



APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 SEPTEMBER 2023 – unaudited**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Quarter Ended 30-Sep-23	Corresponding Quarter Ended 30-Sep-22	Change	Cumulative Year to Date 30-Sep-23	Cumulative Year to Date 30-Sep-22	Change
<i>In thousands of RM</i>						
Revenue	518,449	467,843	10.8%	1,455,951	1,270,239	15%
Results from operating activities	39,666	11,855	234.6%	70,243	34,885	101%
Finance costs	(2,354)	(1,611)	-46.1%	(6,776)	(3,940)	-72%
Finance income	2,819	1,682	67.6%	7,687	4,267	80%
Share of the profit of equity-accounted associates and joint ventures, net of tax	2,248	3,687	-39.0%	2,513	2,794	-10%
Profit before tax	42,379	15,613	171.4%	73,667	38,006	94%
Income tax expense	(7,866)	(3,751)	-109.7%	(17,673)	(9,227)	-92%
Profit for the period	34,513	11,862	191.0%	55,994	28,779	95%
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability for equity-accounted associate and joint ventures	23	90	-74.4%	23	154	-85%
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for consolidated subsidiaries	(5,725)	2,677	-313.9%	8,821	6,319	40%
Foreign currency translation differences for equity-accounted associates and joint ventures	2,165	2,004	8.0%	6,312	2,924	116%
Other comprehensive (expense)/income for the period, net of tax	(3,537)	4,771	-174.1%	15,156	9,397	61%
Total comprehensive income for the period	30,976	16,633	86.2%	71,150	38,176	86%
Profit attributable to :						
Owners of the Company	25,905	8,114	219.3%	38,377	18,283	110%
Non-controlling interests	8,608	3,748	129.7%	17,617	10,496	68%
Profit for the period	34,513	11,862	191.0%	55,994	28,779	95%
Total comprehensive income attributable to :						
Owners of the Company	22,284	12,885	72.9%	53,449	27,680	93%
Non-controlling interests	8,692	3,748	131.9%	17,701	10,496	69%
Total comprehensive income for the period	30,976	16,633	86.2%	71,150	38,176	86%
Earnings per ordinary share						
Basic (sen)	13.25	4.15	219.3%	19.63	9.35	110%

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 SEPTEMBER 2023 – unaudited**

<i>In thousands of RM</i>	As at 30-Sep-23	As at 31-Dec-22 (Audited)
Assets		
Property, plant and equipment	602,376	627,279
Investment properties	106,700	106,700
Investment in an associates	23,268	6,455
Investments in joint ventures	95,496	86,284
Intangible assets	19,789	20,542
Other investment	3,986	-
Deferred tax assets	26,859	25,874
Total non-current assets	878,474	873,134
Inventories	347,199	374,676
Trade and other receivables, including derivatives	340,186	347,243
Current tax assets	1,835	5,360
Other investments	4,121	3,177
Cash and cash equivalents	413,708	353,106
Total current assets	1,107,049	1,083,562
Total assets	1,985,523	1,956,696
Equity		
Share capital	219,498	219,498
Reserves	1,121,636	1,081,872
Treasury shares	(13,506)	(13,506)
Total equity attributable to owners of the Company	1,327,628	1,287,864
Non-controlling interests	64,805	65,126
Total equity	1,392,433	1,352,990
Liabilities		
Employee benefits	37,088	34,252
Lease liabilities	18,718	17,895
Deferred tax liabilities	57,959	61,689
Loans and borrowings	50,000	50,000
Total non-current liabilities	163,765	163,836
Trade and other payables, including derivatives	337,689	356,310
Lease liabilities	3,021	3,460
Loans and borrowings	78,315	75,045
Current tax liabilities	10,300	5,055
Total current liabilities	429,325	439,870
Total liabilities	593,090	603,706
Total equity and liabilities	1,985,523	1,956,696
Net assets per share attributable to owners of the Company* (RM)	6.79	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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 – unaudited**

