



APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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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 2024 – unaudited

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		
	Current Quarter Ended 31-Mar-24	Corresponding Quarter Ended 31-Mar-23	Change
Revenue	490,387	507,082	-3.3%
Results from operating activities	30,903	22,025	40.3%
Finance costs	(2,227)	(2,219)	-0.4%
Finance income	3,125	2,278	37.2%
Share of the profit of equity-accounted associates and joint ventures, net of tax	3,962	963	311.4%
Profit before tax	35,763	23,047	55.2%
Income tax expense	(7,950)	(6,860)	-15.9%
Profit for the period	27,813	16,187	71.8%
Other comprehensive income, net of tax			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation differences for consolidated subsidiaries	(2,080)	3,526	-159.0%
Foreign currency translation differences for equity-accounted associates and joint ventures	(524)	2,815	-118.6%
Other comprehensive (expense)/income for the period, net of tax	(2,604)	6,341	-141.1%
Total comprehensive income for the period	25,209	22,528	11.9%
Profit attributable to :			
Owners of the Company	20,209	9,668	109.0%
Non-controlling interests	7,604	6,519	16.6%
Profit for the period	27,813	16,187	71.8%
Total comprehensive income attributable to :			
Owners of the Company	17,609	16,009	10.0%
Non-controlling interests	7,600	6,519	16.6%
Total comprehensive income for the period	25,209	22,528	11.9%
Earnings per ordinary share			
Basic (sen)	10.34	4.95	108.9%

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 2023 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 FINANCIAL POSITION
AS AT 31 MARCH 2024 – unaudited**

<i>In thousands of RM</i>	As at 31-Mar-24	As at 31-Dec-23 (Audited)
Assets		
Property, plant and equipment	728,125	716,247
Investment properties	106,760	106,760
Investment in associates	38,319	33,547
Investments in joint ventures	109,274	106,208
Intangible assets	20,730	20,840
Other investment	3,986	3,986
Deferred tax assets	28,219	27,618
Total non-current assets	1,035,413	1,015,206
Inventories	312,088	372,478
Trade and other receivables, including derivatives	303,435	271,959
Current tax assets	2,730	2,790
Other investments	4,830	4,390
Cash and cash equivalents	405,725	478,689
Total current assets	1,028,808	1,130,306
Total assets	2,064,221	2,145,512
Equity		
Share capital	219,498	219,498
Reserves	1,220,125	1,224,020
Treasury shares	(13,506)	(13,506)
Total equity attributable to owners of the Company	1,426,117	1,430,012
Non-controlling interests	71,304	73,704
Total equity	1,497,421	1,503,716
Liabilities		
Employee benefits	36,124	35,775
Lease liabilities	17,765	16,300
Deferred tax liabilities	79,730	82,388
Loans and borrowings	50,000	50,000
Total non-current liabilities	183,619	184,463
Trade and other payables, including derivatives	296,815	375,844
Lease liabilities	4,206	3,965
Loans and borrowings	67,665	68,814
Current tax liabilities	14,495	8,710
Total current liabilities	383,181	457,333
Total liabilities	566,800	641,796
Total equity and liabilities	2,064,221	2,145,512
Net assets per share attributable to owners of the Company* (RM)	7.29	7.31

**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 2023 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 2024 – unaudited**

	<----- Attributable to the owners of the Company ----->					Total	Non-controlling interests	Total equity
	<----- Non-Distributable ----->		Distributable					
<i>In thousands of RM</i>	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings			
At 1-Jan-2023	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	-	-	-
Total other comprehensive income for the period	-	-	(2,150)	6,341	2,150	6,341	-	6,341
Profit for the period	-	-	-	-	9,668	9,668	6,519	16,187
Total comprehensive income for the period	-	-	(2,150)	6,341	11,818	16,009	6,519	22,528
Dividends to non-controlling interests	-	-	-	-	-	-	(4,001)	(4,001)
Total transactions with owners of the company	-	-	-	-	-	-	(4,001)	(4,001)
At 31-Mar-23	219,498	(13,506)	174,375	(400)	923,906	1,303,873	67,644	1,371,517
At 1-Jan-2024	219,498	(13,506)	250,490	13,687	959,843	1,430,012	73,704	1,503,716
Foreign currency translation differences for consolidated subsidiaries	-	-	-	(2,080)	-	(2,080)	-	(2,080)
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	(520)	-	(520)	(4)	(524)
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-
Transfer of revaluation surplus on properties	-	-	(4,112)	-	4,112	-	-	-
Total other comprehensive income for the period	-	-	(4,112)	(2,600)	4,112	(2,600)	(4)	(2,604)
Profit for the period	-	-	-	-	20,209	20,209	7,604	27,813
Total comprehensive income for the period	-	-	(4,112)	(2,600)	24,321	17,609	7,600	25,209
Dividends to owners of the company	-	-	-	-	(21,504)	(21,504)	-	(21,504)
Dividends to non-controlling interests	-	-	-	-	-	-	(10,000)	(10,000)
Total transactions with owners of the Group	-	-	-	-	(21,504)	(21,504)	(10,000)	(31,504)
At 31-Mar-24	219,498	(13,506)	246,378	11,087	962,660	1,426,117	71,304	1,497,421

