	912,088	1,287,864	65,126	1,352,990
Foreign currency translation differences for consolidated subsidiaries	-	-	-	3,526	-	3,526	-	3,526
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	2,815	-	2,815	-	2,815
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-
Transfer of revaluation surplus on properties	-	-	(2,150)	-	2,150	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	(2,150)	6,341	2,150	6,341	-	6,341
Profit for the period	-	-	-	-	9,668	9,668	6,519	16,187
<b>Total comprehensive income for the period</b>	-	-	(2,150)	6,341	11,818	16,009	6,519	22,528
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
<b>Total transactions with owners of the Group</b>	-	-	-	-	-	-	(4,001)	(4,001)
<b>At 31-Mar-23</b>	219,498	(13,506)	174,375	(400)	923,906	1,303,873	67,644	1,371,517

*The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.*

**APM AUTOMOTIVE HOLDINGS BERHAD**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2023 – unaudited**

<i>In thousands of RM</i>	<b>For the 3 months year ended 31-Mar-23</b>	<b>For the 3 months year ended 31-Mar-22</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	23,047	14,315
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	14,744	15,406
Amortisation of intangible assets	330	6,052
Others	251	1,432
<b>Operating profit before working capital changes</b>	<b>38,372</b>	<b>37,205</b>
Deposits and prepayments	(6,093)	(3,087)
Inventories	32,770	44,366
Trade and other payables, including derivatives	(24,955)	(36,160)
Trade and other receivables, including derivatives	731	(42,158)
<b>Cash generated from operations</b>	<b>40,825</b>	<b>166</b>
Employee benefits paid	(271)	(370)
Net interest received	59	140
Warranties paid	(414)	(393)
Net income tax paid	(4,595)	(4,230)
<b>Net cash generated from/(used in) operating activities</b>	<b>35,604</b>	<b>(4,687)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	269	40
Acquisition of property, plant and equipment	(3,864)	(3,557)
Net decrease in other investments	-	(197)
Additions of intangible assets	(15)	(2,463)
<b>Net cash used in investing activities</b>	<b>(3,610)</b>	<b>(6,177)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(4,001)	(4,001)
Net repayment of loans and borrowings	(6,969)	(3,395)
Payment of lease liabilities	(453)	(228)
Payment of reduction of share capital in subsidiary to non-controlling interest	-	(2,450)
<b>Net cash used in financing activities</b>	<b>(11,423)</b>	<b>(10,074)</b>
Net cash increase/(decrease) in cash and cash equivalents	20,571	(20,938)
Effect of exchange rate fluctuations	1,110	557
Cash and cash equivalents at 1 January	353,106	298,992
<b>Cash and cash equivalents at the end of period</b>	<b>374,787</b>	<b>278,611</b>

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

Cash and bank balances	53,366	57,278
Deposits and corporate management account with licensed banks	321,421	221,333
	<b>374,787</b>	<b>278,611</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 2022 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 of the Group for the financial year ended 31 December 2022. 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 2022.

## **A2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Group have been prepared in accordance with MFRSs and International Financial Reporting Standards 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 2023:

- 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*.

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 2024***

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and 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*.

**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 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.

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 2022.

**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 2023.

**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**

Under the Islamic Medium Term Notes (“Sukuk Murabahah”) Programme of RM1.5 billion, the outstanding nominal value of Islamic Medium Term Notes stood at RM50.0 million at the end of the financial quarter.

Save for the above, there were no other 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 2023.

**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*

**INDIVIDUAL QUARTER**

	31-Mar-23		31-Mar-22	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	60,797	(1,224)	56,367	348
Interior & Plastics	392,055	24,703	280,162	15,871
Electrical & Heat Exchange	31,294	(1,066)	26,391	(724)
Marketing	71,134	2,051	86,326	2,960
Non-reportable segment	14,620	(2,177)	13,085	(2,735)
Indonesia Operations	24,230	839	26,567	(1,636)
All Other Segments	42,887	341	38,916	27
	637,017	23,467	527,814	14,111
Eliminations	(129,935)	(420)	(123,359)	204
	507,082	23,047	404,455	14,315



