



# **APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

*(Incorporated in Malaysia)*

## **INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 30 JUNE 2023 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended 30-Jun-23	Quarter Ended 30-Jun-22		Year to Date 30-Jun-23	Year to Date 30-Jun-22	
<b>Revenue</b>	430,420	397,941	8.2%	937,502	802,396	17%
<b>Results from operating activities</b>	8,552	8,944	-4.4%	30,577	23,030	33%
<b>Finance costs</b>	(2,203)	(1,228)	-79.4%	(4,422)	(2,329)	-90%
<b>Finance income</b>	2,590	1,344	92.7%	4,868	2,585	88%
<b>Share of the (loss)/profit of equity-accounted associates and joint ventures, net of tax</b>	(698)	(982)	28.9%	265	(893)	130%
<b>Profit before tax</b>	8,241	8,078	2.0%	31,288	22,393	40%
<b>Income tax expense</b>	(2,947)	(2,417)	-21.9%	(9,807)	(5,476)	-79%
<b>Profit for the period</b>	5,294	5,661	-6.5%	21,481	16,917	27%
<b>Other comprehensive income, net of tax</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liability for equity-accounted associate and joint ventures	-	64	-100.0%	-	64	-100%
<b>Items that will be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for consolidated subsidiaries	11,020	1,076	924.2%	14,546	3,642	299%
Foreign currency translation differences for equity-accounted associates and joint ventures	1,332	861	54.7%	4,147	920	351%
<b>Other comprehensive income for the period, net of tax</b>	12,352	2,001	517.3%	18,693	4,626	304%
<b>Total comprehensive income for the period</b>	17,646	7,662	130.3%	40,174	21,543	86%
<b>Profit attributable to :</b>						
Owners of the Company	2,804	2,976	-5.8%	12,472	10,169	23%
Non-controlling interests	2,490	2,685	-7.3%	9,009	6,748	34%
<b>Profit for the period</b>	5,294	5,661	-6.5%	21,481	16,917	27%
<b>Total comprehensive income attributable to :</b>						
Owners of the Company	15,156	4,977	204.5%	31,165	14,795	111%
Non-controlling interests	2,490	2,685	-7.3%	9,009	6,748	34%
<b>Total comprehensive income for the period</b>	17,646	7,662	130.3%	40,174	21,543	86%
<b>Earnings per ordinary share</b>						
Basic (sen)	1.43	1.52	-5.9%	6.38	5.20	23%

*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 30 JUNE 2023 – unaudited**

<i>In thousands of RM</i>	<b>As at 30-Jun-23</b>	<b>As at 31-Dec-22 (Audited)</b>
<b>Assets</b>		
Property, plant and equipment	615,979	627,279
Investment properties	106,700	106,700
Investment in an associates	20,322	6,455
Investments in joint ventures	90,829	86,284
Intangible assets	20,170	20,542
Deferred tax assets	26,686	25,874
<b>Total non-current assets</b>	<b>880,686</b>	<b>873,134</b>
Inventories	337,663	374,676
Trade and other receivables, including derivatives	314,285	347,243
Current tax assets	2,136	5,360
Other investments	8,125	3,177
Cash and cash equivalents	379,089	353,106
<b>Total current assets</b>	<b>1,041,298</b>	<b>1,083,562</b>
<b>Total assets</b>	<b>1,921,984</b>	<b>1,956,696</b>
<b>Equity</b>		
Share capital	219,498	219,498
Reserves	1,099,352	1,081,872
Treasury shares	(13,506)	(13,506)
<b>Total equity attributable to owners of the Company</b>	<b>1,305,344</b>	<b>1,287,864</b>
Non-controlling interests	70,134	65,126
<b>Total equity</b>	<b>1,375,478</b>	<b>1,352,990</b>
<b>Liabilities</b>		
Employee benefits	36,325	34,252
Lease liabilities	17,786	17,895
Deferred tax liabilities	58,781	61,689
Loans and borrowings	50,000	50,000
<b>Total non-current liabilities</b>	<b>162,892</b>	<b>163,836</b>
Trade and other payables, including derivatives	305,660	356,310
Lease liabilities	3,445	3,460
Loans and borrowings	67,973	75,045
Current tax liabilities	6,536	5,055
<b>Total current liabilities</b>	<b>383,614</b>	<b>439,870</b>
<b>Total liabilities</b>	<b>546,506</b>	<b>603,706</b>
<b>Total equity and liabilities</b>	<b>1,921,984</b>	<b>1,956,696</b>
Net assets per share attributable to owners of the Company* (RM)	6.68	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 30 JUNE 2023 – unaudited**