<i>In thousands of RM</i>	----- Attributable to the owners of the Company ----->							Non- controlling interests	Total equity
	<----- Non-Distributable ----->				Distributable		Total		
	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained earnings				
At 1-Jan-2022	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	-	-	-	6,319	-	6,319	-	6,319	
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	2,924	-	2,924	-	2,924	
Remeasurement of defined benefit liabilities	-	-	-	-	154	154	-	154	
Transfer of revaluation surplus on properties	-	-	(6,450)	-	6,450	-	-	-	
Total other comprehensive income for the period	-	-	(6,450)	9,243	6,604	9,397	-	9,397	
Profit for the period	-	-	-	-	18,283	18,283	10,496	28,779	
Total comprehensive income for the period	-	-	(6,450)	9,243	24,887	27,680	10,496	38,176	
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	(5)	(5)	1,308	1,303	
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	-	-	-	-	-	-	(9,201)	(9,201)	
Total transactions with owners of the company	-	-	-	-	(13,690)	(13,690)	(10,343)	(24,033)	
At 30-Sep-22	219,498	(13,506)	178,675	6,725	916,422	1,307,814	70,301	1,378,115	
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	-	-	-	8,821	-	8,821	-	8,821	
Foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	6,228	-	6,228	84	6,312	
Remeasurement of defined benefit liabilities	-	-	-	-	23	23	-	23	
Transfer of revaluation surplus on properties	-	-	(6,450)	-	6,450	-	-	-	
Total other comprehensive income for the period	-	-	(6,450)	15,049	6,473	15,072	84	15,156	
Profit for the period	-	-	-	-	38,377	38,377	17,617	55,994	
Total comprehensive income for the period	-	-	(6,450)	15,049	44,850	53,449	17,701	71,150	
Dividends to owners of the company	-	-	-	-	(13,685)	(13,685)	-	(13,685)	
Dividends to non-controlling interests	-	-	-	-	-	-	(18,022)	(18,022)	
Total transactions with owners of the Group	-	-	-	-	(13,685)	(13,685)	(18,022)	(31,707)	
At 30-Sep-23	219,498	(13,506)	170,075	8,308	943,253	1,327,628	64,805	1,392,433	

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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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023 – unaudited**

<i>In thousands of RM</i>	For the 9 months year ended 30-Sep-23	For the 9 months year ended 30-Sep-22
Cash flows from operating activities		
Profit before tax and non-controlling interests	73,667	38,006
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	44,247	45,441
Amortisation of intangible assets	1,169	6,769
Others	(994)	4,286
Operating profit before working capital changes	118,089	94,502
Deposits and prepayments	(1,443)	5,424
Inventories	29,692	18,642
Trade and other payables, including derivatives	(19,915)	11,100
Trade and other receivables, including derivatives	9,295	(49,283)
Cash generated from operations	135,718	80,385
Interest/Tax/Employee benefits/provision		
Employee benefits paid	(668)	(2,953)
Net interest received	911	327
Warranties paid	(1,612)	(1,510)
Net income tax paid	(13,415)	(11,041)
Net cash generated from operating activities	120,934	65,208
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	730	417
Acquisition of property, plant and equipment	(11,644)	(15,137)
Acquisition in other investments	(3,986)	-
Additions of intangible assets	(520)	(3,316)
Investment in associates	(17,200)	-
Investment in joint ventures	-	(5,678)
Net cash used in investing activities	(32,620)	(23,714)
Cash flows from financing activities		
Subscription of shares in subsidiary by non-controlling interest	-	1,304
Dividends paid to non-controlling interests	(18,022)	(9,201)
Dividends paid to owners of the Company	(13,685)	(13,685)
Net drawdown of loans and borrowings	3,270	45,176
Payment of lease liabilities	(2,395)	(2,360)
Payment of reduction of share capital in subsidiary to non-controlling interest	-	(2,450)
Net cash (used in)/generated from financing activities	(30,832)	18,784
Net cash increase in cash and cash equivalents	57,482	60,278
Effect of exchange rate fluctuations	3,120	4,062
Cash and cash equivalents at 1 January	353,106	298,992
Cash and cash equivalents at the end of period	413,708	363,332

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

Cash and bank balances	58,987	56,165
Deposits and corporate management account with licensed banks	354,721	307,167
	413,708	363,332

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 September 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 30 September 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-Sep-23		30-Sep-22	
	Segment	Profit/(loss)	Segment	Profit/(loss)
	<u>Revenue</u>	<u>before tax</u>	<u>Revenue</u>	<u>before tax</u>
Suspension	63,258	910	61,452	115
Interior & Plastics	416,175	44,138	350,340	16,912
Electrical & Heat Exchange	32,989	(1,074)	30,503	(1,451)
Marketing	67,506	1,787	74,784	3,128
Non-reportable segment	14,468	(1,560)	13,215	(2,581)
Indonesia Operations	26,522	1,204	28,285	2,009
All Other Segments	39,081	(2,537)	36,234	(2,257)
	659,999	42,868	594,813	15,875
Eliminations	(141,550)	(489)	(126,970)	(262)
	518,449	42,379	467,843	15,613

In thousands of RM

CUMULATIVE QUARTER

	30-Sep-23		30-Sep-22	
	Segment	Profit/(loss)	Segment	Profit/(loss)
	<u>Revenue</u>	<u>before tax</u>	<u>Revenue</u>	<u>before tax</u>
Suspension	179,683	(666)	175,500	1,633
Interior & Plastics	1,139,680	82,831	925,950	45,069
Electrical & Heat Exchange	92,744	(4,113)	82,758	(3,531)
Marketing	207,778	8,426	237,365	9,039
Non-reportable segment	43,427	(5,602)	39,387	(6,362)
Indonesia Operations	67,462	(1,731)	76,326	(4,955)
All Other Segments	123,836	(4,375)	110,333	(2,584)
	1,854,610	74,770	1,647,619	38,309
Eliminations	(398,659)	(1,103)	(377,380)	(303)
	1,455,951	73,667	1,270,239	38,006