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024 – unaudited**

<i>In thousands of RM</i>	For the 3 months year ended 31-Mar-24	For the 3 months year ended 31-Mar-23
Cash flows from operating activities		
Profit before tax and non-controlling interests	35,763	23,047
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	16,642	14,744
Amortisation of intangible assets	581	330
Share of the profit of equity-accounted associates and joint ventures, net of tax	(3,962)	(963)
Others	176	1,214
Operating profit before working capital changes	49,200	38,372
Changes in working capital		
Deposits and prepayments	(3,660)	(6,093)
Inventories	60,184	32,770
Trade and other payables, including derivatives	(79,410)	(24,955)
Trade and other receivables, including derivatives	(27,331)	731
Cash (used in)/generated from operations	(1,017)	40,825
Employee benefits paid	(719)	(271)
Net interest received	897	59
Warranties paid	(471)	(414)
Net income tax paid	(5,379)	(4,595)
Net cash (used in)/generated from operating activities	(6,689)	35,604
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	166	269
Acquisition of property, plant and equipment	(28,229)	(3,864)
Additions of intangible assets	(629)	(15)
Investment in associates	(4,400)	-
Net cash used in investing activities	(33,092)	(3,610)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(10,000)	(4,001)
Dividends paid to owners of the Company	(21,504)	-
Net repayment of loans and borrowings	(1,149)	(6,969)
Payment of lease liabilities	(540)	(453)
Net cash used in financing activities	(33,193)	(11,423)
Net cash (decrease)/increase in cash and cash equivalents	(72,974)	20,571
Effect of exchange rate fluctuations	10	1,110
Cash and cash equivalents at 1 January	478,689	353,106
Cash and cash equivalents at the end of period	405,725	374,787

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

Cash and bank balances	52,149	53,366
Deposits and corporate management account with licensed banks	353,576	321,421
	405,725	374,787

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2023. 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 2023.

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 year, 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 2024:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*;
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*; and
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*.

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 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*.

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 2025 for those amendments that are effective for annual periods beginning on or after 1 January 2025.

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 2023.

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 2024.

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

An interim single tier dividend of 11.0 sen per ordinary share totalling RM21.5 million in respect of the financial year ended 31 December 2023 was paid on 27 March 2024.

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; casting, machining and assembly of aluminum parts and components;
- *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; 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

	31-Mar-24		Re-presented* 31-Mar-23	
	Segment Revenue	Profit/(loss) before tax	Segment Revenue	Profit/(loss) before tax
Suspension	58,453	1,639	60,797	(1,224)
Interior & Plastics	379,213	34,671	392,055	24,703
Electrical & Heat Exchange	37,336	383	34,245	(1,047)
Marketing	68,671	1,831	71,134	2,051
Non-reportable segment	12,131	(2,006)	11,669	(2,358)
Indonesia Operations	21,919	1,060	24,230	839
All Other Segments	39,371	(2,413)	42,887	503
	617,094	35,165	637,017	23,467
Eliminations	(126,707)	598	(129,935)	(420)
	490,387	35,763	507,082	23,047

*Refer to Note A14.

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 2023.