<----- Attributable to the owners of the Company ----->

<----- Non-Distributable ----->

Distributable

Non-

controlling

interests

Total

equity

*In thousands of RM*

	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<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	-	-	-	3,642	-	3,642	-	3,642
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	920	-	920	-	920
Remeasurement of defined benefit liabilities	-	-	-	-	64	64	-	64
Transfer of revaluation surplus on properties	-	-	(4,300)	-	4,300	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	(4,300)	4,562	4,364	4,626	-	4,626
Profit for the period	-	-	-	-	10,169	10,169	6,748	16,917
<b>Total comprehensive income for the period</b>	-	-	(4,300)	4,562	14,533	14,795	6,748	21,543
Dividends to owners of the company	-	-	-	-	(13,685)	(13,685)	-	(13,685)
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>	-	-	-	-	(13,685)	(13,685)	(6,451)	(20,136)
<b>At 30-Jun-22</b>	219,498	(13,506)	180,825	2,044	906,073	1,294,934	70,445	1,365,379
<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	-	-	-	14,546	-	14,546	-	14,546
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	4,147	-	4,147	-	4,147
Transfer of revaluation surplus on properties	-	-	(4,300)	-	4,300	-	-	-
<b>Total other comprehensive income for the period</b>	-	-	(4,300)	18,693	4,300	18,693	-	18,693
Profit for the period	-	-	-	-	12,472	12,472	9,009	21,481
<b>Total comprehensive income for the period</b>	-	-	(4,300)	18,693	16,772	31,165	9,009	40,174
Dividends to owners of the company	-	-	-	-	(13,685)	(13,685)	-	(13,685)
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
<b>Total transactions with owners of the Group</b>	-	-	-	-	(13,685)	(13,685)	(4,001)	(17,686)
<b>At 30-Jun-23</b>	219,498	(13,506)	172,225	11,952	915,175	1,305,344	70,134	1,375,478

*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 CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2023 – unaudited**

<i>In thousands of RM</i>	<b>For the 6 months year ended 30-Jun-23</b>	<b>For the 6 months year ended 30-Jun-22</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests	31,288	22,393
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	29,621	30,323
Amortisation of intangible assets	733	6,393
Others	574	5,306
<b>Operating profit before working capital changes</b>	<b>62,216</b>	<b>64,415</b>
Deposits and prepayments	(19)	(7,913)
Inventories	38,248	22,265
Trade and other payables, including derivatives	(51,598)	(8,781)
Trade and other receivables, including derivatives	33,465	(9,443)
<b>Cash generated from operations</b>	<b>82,312</b>	<b>60,543</b>
Interest/Tax/Employee benefits/provision		
Employee benefits paid	(423)	(727)
Net interest received	446	257
Warranties paid	(923)	(884)
Net income tax paid	(8,679)	(7,883)
<b>Net cash generated from operating activities</b>	<b>72,733</b>	<b>51,306</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	660	238
Acquisition of property, plant and equipment	(8,077)	(7,905)
Net decrease in other investments	(3,986)	(152)
Additions of intangible assets	(23)	(3,012)
Investment in associates	(14,000)	-
Investment in joint ventures	-	(4,647)
<b>Net cash used in investing activities</b>	<b>(25,426)</b>	<b>(15,478)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(4,001)	(4,001)
Dividends paid to owners of the Company	(13,685)	(13,685)
Net repayment of loans and borrowings	(7,073)	(5,239)
Payment of lease liabilities	(2,152)	(1,787)
Payment of reduction of share capital in subsidiary to non-controlling interest	-	(2,450)
<b>Net cash used in financing activities</b>	<b>(26,911)</b>	<b>(27,162)</b>
Net cash increase in cash and cash equivalents	20,396	8,666
Effect of exchange rate fluctuations	5,587	1,979
Cash and cash equivalents at 1 January	353,106	298,992
<b>Cash and cash equivalents at the end of period</b>	<b>379,089</b>	<b>309,637</b>

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

Cash and bank balances	68,967	56,678
Deposits and corporate management account with licensed banks	310,122	252,959
	<b>379,089</b>	<b>309,637</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*; and
- 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 30 June 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**

A second interim single tier dividend of 7.0 sen per ordinary share (2021: 7.0 sen) totalling RM13.7 million (2021: RM13.7 million) in respect of the financial year ended 31 December 2022 was paid on 10 May 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.