**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 2022.

**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 a Director of the Company, namely Dato’ Tan Heng Chew, is deemed to have substantial interests are as follows:

*In thousands of RM*

	INDIVIDUAL QUARTER	
	Current	Corresponding
	Quarter Ended	Quarter Ended
<u>With TCMH Group</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Sales	5,440	9,113
Provision of services	150	162
Purchases	(496)	(1,651)
Administrative and consultancy services	(186)	(153)
Insurance	(4,078)	(3,202)
Rental expenses	(3)	(5)
Rental income	450	450

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

*In thousands of RM*

	INDIVIDUAL QUARTER	
	Current	Corresponding
	Quarter Ended	Quarter Ended
<u>With WTCH Group</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Sales	75	182
Purchases	(24)	(23)
Administrative and consultancy services	(626)	(34)
Rental income	129	129
Rental expenses	(331)	(317)

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

*In thousands of RM*

	INDIVIDUAL QUARTER	
	Current	Corresponding
	Quarter Ended	Quarter Ended
<u>With TCIL Group</u>	<u>31-Mar-23</u>	<u>31-Mar-22</u>
Sales	22	41
Rental expenses	(23)	(20)

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**

**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 2023.

**A15. CAPITAL COMMITMENTS**

*In thousands of RM*

Contracted but not provided for

<u>31-Mar-23</u>	<u>31-Mar-22</u>
16,180	12,104

## **B1. OPERATING SEGMENTS REVIEW**

### **Statement of Financial Position**

The Group's financial standing remained robust with shareholders' fund of RM1.3 billion and a net cash position (i.e. cash and cash equivalents plus other investments and deduct bank borrowings) of RM260.5 million.

The net assets per share of the Group increased slightly by 1.2% from RM6.59 as of 31 December 2022 to RM6.67 as of 31 March 2023, mainly due to net profits earned during the quarter under review, coupled with the favourable effects of foreign currency translation for Indonesia Operations following the strengthening of Indonesia Rupiah.

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

For the current quarter ended 31 March 2023, the Group recorded a net increase in cash and cash equivalents of RM20.6 million from RM353.1 million as of 31 December 2022 to RM374.8 million as of 31 March 2023. The favourable cash flow movement can be attributed to the following factors:-

- i) Net cash generated from operating activities of RM35.6 million that was mainly driven by pre-tax profit of RM23.0 million and quicker inventory turnover resulting in positive changes in inventories of RM32.8 million, offset by trade creditors repayments of RM25.1 million;
- ii) Net cash used in investing activities of RM3.6 million mainly due to purchases of tooling, machineries and equipment of RM3.9 million; and
- iii) Net cash used in financing activities of RM11.4 million mainly due to the payment of dividends to non-controlling interest amounting to RM4.0 million and the repayment of bank borrowings amounting to RM7.0 million.

The Group recognizes that the retention of 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 utilized for future capital investment, if and when required.

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

#### **Q1'2023 vs. Q1'2022**

For the quarter ended 31 March 2023, the Group recorded revenue of RM507.1 million, an increase of 25.4% compared with the revenue of RM404.5 million in the corresponding quarter ended 31 March 2022. The increase is largely driven by higher demand from the Group's Original Equipment Manufacturer ("OEM") customers in Malaysia, as they rushed to fulfil bookings made during the sales tax exemption period.

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

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

Consequently, the Group registered a higher profit before tax (“PBT”) of RM23.0 million for the current quarter ended 31 March 2023, an increase of 60.8% compared with the PBT of RM14.3 million in the corresponding quarter ended 31 March 2022. The higher PBT was also contributed by the Interior and Plastics Division’s sale of moulds and toolings, further aided by the higher share of profit from the Group’s Indonesia joint ventures where one of the joint venture companies had only begun generating profit from Q3’2022 following the commencement of its operation in Q2’2022.

### **Suspension Division**

The Suspension Division recorded an increase in revenue by 7.8% (Q1’2023: RM60.8 million; Q1’2022: RM56.4 million). The higher revenue for the current quarter was mainly driven by improved demand from local OEM and Replace Equipment Manufacturer (“REM”) segments.