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 31-Mar-24	Quarter Ended 31-Mar-23
With TCMH Group		
Sales	4,250	5,440
Provision of services	144	150
Purchases	(290)	(496)
Administrative and consultancy services	(290)	(186)
Insurance	(4,774)	(4,078)
Rental expenses	(133)	(3)
Rental income	389	450

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

A11. RELATED PARTY DISCLOSURES (CONT'D)

<i>In thousands of RM</i>	INDIVIDUAL QUARTER	
	Current	Corresponding
	Quarter Ended	Quarter Ended
<u>With WTCH Group</u>	<u>31-Mar-24</u>	<u>31-Mar-23</u>
Sales	17	75
Purchases	(53)	(24)
Administrative and consultancy services	(394)	(626)
Rental income	129	129
Rental expenses	(363)	(331)

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	
	Current	Corresponding
	Quarter Ended	Quarter Ended
<u>With TCIL Group</u>	<u>31-Mar-24</u>	<u>31-Mar-23</u>
Sales	77	22
Rental expenses	(24)	(23)

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

A12. MATERIAL SUBSEQUENT EVENT

On 30th April 2024, the Group had completed the issuance of RM200.0 million in nominal value of Islamic Medium Term Notes (“IMTN”) under the Group’s IMTN Programme. Proceeds from the issuance of the IMTN would be utilised for working capital requirements.

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

A13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter under review except for the dissolution of one subsidiary.

APM Motors India Private Limited, a wholly-owned subsidiary of the Group incorporated in India had been struck off from the register of companies pursuant to sub-section (5) of Section 248 of the Companies Act 2013 and rule 9 of the Companies Rules 2016 in India. The company was dissolved on 10 January 2024.

The striking off has no material financial or operational effects in the Group for the quarter ended 31 March 2024.

A14. RE-PRESENTATION OF THE COMPARATIVES

The Group has reassessed the segregation of its operating segments and reclassified the business involving casting, machining and assembly of aluminium parts and components from Non-reportable Segment to Electrical & Heat Exchange Division, due to the growth of the business and to streamline the reporting to Head of Division. The comparatives have been re-presented accordingly.

A15. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 31 March 2024.

A16. CAPITAL COMMITMENTS

In thousands of RM

	<u>31-Mar-24</u>	<u>31-Mar-23</u>
Contracted but not provided for	15,546	16,180

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The Group's financial standing remained robust with shareholders' fund of RM1.4 billion and a net cash position of RM292.9 million as at 31 March 2024 (i.e. cash and cash equivalents plus other investments (current asset) and deduct bank borrowings). Likewise, the Group's current ratio (i.e. Current Ratio = Current Assets/Current Liabilities) also improved from 2.47 times to 2.68 times mainly due to lower trade and other payables by RM79 million or 21.0% in Q1'2024 compared to 31 December 2023.

The net assets per share of the Group reduced by 0.3% from RM7.31 as of 31 December 2023 to RM7.29 as of 31 March 2024, mainly due to dividend payout to shareholders amounting to RM21.5 million during the quarter under review and the unfavourable effects 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 31 March 2024, the Group recorded a net decrease in cash and cash equivalents of RM73.0 million from RM478.7 million as of 31 December 2023 to RM405.7 million as of 31 March 2024. The negative cash flow movement was attributed to the following factors:-

- i) Net cash used in operating activities of RM6.7 million that was mainly due to settlement of trade and other payables resulting in negative changes of RM79.4 million and higher trade receivables balance which resulted in negative changes of RM27.3 million, offset by lower inventory holding resulting in positive changes in inventories of RM60.2 million;
- i) Net cash used in investing activities of RM33.1 million that was mainly for the acquisition of a land in Indonesia amounting to RM24.1 million and the Group's investment in an associate in Malaysia amounting to RM4.4 million; and
- ii) Net cash used in financing activities of RM33.2 million mainly for payment of the second interim dividend for the financial year ended 31 December 2023 totalling RM21.5 million and payment of dividends to non-controlling interests amounting to RM10.0 million.

As of 31 March 2024, the Group's capital commitment stood at RM15.5 million comprising primarily 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 balance of Islamic Medium-Term Notes of up to RM1.25 billion in nominal value, as of the date of this report, can be utilized for future capital investment, if and when required.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments

Q1'2024 vs. Q1'2023

For the current quarter ended 31 March 2024, the Group recorded revenue of RM490.4 million, a decrease of 3.3% compared with revenue of RM507.1 million in the corresponding quarter ended 31 March 2023. The high revenue base in Q1'2023 was boosted by the rush from carmakers to fulfil bookings made during the sales tax exemption period. In addition, the Group's Interior and Plastics Division made sale of moulds and toolings in Q1'2023, which further contributed to the higher revenue base.