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

**A9. SEGMENTAL INFORMATION (CONT'D)**

*In thousands of RM*

**INDIVIDUAL QUARTER**

	30-Jun-23		30-Jun-22	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	55,628	(352)	57,681	1,170
Interior & Plastics	331,450	13,990	295,448	12,286
Electrical & Heat Exchange	28,461	(1,973)	25,864	(1,356)
Marketing	69,138	4,588	76,255	2,951
Non-reportable segment	14,339	(1,732)	13,087	(924)
Indonesia Operations	16,710	(3,774)	21,474	(5,328)
All Other Segments	41,868	(2,312)	35,183	(476)
	557,594	8,435	524,992	8,323
Eliminations	(127,174)	(194)	(127,051)	(245)
	430,420	8,241	397,941	8,078

*In thousands of RM*

**CUMULATIVE QUARTER**

	30-Jun-23		30-Jun-22	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	116,425	(1,576)	114,048	1,518
Interior & Plastics	723,505	38,693	575,610	28,157
Electrical & Heat Exchange	59,755	(3,039)	52,255	(2,080)
Marketing	140,272	6,639	162,581	5,911
Non-reportable segment	28,959	(3,909)	26,172	(3,659)
Indonesia Operations	40,940	(2,935)	48,041	(6,964)
All Other Segments	84,755	(1,971)	74,099	(449)
	1,194,611	31,902	1,052,806	22,434
Eliminations	(257,109)	(614)	(250,410)	(41)
	937,502	31,288	802,396	22,393

**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.

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

**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:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<b><u>With TCMH Group</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>
Sales	5,656	8,495	11,096	17,608
Provision of services	150	125	300	287
Purchases	(624)	(1,024)	(1,120)	(2,675)
Administrative and consultancy services	(223)	(278)	(409)	(431)
Insurance	(765)	(1,852)	(4,843)	(5,054)
Rental expenses	(2)	(4)	(5)	(9)
Rental income	450	450	900	900

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<b><u>With WTCH Group</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>
Sales	83	141	158	323
Purchases	(236)	(209)	(260)	(232)
Administrative and consultancy services	(158)	(141)	(784)	(175)
Rental income	129	129	258	258
Rental expenses	(319)	(338)	(650)	(655)

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

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<b><u>With TCIL Group</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>	<b><u>30-Jun-23</u></b>	<b><u>30-Jun-22</u></b>
Sales	46	13	68	54
Rental expenses	(24)	(16)	(47)	(36)

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 30 June 2023.

**A15. CAPITAL COMMITMENTS**

*In thousands of RM*

	<u>30-Jun-23</u>	<u>30-Jun-22</u>
Contracted but not provided for	16,471	13,015
	<hr/>	<hr/>

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

**B1. OPERATING SEGMENTS REVIEW**

**Statement of Financial Position**

The Group's financial standing remained robust with shareholders' fund of RM1.3 billion and a net cash position of RM269.2 million (i.e. cash and cash equivalents plus other investments and deduct bank borrowings). Likewise, the Group's current ratio (i.e. Current Ratio = Current Assets/Current Liabilities) improved from 2.46 times to 2.71 times largely due to the reduction in trade and other payables by RM51.6 million or 14.5% in Q2'2023 compared to 31 December 2022.

The net assets per share of the Group increased by 1.4% from RM6.59 as of 31 December 2022 to RM6.68 as of 30 June 2023, mainly due to net profits achieved in the first half of the year, coupled with the favourable effect of foreign currency translation for the Group's foreign subsidiaries and joint ventures.