Despite recording higher revenue, the Suspension Division registered a loss before tax (“LBT”) of RM1.2 million during the current quarter compared to a PBT of RM0.3 million in the corresponding quarter. The LBT was mainly attributable to higher overheads such as staff costs (due to an increase in minimum wages with effect from 1st May 2022), and elevated energy prices for gas and electricity.

### **Interior & Plastics Division**

The Interior & Plastics Division recorded an increase in revenue by 39.9% (Q1’2023: RM392.1 million; Q1’2022: RM280.2 million). This Division’s revenue is generated predominantly from local carmakers. As such, the increase in revenue was attributable to higher demand from domestic OEM customers as they rushed to fulfil bookings made during the sales tax exemption period.

In line with higher revenue, the PBT of the Division increased by 55.3% to RM24.7 million in the current quarter compared to RM15.9 million in the corresponding quarter. As mentioned earlier, the sales of moulds and toolings in the current quarter also contributed to the higher PBT.

### **Electrical & Heat Exchange Division**

The Electrical & Heat Exchange Division (“H&EH”) recorded revenue of RM31.3 million, an increase of 18.6% from RM26.4 million in the same quarter of last year, mainly due to higher call-ins from certain OEM customers as explained earlier.

However, despite recording higher revenue, the H&EH Division recorded a LBT of RM1.1 million from LBT of RM0.7 million in Q1’2022. The higher LBT was mainly due to the increase in material price, staff costs and other operating expenses.

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

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

#### **Marketing Division**

The Marketing Division's revenue decreased by RM15.2 million or 17.6% year-on-year ("YoY") from RM86.3 million in Q1'2022 to RM71.1 million in Q1'2023. The decrease was primarily due to the elevated inventory levels held by export customers, who adopted a cautious approach in light of the risk of global recession. The high export sales in Q1'2022 were also boosted by deliveries of unfulfilled orders due to the unavailability of shipments during the last quarter of 2021.

In line with lower revenue, coupled with an unfavourable product mix, the Marketing Division registered a lower PBT of RM2.1 million for the current quarter, a reduction of 30.0% against Q1'2022 PBT of RM3.0 million.

#### **Non-reportable segment, Malaysia**

This segment comprises mainly operations relating to revenue received from sources that include the rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. Revenue generated from these services and sources forms 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 aluminium parts and components and distribution of motor vehicles to internal and external customers.

This segment's revenue for Q1'2023 increased by 11.5% to RM14.6 million from RM13.1 million in Q1'2022, mainly due to higher inter-group billing of services. Consequently, this segment recorded an improved LBT of RM2.2 million compared to LBT RM2.7 million in the corresponding quarter.

#### **Indonesia Operations**

Indonesia Operations refer to the manufacturing and supply 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.

Indonesia operations recorded lower revenue of RM24.2 million, a 9.0% decrease compared to Q1'2022 of RM26.6 million, mainly due to sluggish export demand and a decrease in REM sales due to low production which was caused by the unavailability of certain material sizes.

Notwithstanding the decrease in revenue, Indonesia operations recorded a higher PBT of RM0.8 million in the current quarter compared to LBT of RM1.6 million in the corresponding quarter. The higher PBT was mainly attributable to a higher share of profits from the Group's joint ventures in Indonesia instead of a share of losses recognized in the same quarter of last year, as explained 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”), the Netherlands and Myanmar (“Operations Outside Malaysia”).

Revenue for the Operations Outside of Malaysia recorded an increase of 10.3% to RM42.9 million year-on-year (YoY’), mainly due to higher revenue contributions from the coach and locomotive seat business in Australia, following an increase in demand and the resumption of several delayed projects.

In line with higher revenue, this Division registered a higher PBT of RM0.3 million compared to a PBT of RM0.03 million in the same quarter of last year.