Despite recording lower revenue in the current quarter ended 31 March 2024, the Group's profit before tax ("PBT") came in higher at RM35.8 million, an increase of 55.2% compared with the PBT of RM23.0 million in the corresponding quarter ended 31 March 2023. The higher PBT was contributed by, amongst others, favourable product/model mix; lower cost of production due to decrease in certain raw material and energy prices; upward price adjustment received from certain customers; and higher share of profits from the Group's equity accounted associates and joint ventures. One of the Group's associates contributed share of profit following the commencement of operations in the current quarter, instead of share of losses in the same quarter of last year. In addition, one of the joint venture companies in Indonesia contributed higher share of profit for the current quarter due to commencement of export for certain models.

Suspension Division

For the current quarter ended 31 March 2024, the Suspension Division recorded a slight decrease in revenue by 3.9% (Q1'2024: RM58.5 million; Q1'2023: RM60.8 million) due to a slowdown in demand from domestic REM market. Despite recording lower revenue, the Suspension division registered PBT of RM1.6 million compared to loss before tax ("LBT") of RM1.2 million in the corresponding quarter of last year. The improved performance was mainly driven by the decrease in raw material and energy prices.

Interior & Plastics Division

For the current quarter ended 31 March 2024, the Interior & Plastics Division recorded a decrease in revenue by 3.3% (Q1'2024: RM379.2 million; Q1'2023: RM392.1 million). The high revenue base in Q1'2023 was boosted by the rush from local carmakers to fulfil bookings made during the sales tax exemption period. In addition, the sale of moulds and toolings in Q1'2023 further contributed to the higher revenue base. Despite recording lower revenue, the PBT improved by 40.4% (2024: RM34.7 million; 2023: RM24.7 million). The improved PBT was mainly due to favourable product/model mix and lower cost of production which resulted from the decrease in certain raw material and energy prices.

Electrical & Heat Exchange Division

For the current quarter ended 31 March 2024, the Electrical & Heat Exchange Division registered an increase in revenue by 9.0% (Q1'2024: RM37.3 million; Q1'2023: RM34.2 million) mainly due to higher call-ins from certain OEM customers. Consequently, the Division recorded a PBT of RM0.4 million compared to LBT of RM1.0 million in the corresponding quarter of last year. The improved performance was also contributed by upward price revisions received from certain customers.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

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

Marketing Division

For the current quarter ended 31 March 2024, the Marketing Division recorded a slight decrease in revenue by 3.5% (Q1'2024: RM68.7 million; Q1'2023: RM71.1 million) mainly due to a slowdown in demand from domestic REM customers, but mitigated by stronger export sales to North America and Australia region. In line with lower revenue, the Marketing Division registered a lower PBT of RM1.8 million compared to PBT of RM2.1 million in the corresponding quarter of last year.

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 Group's investment and participation in associate.

For the current quarter ended 31 March 2024, this segment's revenue increased by 4.0% to RM12.1 million from RM11.7 million in Q1'2023, mainly due to higher inter-group billing of services. This segment recorded lower LBT of RM2.0 million compared to LBT RM2.4 million in the corresponding quarter of last year. The lower LBT was in line with higher inter-group billing and further contributed by the share of profit from an associate in Malaysia following the commencement of operations during the current quarter instead of share of losses recorded in the same quarter of last year.

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 31 March 2024, the Indonesia Operations recorded revenue of RM21.9 million, a decrease of 9.5% compared to RM24.2 million in the same quarter last year. The decrease was mainly attributable to the slowdown in demand from OEM and REM segment, as customers adopted a cautious approach amid the challenging economic environment, coupled with uncertainty over the recently concluded general election in February 2024. Despite recording lower revenue, the Indonesia Operations recorded a higher PBT of RM1.1 million in the current quarter compared to a PBT of RM0.8 million in the corresponding quarter of last year mainly due to the higher share of profits from one of the joint venture companies in Indonesia following the commencement of export sales for certain models.