**Statement of Cash Flows and Capital Expenditure**

For the current quarter ended 30 June 2023, the Group recorded a net increase in cash and cash equivalents of RM26.0 million from RM353.1 million as of 31 December 2022 to RM379.1 million as of 30 June 2023. The positive cash flow movement was attributed to the following factors:-

- i) Net cash generated from operating activities of RM72.7 million that was mainly driven by pre-tax profit of RM31.3 million. Turnover for inventories and trade receivables were quicker which resulted in positive changes of RM38.2 million and RM34.3 million, respectively, offset by trade creditor repayments of RM48.9 million;
- ii) Net cash used in investing activities of RM25.4 million that was mainly for the Group's investment in an associate in Malaysia amounting to RM14.0 million, other investment amounting to RM 4.0 million and the purchase of tooling, machineries and equipment amounting to RM8.1 million; and
- iii) Net cash used in financing activities of RM26.9 million mainly for payment of the second interim dividend for the financial year ended 31 December 2022 amounting to RM13.7 million, payment of dividends to non-controlling interests amounting to RM4.0 million and the repayment of bank borrowings amounting to RM7.1 million.

As of 30 June 2023, the Group's capital commitment stood at RM16.5 million owing primarily to the Group's investment in tooling, machineries/equipment and development costs for the supply of parts for new vehicle models and the upgrading of production facilities. The capital commitment is funded internally and through bank borrowings.

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.

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

**Analysis of Performance of All Operating Segments**

**Q2'2023 vs. Q2'2022**

For the current quarter ended 30 June 2023, the Group recorded revenue of RM430.4 million, an increase of 8.2% compared with revenue of RM397.9 million in the corresponding quarter ended 30 June 2022. Demand from the Group's Original Equipment Manufacturer ("OEM") customers in Malaysia remains robust with a high level of backorder bookings and new model launches.

Accordingly, the Group registered a higher profit before tax ("PBT") of RM8.2 million for the current quarter ended 30 June 2023, an increase of 2.5% compared with the PBT of RM8.0 million in the corresponding quarter ended 30 June 2022. The higher PBT is in line with improved revenue, but offset by rising operating costs such as material, labour and overheads.

**Year-to-date 2023 ("YTD 2023") vs Year-to-date 2022 ("YTD 2022")**

For the six months ended 30 June 2023, the Group recorded higher revenue of RM937.5 million, which represents an increase of RM135.1 million or 16.8% compared with revenue of RM802.4 million in the same period of last year. The improved performance was mainly attributable to higher demand from the Group's OEM customers in Malaysia, as they rushed to fulfil bookings made during the sales tax exemption period and new model launches.

In line with higher revenue, the Group's PBT improved to RM31.3 million compared to PBT of RM22.4 million in the same period last year. The higher PBT is also contributed by the Interior and Plastics Division's sale of moulds/tooling, and further aided by the higher share of profit from the Group's joint ventures in Indonesia where one of the joint venture companies begun generating profit from Q3'2022 following the commencement of its operation in Q2'2022.

**Suspension Division**

For the current quarter ended 30 June 2023, the Suspension Division recorded a decrease in revenue by 3.6% (Q2'2023: RM55.6 million; Q2'2022: RM57.7 million) and registered a loss before tax loss ("LBT") of RM0.4 million compared to a PBT of RM1.2 million in the corresponding quarter. The LBT was mainly caused by 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.

For the six months ended 30 June 2023, the Suspension Division recorded revenue of RM116.4 million (+2.0% compared to the same period last year ('YoY')). Despite recording higher revenue, the Suspension Division registered a LBT of RM1.6 million compared to a PBT of RM1.5 million in the corresponding period due to the same reasons explained in the paragraph above.

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

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

**Interior & Plastics Division**

For the current quarter ended 30 June 2023, the Interior & Plastics Division recorded an increase in revenue by 12.2% (Q2'2023: RM331.5 million; Q2'2022: RM295.4 million) and an increase in PBT by 13.8% (Q2'2023: RM14.0 million; Q2'2022: RM12.3 million). The improved performance was mainly due to the strong demand from domestic OEM customers, as they continued to fulfil the high-level of backorder bookings.

For the six months ended 30 June 2023, the Interior & Plastics Division recorded an increase in revenue by 25.7% (Q2'2023: RM723.5 million; Q2'2022: RM575.6 million) and an increase in PBT by 37.2% (Q2'2023: RM38.7 million; Q2'2022: RM28.2 million). The improved performance was mainly due to higher demand from domestic OEM customers as they rushed to fulfil bookings made during the sales tax exemption period and further contributed by the sale of moulds/tooling.