**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-23	31-Dec-22	Changes		31-Mar-23	31-Dec-22	Changes	
			Amount	%			Amount	%
Suspension	60,797	61,191	(394)	-0.6%	(1,224)	(1,062)	(162)	-15.3%
Interior & Plastics	392,055	363,305	28,750	7.9%	24,703	19,059	5,644	29.6%
Electricals & Heat Exchange	31,294	30,735	559	1.8%	(1,066)	(2,323)	1,257	54.1%
Marketing	71,134	60,475	10,659	17.6%	2,051	767	1,284	167.4%
Non-reportable segment	14,620	13,333	1,287	9.7%	(2,177)	(2,601)	424	16.3%
Indonesia Operations	24,230	28,586	(4,356)	-15.2%	839	6,916	(6,077)	-87.9%
All Other Segments	42,887	41,101	1,786	4.3%	341	(4,339)	4,680	107.9%
	637,017	598,726	38,291	6.4%	23,467	16,417	7,050	42.9%
Eliminations	(129,935)	(129,799)	(136)	-0.1%	(420)	(357)	(63)	-17.6%
	507,082	468,927	38,155	8.1%	23,047	16,060	6,987	43.5%

The Group’s revenue which increased quarter-on-quarter (“QoQ”) by 8.1% in Q1’2023 from RM468.9 million to RM507.1 million was mainly contributed by the Interior and Plastics Division as local OEM customers continued the rush to fulfil bookings made during the sales tax exemption period. In addition, export sales from Marketing Division picked up following sluggish demand from export customers in the preceding quarter of Q4’2022.

For the quarter under review, the Group’s PBT improved by 43.5% from RM16.1 million to RM23.0 million mainly due to the following reasons:-

- a) Improved PBT from the Operations in Malaysia, led by the Interior and Plastics Division and Marketing Division, with increases in PBT by RM5.6 million and RM1.3 million, respectively. The improved performance was due to higher demand from local OEM customers and higher export sales, as explained earlier;

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

- b) Higher PBT contribution of RM0.3 million (Q4'2022: LBT of RM4.3 million) from All Other Segments, namely the Australia Operations, due to improved demand in the bus and locomotive seats. The resumption of several delayed projects also contributed to the improved performance of the Australia Operations; and
- c) offset by lower PBT contribution from Indonesia Operations of RM6.1 million (Q1'2023 – RM0.8 million; Q4'2022 – RM6.9 million), due to lower REM sales as explained earlier and lower share of profits from its joint ventures due to a slowdown in demand from one of its OEM customers.

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

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

The automotive industry in Malaysia continued its strong momentum from last year into the 1st quarter of 2023, as local carmakers rushed to fulfil bookings made during the sales tax exemption period. As reported by the Malaysian Automotive Association (MAA), total vehicle sales for March 2023 hit a new monthly all-time high of 78,849 units. Total industry volume ("TIV") for the 1st quarter of 2023 came in at 192,474 units, an increase of 20% from the same period last year. Similarly, total vehicle production also grew 28.69% to 198,394 units compared to the same period last year. (source: <https://www.theedgemarkets.com/node/663666>)

With the end of the sales tax exemption, the local automotive industry is expected to soften in subsequent quarters against the high base of Q1'2023. Nevertheless, the Group expects orders to remain strong due to backorder bookings as well as the launch of new models during the year. That should translate to a robust TIV for the remainder of the year and in line with the TIV of 650,000 units projected by the MAA.

Uncertainty continues to cloud the global economy with slower growth projected due to multiple downside risks. The stance on monetary policy tightening remains across most countries to bring down inflation. The effects of the sharp monetary policy tightening have started to appear in the financial sector, with the recent banking crisis triggered by three small to mid-size U.S. banks which failed over the course of five days in March 2023.

Against this backdrop, the Group continues to exercise prudence and caution in its approach towards business in light of the prevailing uncertainty surrounding its operating environment. The Group strives to maintain its focus on long-term strategies for business sustainability and to this end, it will explore feasible mergers, acquisitions, strategic partnerships, joint ventures and alliances, as a way forward to create value for shareholders.