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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 31 March 2024, Operations Outside of Malaysia recorded revenue of RM39.4 million (-8.2% compared to the same period last year), mainly due to the slowdown in Vietnam automotive industry which affected OEM demand for both commercial and passenger vehicles. The impact of the slowdown in Vietnam operations was partly mitigated by the improved market conditions for bus and train seats in Australia operations. In line with the lower revenue and coupled with escalating operating cost in the Australia operations, this segment recorded a LBT of RM2.4 million compared to PBT of RM0.5 million in the corresponding quarter of last year.

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

<i>In Thousands of RM</i>	Segment Revenue				Segment Profit/(Loss) Before Tax			
	31-Mar-24	Re-presented* 31-Dec-23	Changes		31-Mar-24	Re-presented* 31-Dec-23	Changes	
			Amount	%			Amount	%
Suspension	58,453	60,533	(2,080)	-3.4%	1,639	2,574	(935)	-36.3%
Interior & Plastics	379,213	382,001	(2,788)	-0.7%	34,671	29,905	4,766	15.9%
Electricals & Heat Exchange	37,336	36,700	636	1.7%	383	(524)	907	173.1%
Marketing	68,671	59,635	9,036	15.2%	1,831	1,479	352	23.8%
Non-reportable segment	12,131	11,137	994	8.9%	(2,006)	(1,266)	(740)	-58.5%
Indonesia Operations	21,919	20,065	1,854	9.2%	1,060	3,257	(2,197)	-67.5%
All Other Segments	39,371	32,345	7,026	21.7%	(2,413)	(403)	(2,010)	-498.8%
	617,094	602,416	14,678	2.4%	35,165	35,022	143	0.4%
Eliminations	(126,707)	(131,946)	5,239	4.0%	598	(463)	1,061	229.2%
	490,387	470,470	19,917	4.2%	35,763	34,559	1,204	3.5%

*Refer to Note A14.

The Group's revenue increased quarter-on-quarter ("QoQ") by 4.2% in Q1'2024 from RM470.5 million in Q4'2023 to RM490.4 million, mainly due to stronger export sales from the Marketing division following increased demand from North America and Australia customers. The improved market conditions for bus and train seats in Australia further contributed to higher revenue for the Group.

In line with the higher revenue, the Group's PBT for the quarter under review increased by RM1.2 million (+3.5% QoQ) mainly due to the following reasons:

- a) Interior and Plastics Division recorded higher PBT of RM4.8 million (Q1'2024: RM34.7 million; Q4'2023: RM29.9 million) despite the lower revenue, mainly due to favourable product/model mix, lower cost of raw material and energy prices, and the recovery of development expenditures incurred for certain model;

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

Offset by:

- b) Despite the higher revenue recorded, Indonesia operations recorded lower PBT of RM1.1 million during the current quarter compared to PBT of RM3.3 million in the preceding quarter of Q4'2023 mainly due upward price adjustment received by one of the joint venture companies in Q4'2023; and
- c) Despite the higher revenue recorded, the LBT of All Other Segments widened to RM2.4 million during the current quarter compared to LBT of RM0.4 million in the preceding quarter of Q4'2023 mainly due to the successful duties refund claimed by the Vietnam operations in Q4'2023.

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. The Group's main operations are 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 the United Kingdom.

The total industry volume ("TIV") in Malaysia for Q1'24 decreased by 11% to 202,245 units, from 227,787 in Q4'23 following the fulfilment of backorder bookings in 2023 and the year-end promotional campaigns. The Malaysian Automotive Association (MAA) had projected the TIV for 2024 to decline by 7.5% to 740,000 units from the all-time high of 799,731 units in 2023 mainly attributable to global economic uncertainty from conflicts and geopolitical tensions, as well as slowdown in global economic growth. Local consumer spending may slow down due to concerns over targeted subsidy rationalization, the high cost of living, implementation of higher service tax rate for some services including motor vehicle repair and maintenance and the proposed implementation of high-value goods tax. While the demand from OEM segment remains fairly stable during the first quarter of 2024, the Group's REM segment is experiencing a slowdown in demand which is exacerbated by stiff competition from imported goods/products.

Elsewhere, the automotive industry in neighboring countries within ASEAN is also experiencing a slowdown, especially in Vietnam, Indonesia and Thailand where the Group operates. The markets had been in decline after an initial rebound from the Covid pandemic, further compounded by sluggish economic growth and inflationary pressure which is dampening consumer demand for large purchases.