**Electrical & Heat Exchange Division**

For the current quarter ended 30 June 2023, the Electrical & Heat Exchange Division registered an increase in revenue by 10% (Q2'2023: RM28.5 million; Q2'2022: RM25.9 million) mainly due to higher call-ins from certain OEM customers. Despite recording higher revenue, this Division registered an LBT of RM2.0 million (-42.9% YoY), mainly due to the increase in material price, staff costs and other operating expenses.

For the six months ended 30 June 2023, the Division recorded revenue of RM59.8 million (+14.3% YoY) and LBT of RM3.0 million (-42.9% YoY). LBT was higher due to the same reasons explained in the paragraph above.

**Marketing Division**

For the current quarter ended 30 June 2023, the Marketing Division recorded a decrease in revenue by 9.4% (Q2'2023: RM69.1 million; Q2'2022: RM76.3 million). There was a slowdown in demand from export customers, primarily due to the elevated inventory levels held by export customers. Notwithstanding the decrease in revenue, this Division recorded a higher PBT of RM4.6 million (+53.3% YoY) mainly due to foreign exchange gains which arose from trade receivables balance denominated in foreign currencies.

For the six months ended 30 June 2023, the Marketing Division recorded a lower revenue of RM140.3 million (-13.7% YoY). In addition to the decrease in demand from export customers as explained in the paragraph above, the higher export sales in the corresponding period last year were also boosted by deliveries of unfulfilled orders due to the unavailability of shipments during the last quarter of 2021. YTD 2023 PBT improved to RM6.6 million (+11.9% YoY) due to the same reasons as explained in the paragraph above.

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

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

**Non-Reportable Segment, Malaysia**

This segment comprises mainly operations relating to revenue received from sources that include 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 form part of the 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 to internal and external customers.

For the current quarter ended 30 June 2023, this segment's revenue increased by 9.2% to RM14.3 million from RM13.1 million in Q2'2022, mainly due to higher inter-group billing of services. Despite the increase in revenue, this segment registered an LBT of RM1.7 million compared to LBT of RM0.9 million in the corresponding quarter. The lower LBT in Q2'2022 was mainly due to the reversal of over-provision for certain expenses.

For the six months ended 30 June 2023, this segment's revenue increased by 10.7% to RM29.0 million from RM26.2 million in 2022, mainly due to higher inter-group billing of services. This segment registered LBT of RM3.9 million compared to LBT of RM3.7 million in the corresponding period due to the same reason explained in the paragraph above.

**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.

For the current quarter ended 30 June 2023, the Indonesia Operations recorded revenue of RM16.7 million, a decrease of 22.3% compared to RM21.5 million in the same quarter last year. The decrease was mainly attributable to the unavailability of sizes of certain materials that affected production and sales.

Notwithstanding the decrease in revenue, the Indonesia Operations recorded an improved LBT of RM3.8 million in the current quarter compared to LBT of RM5.3 million in the corresponding quarter. The improved LBT was mainly attributable to the upward price revision received from certain OEM customers and the lower share of loss from its joint ventures in Indonesia, where one of the joint venture companies begun generating profit from Q3'2022 following the commencement of its operation in Q2'2022.

For the six months ended 30 June 2023, Indonesia operations recorded revenue of RM40.9 million, a decrease of 14.8% compared to RM48.0 million in the same period last year. The decrease was due to sluggish export demand and the unavailability of certain material sizes that affected production and sales. Notwithstanding the decrease in revenue, YTD 2023 LBT improved to RM2.9 million compared to LBT of RM7.0 million in the same period last year due to the share of profit from the Group's joint ventures compared to share of loss in the same period last year due to the reason explained above.

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

For the current quarter ended 30 June 2023, Operations Outside of Malaysia recorded revenue of RM41.9 million (+19% YoY), mainly due to higher revenue contribution from Vietnam, backed by the supply of seats to OEM which started in Q3'2022. Despite the higher revenue, LBT increased to RM2.3 million compared to LBT of RM0.5 million in the corresponding quarter last year. The higher LBT was mainly due to the share of loss from a joint venture in Vietnam following the end of supply for an OEM model. The said joint venture contributed share of profit in Q2'2022.

For the six months ended 30 June 2023, revenue for this Segment amounted to RM84.8 million (+14.4% YoY). However, LBT was higher at RM2.0 million compared to LBT of RM0.4 million in the same period last year. The higher LBT was due to the same reason as explained in the paragraph above.