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**B4. INCOME TAX EXPENSE**

*In thousands of RM*

	<b>INDIVIDUAL QUARTER</b>	
	<b>Current Quarter Ended <u>31-Mar-23</u></b>	<b>Corresponding Quarter Ended <u>31-Mar-22</u></b>
<b><u>Current tax</u></b>		
- Current year	9,060	3,718
- Prior year	(24)	500
<b><u>Deferred tax</u></b>		
- Current year	(2,562)	(859)
- Prior year	373	(318)
Withholding Tax	13	18
	<b>6,860</b>	<b>3,059</b>

The Group's effective tax rate for the financial period ended 31 March 2023 is higher than the statutory tax rate largely due to current year losses of certain subsidiaries for which no deferred tax asset was recognized.

**B5. CORPORATE PROPOSAL**

There was no corporate proposal announced but not completed as at 15 May 2023.

**B6. TRADE RECEIVABLES**

*In thousands of RM*

	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
<b><u>31-Mar-23</u></b>			
Not past due	290,558	(68)	290,490
Past due 1 - 90 days	19,335	(24)	19,311
Past due 91 - 180 days	1,398	(248)	1,150
	311,291	(340)	310,951
<b>Credit impaired</b>			
Past due more than 180 days	2,409	(2,409)	-
Individually impaired	1,279	(1,279)	-
	<b>314,979</b>	<b>(4,028)</b>	<b>310,951</b>
<b><u>31-Dec-22</u></b>			
Not past due	299,915	(113)	299,802
Past due 1 - 90 days	10,397	(206)	10,191
Past due 91 - 180 days	2,338	(1,051)	1,287
	312,650	(1,370)	311,280
<b>Credit impaired</b>			
Past due more than 180 days	1,831	(1,831)	-
Individually impaired	1,163	(1,163)	-
	<b>315,644</b>	<b>(4,364)</b>	<b>311,280</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 2023 are as follows:

*In thousands of RM*

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	34,767	(416)	Less than 1 year

Derivative financial instruments entered by the Group are similar to those disclosed in the consolidated annual financial statements for the year ended 31 December 2022. 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-23</b>	<b>31-Dec-22</b>
Unsecured	- Foreign currency borrowings	55,559	60,998
	- Local currency borrowings	62,518	64,047
		<u>118,077</u>	<u>125,045</u>
<u>Amount due within the next 12 months</u>		<u>68,077</u>	<u>75,045</u>
<u>Amount due between two to five years</u>		<u>50,000</u>	<u>50,000</u>

*In thousands of RM*

Functional Currency	Denominated In	<b>31-Mar-23</b>	<b>31-Dec-22</b>
RM	RM	62,518	64,047
EUR	EUR	935	919
AUD	AUD	14,812	14,944
IDR	IDR	25,430	28,766
IDR	USD	14,382	16,369
		<u>118,077</u>	<u>125,045</u>

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**B8. BORROWINGS AND DEBT SECURITIES (CONT'D)**

The borrowings due within the next 12 months consist of bank trade facilities, while the borrowings due between 2 to 5 years consist of Islamic Medium Term Notes (“**IMTN**”). Both these borrowings are 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 at rates ranging from 0.699% to 9.95% (2022: 0.699% to 9.95%) 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 2023.

**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>	
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
Profit attributable to the owners of the Company (RM'000)	9,668	7,193
Weighted average number of ordinary shares in issue ('000)	195,494	195,494
<b>Basic EPS (sen)</b>	<b>4.95</b>	<b>3.68</b>

The total number of ordinary shares issued by the Company, net of treasury shares as at 31 March 2023 was 195,494,300 (31 March 2022: 195,494,300).

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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:

	<b>INDIVIDUAL QUARTER</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>In thousands of RM</i>	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
(a) Interest income	(2,278)	(1,241)
(b) Interest expense	2,219	1,101
(c) Depreciation and Amortization	15,074	21,458
(d) Net impairment gain on trade receivables	(360)	(39)
(e) Provision for slow moving stock	178	316
(f) Net (gain)/loss on disposal of property, plant and equipment	(107)	29
(g) Net foreign exchange loss/(gain)	501	(1,421)
(h) Net loss on derivatives	228	204

**BY ORDER OF THE BOARD**

SOO SHIOW FANG  
 Company Secretary  
 Kuala Lumpur  
 Dated: 19 May 2023