The Group's operations in the US and Australia appear to be recovering due to improved market conditions and business sentiment, following the subdued demand in 2023. The Group will focus on increasing its export sales and establishing a strong presence in the America and Pacific region, as well as in the Europe.

Geopolitical tensions remain high and further escalation may result in renewed financial market stress and major disruptions to the global economy, which in turn may lead to new inflationary pressures and weaker global growth prospects. Nevertheless, 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>	INDIVIDUAL QUARTER	
	Current Quarter Ended <u>31-Mar-24</u>	Corresponding Quarter Ended <u>31-Mar-23</u>
<u>Current tax</u>		
- Current year	11,310	9,060
- Prior year	(81)	(24)
<u>Deferred tax</u>		
- Current year	(3,446)	(2,562)
- Prior year	119	373
Withholding Tax	48	13
	<u>7,950</u>	<u>6,860</u>

The Group's effective tax rate for the financial period ended 31 March 2024 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 May 2024.

B6. TRADE RECEIVABLES

<i>In thousands of RM</i>	Gross	Impairment	Net
<u>31-Mar-24</u>			
Not past due	251,178	-	251,178
Past due 1 - 90 days	10,565	(423)	10,142
Past due 91 - 180 days	2,740	(1,438)	1,302
	<u>264,483</u>	<u>(1,861)</u>	<u>262,622</u>
Credit impaired			
Past due more than 180 days	711	(711)	-
Individually impaired	3,640	(3,640)	-
	<u>268,834</u>	<u>(6,212)</u>	<u>262,622</u>
<u>31-Dec-23</u>			
Not past due	222,168	(60)	222,108
Past due 1 - 90 days	14,070	(480)	13,590
Past due 91 - 180 days	873	(284)	589
	<u>237,111</u>	<u>(824)</u>	<u>236,287</u>
Credit impaired			
Past due more than 180 days	1,196	(1,196)	-
Individually impaired	4,780	(4,780)	-
	<u>243,087</u>	<u>(6,800)</u>	<u>236,287</u>

The trade receivables from both related parties and non-related parties are given 30 to 90 days credit terms.

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.

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B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 31 March 2024 are as follows:

In thousands of RM

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	14,442	(75)	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 2023. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and their related accounting policies.

B8. BORROWINGS AND DEBT SECURITIES

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

<i>In thousands of RM</i>		31-Mar-24	31-Dec-23
Unsecured	- Foreign currency borrowings	50,258	52,303
	- Local currency borrowings	67,407	66,511
		<u>117,665</u>	<u>118,814</u>
Amount due within the next 12 months		<u>67,665</u>	<u>68,814</u>
Amount due between one to five years		<u>50,000</u>	<u>50,000</u>

In thousands of RM

Functional Currency	Denominated In	31-Mar-24	31-Dec-23
RM	RM	67,407	66,511
EUR	EUR	548	591
AUD	AUD	19,245	19,624
IDR	IDR	28,291	28,176
IDR	USD	2,174	3,912
		<u>117,665</u>	<u>118,814</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 1 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 3.77% to 9.90% (2023: 3.77% to 9.90%) 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 2024.

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	
	31-Mar-24	31-Mar-23
Profit attributable to the owners of the Company (RM'000)	20,209	9,668
Weighted average number of ordinary shares in issue ('000)	195,494	195,494
Basic EPS (sen)	10.34	4.95

The total number of ordinary shares issued by the Company, net of treasury shares as at 31 March 2024 was 195,494,300 (31 March 2023: 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	
	(Unaudited) Current Quarter Ended 31-Mar-24	(Unaudited) Corresponding Quarter Ended 31-Mar-23
(a) Interest income	(3,125)	(2,278)
(b) Interest expense	2,227	2,219
(c) Depreciation and Amortization	17,223	15,074
(d) Net impairment gain on trade receivables	(578)	(360)
(e) Provision for slow moving stock	183	178
(f) Net gain on disposal of property, plant and equipment	(134)	(107)
(g) Net foreign exchange (gain)/loss	(1,739)	501
(h) Net (gain)/loss on derivatives	(135)	228

BY ORDER OF THE BOARD

SOO SHIOW FANG
Company Secretary
Kuala Lumpur
Dated: 24 May 2024