**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			
	30-Jun-23	31-Mar-23	Changes		30-Jun-23	31-Mar-23	Changes	
			Amount	%			Amount	%
Suspension	55,628	60,797	(5,169)	-8.5%	(352)	(1,224)	872	71.2%
Interior & Plastics	331,450	392,055	(60,605)	-15.5%	13,990	24,703	(10,713)	-43.4%
Electricals & Heat Exchange	28,461	31,294	(2,833)	-9.1%	(1,973)	(1,066)	(907)	-85.1%
Marketing	69,138	71,134	(1,996)	-2.8%	4,588	2,051	2,537	123.7%
Non-reportable segment	14,339	14,620	(281)	-1.9%	(1,732)	(2,177)	445	20.4%
Indonesia Operations	16,710	24,230	(7,520)	-31.0%	(3,774)	839	(4,613)	-549.8%
All Other Segments	41,868	42,887	(1,019)	-2.4%	(2,312)	341	(2,653)	-778.0%
	557,594	637,017	(79,423)	-12.5%	8,435	23,467	(15,032)	-64.1%
Eliminations	(127,174)	(129,935)	2,761	2.1%	(194)	(420)	226	53.8%
	430,420	507,082	(76,662)	-15.1%	8,241	23,047	(14,806)	-64.2%

The Group's revenue decreased quarter-on-quarter ("QoQ") by 15.1% in Q2'2023 from RM507.1 million in Q1'2023 to RM430.4 million, mainly due to the prolonged festive holidays resulting in shorter operating period for Malaysia and Indonesia during the current quarter.

Consequently, the Group's PBT for the quarter under review was lower at RM8.2 million (-64.2% QoQ) mainly due to the following reasons:-

- a) Lower contribution from the Operations in Malaysia, with the decrease in the Interior and Plastics Division's PBT by RM10.7 million (-43.4% QoQ). The reduction in PBT was due to lower sales during the current quarter as explained above, coupled with the sale of moulds/toolings during Q1'2023 which yielded higher profit margin;



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

- b) Higher LBT from Indonesia operations of RM7.5 million (Q1'2023: LBT RM4.6 million) was mainly due to the lower sales as explained above. In addition, one of the Group's joint venture recorded an adjustment to reverse the over-provision of deferred tax assets, resulting in share of loss from the said joint venture compared to share of profit in Q1'2023; and
- c) All Other Segments registered LBT of RM2.3 million for the current quarter under review compared to PBT of RM0.3 million in the preceding quarter of Q1'2023, mainly due to a slowdown in Australia and Vietnam. The Group's seat business in Australia was largely affected by the subdued demand for new buses, while Vietnam's OEM segment is experiencing a slowdown in demand.

**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 recorded a strong performance during the first half of 2023, as local carmakers rushed to fulfil bookings made during the sales tax exemption period. As reported by the Malaysian Automotive Association (MAA), the total industry volume ("TIV") for the first half of 2023 came in at 366,037 units, which is an increase of 10.3% compared to the same period last year. The robust sales were driven by the national carmakers as their market share in the passenger vehicle segment increased to approximately 68% (YTD 2022: 63%).

The strong first-half performance prompted MAA to revise upwards its full-year 2023 TIV forecast to 725,000 units from its initial 650,000 units projected at the beginning of this year. The upward momentum in the TIV is mainly supported by, among others, Malaysia's stable economic outlook for 2023, improvement in the automotive industry supply chain environment and new model launches (*Source: <https://theedgemalaysia.com/node/675450>*). In line with the revised forecast by MAA, the Group is maintaining a cautiously optimistic outlook and expects orders to remain strong due to backorder bookings as well as the launch of new models during the year.

Economic optimism continues to grow in much of the world as global inflation pressures have started to ease, and the financial instability following the March banking turmoil remains contained. However, uncertainty continues to cloud the global economy as the risks of geopolitical instability, interest rates and inflation remain. The slowdown in China's economy may pose a risk to the recovery of the global economy.

Against this backdrop, the Group will continue to exercise prudence and caution in its approach towards business considering the prevailing uncertainties surrounding its operating environment. The Group will strive 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**

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Quarter Ended <u>30-Jun-23</u></b>	<b>Corresponding Quarter Ended <u>30-Jun-22</u></b>	<b>Cumulative Year To Date <u>30-Jun-23</u></b>	<b>Corresponding Year To Date <u>30-Jun-22</u></b>
<b><u>Current tax</u></b>				
- Current year	4,191	4,436	13,251	8,154
- Prior year	24	(110)	-	390
<b><u>Deferred tax</u></b>				
- Current year	(1,257)	(1,851)	(3,819)	(2,710)
- Prior year	(25)	(84)	348	(402)
Withholding Tax	14	26	27	44
	<u>2,947</u>	<u>2,417</u>	<u>9,807</u>	<u>5,476</u>

The Group's effective tax rate for the financial period ended 30 June 2023 is higher than the statutory tax rate largely due to current period 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 17 August 2023.

**B6. TRADE RECEIVABLES**

<i>In thousands of RM</i>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
<b><u>30-Jun-23</u></b>			
Not past due	261,012	-	261,012
Past due 1 - 90 days	12,027	-	12,027
Past due 91 - 180 days	4,009	(114)	3,895
	<u>277,048</u>	<u>(114)</u>	<u>276,934</u>
<b>Credit impaired</b>			
Past due more than 180 days	2,403	(2,403)	-
Individually impaired	1,360	(1,360)	-
	<u>280,811</u>	<u>(3,877)</u>	<u>276,934</u>
<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
	<u>312,650</u>	<u>(1,370)</u>	<u>311,280</u>
<b>Credit impaired</b>			
Past due more than 180 days	1,831	(1,831)	-
Individually impaired	1,163	(1,163)	-
	<u>315,644</u>	<u>(4,364)</u>	<u>311,280</u>

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 30 June 2023 are as follows:

*In thousands of RM*

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	24,454	(770)	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>30-Jun-23</b>	<b>31-Dec-22</b>
Unsecured	- Foreign currency borrowings	49,732	60,998
	- Local currency borrowings	68,241	64,047
		<u>117,973</u>	<u>125,045</u>
Amount due within the next 12 months		<u>67,973</u>	<u>75,045</u>
Amount due between two to five years		<u>50,000</u>	<u>50,000</u>

*In thousands of RM*

<u>Functional Currency</u>	<u>Denominated In</u>	<b>30-Jun-23</b>	<b>31-Dec-22</b>
RM	RM	68,241	64,047
EUR	EUR	843	919
AUD	AUD	15,504	14,944
IDR	IDR	18,122	28,766
IDR	USD	15,263	16,369
		<u>117,973</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 3.50% to 9.65% (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**

The Board has declared an interim single-tier dividend of 7 sen per ordinary share (2022: 7 sen per ordinary share) for the financial year ending 31 December 2023 to be paid on 4 October 2023 to shareholders whose names appear in the Record of Depositors on 13 September 2023.

A depositor shall qualify for entitlement to the dividend only in respect of:

- a) Shares transferred into the depositor’s securities account before 4.30 p.m. on 13 September 2023 in respect of ordinary transfers; and
- b) Shares brought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance to the Rules of Bursa Malaysia Securities Berhad

**B11. EARNINGS PER SHARE**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Profit attributable to the owners of the Company (RM'000)	2,804	2,976	12,472	10,169
Weighted average number of ordinary shares in issue ('000)	195,494	195,494	195,494	195,494
<b>Basic EPS (sen)</b>	<b>1.43</b>	<b>1.52</b>	<b>6.38</b>	<b>5.20</b>

The total number of ordinary shares issued by the Company, net of treasury shares as at 30 June 2023 was 195,494,300 (30 June 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:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
(a) Interest income	(2,590)	(1,344)	(4,868)	(2,585)
(b) Interest expense	2,203	1,228	4,422	2,329
(c) Depreciation and Amortization	15,280	15,258	30,354	36,716
(d) Net impairment gain on trade receivables	(209)	(159)	(569)	(198)
(e) (Write back)/provision for slow moving stock	(1,650)	1,445	(1,472)	1,761
(f) Net gain on disposal of property, plant and equipment	(40)	(65)	(147)	(36)
(g) Net foreign exchange gain	(3,581)	(2,991)	(3,080)	(4,412)
(h) Net loss on derivatives	564	844	792	1,048

**BY ORDER OF THE BOARD**

SOO SHIOW FANG  
 Company Secretary  
 Kuala Lumpur  
 Dated: 23 August 2023