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
<u>With TCMH Group</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>
Sales	5,801	9,231	16,897	26,839
Provision of services	144	132	444	419
Purchases	(543)	(630)	(1,663)	(3,305)
Administrative and consultancy services	(288)	(190)	(697)	(621)
Insurance	(434)	(329)	(5,277)	(5,383)
Rental expenses	(3)	(2)	(8)	(11)
Rental income	411	450	1,311	1,350

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
<u>With WTCH Group</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>
Sales	38	140	196	463
Purchases	(136)	(489)	(396)	(721)
Administrative and consultancy services	(224)	(100)	(1,008)	(275)
Rental income	129	130	387	388
Rental expenses	(356)	(337)	(1,006)	(992)

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
<u>With TCIL Group</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>	<u>30-Sep-23</u>	<u>30-Sep-22</u>
Sales	74	58	142	112
Rental expenses	(24)	(18)	(71)	(54)

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 30 September 2023.

A15. CAPITAL COMMITMENTS

In thousands of RM

	<u>30-Sep-23</u>	<u>30-Sep-22</u>
Contracted but not provided for	16,538	12,060

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 RM289.5 million as at 30 September 2023 (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 2.46 times to 2.58 times mainly due to higher cash and cash equivalents by RM60.6 million or 17.2% in Q3'2023 compared to 31 December 2022.

The net assets per share of the Group increased by 3.1% from RM6.59 as of 31 December 2022 to RM6.79 as of 30 September 2023, mainly due to net profits achieved during the 9-month period 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 September 2023, the Group recorded a net increase in cash and cash equivalents of RM60.6 million from RM353.1 million as of 31 December 2022 to RM413.7 million as of 30 September 2023. The positive cash flow movement was attributed to the following factors:-

- i) Net cash generated from operating activities of RM120.9 million that was mainly driven by pre-tax profit of RM73.7 million. Turnover for inventories and trade receivables were quicker which resulted in positive changes of RM29.7 million and RM12.8 million, respectively, offset by trade creditor repayments of RM29.1 million;
- ii) Net cash used in investing activities of RM32.6 million that was mainly for the Group's investment in an associate in Malaysia amounting to RM17.2 million, other investment amounting to RM4.0 million and the purchase of tooling, machineries and equipment amounting to RM11.6 million; and
- iii) Net cash used in financing activities of RM30.8 million mainly for payment of the second interim dividend for the financial year ended 31 December 2022 amounting to RM13.7 million and payment of dividends to non-controlling interests amounting to RM18.0 million.

As of 30 September 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 RM1.45 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

Q3'2023 vs. Q3'2022

For the current quarter ended 30 September 2023, the Group recorded revenue of RM518.4 million, an increase of 10.8% compared with revenue of RM467.8 million in the corresponding quarter ended 30 September 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.

Consequently, the Group registered a higher profit before tax ("PBT") of RM42.4 million for the current quarter ended 30 September 2023, an increase of 171.4% compared with the PBT of RM15.6 million in the corresponding quarter ended 30 September 2022. The improved PBT was further contributed by the upward price revision received from certain customers and the recovery of tooling cost.

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

For the nine months ended 30 September 2023, the Group recorded higher revenue of RM1.455 billion, which represents an increase of RM185 million or 14.6% compared with revenue of RM1.270 billion 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 RM73.7 million compared to PBT of RM38.0 million in the same period last year. The higher PBT was also contributed by the sale of moulds/tooling, upward price revision received from certain OEM customers, and further enhanced 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 operations in Q2'2022.

Suspension Division

For the current quarter ended 30 September 2023, the Suspension Division recorded an increase in revenue by 2.9% (Q3'2023: RM63.3 million; Q3'2022: RM61.5 million) and registered a higher profit before tax of RM0.9 million compared to a PBT of RM0.1 million in the corresponding quarter. The improved PBT was mainly driven by higher demand from local OEM segment.

For the nine months ended 30 September 2023, the Suspension Division recorded revenue of RM179.7 million (+2.4% compared to the same period last year ("YoY")). Despite recording higher revenue, the Suspension Division registered a LBT of RM0.7 million compared to a PBT of RM1.6 million in the corresponding period 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.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

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

Interior & Plastics Division

For the current quarter ended 30 September 2023, the Interior & Plastics Division recorded an increase in revenue by 18.8% (Q3'2023: RM416.2 million; Q3'2022: RM350.3 million) and an increase in PBT by 161% (Q3'2023: RM44.1 million; Q3'2022: RM16.9 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 nine months ended 30 September 2023, the Interior & Plastics Division recorded an increase in revenue by 23.1% (Q3'2023: RM1.1 billion; Q3'2022: RM0.9 billion) and an increase in PBT by 83.8% (Q3'2023: RM82.8 million; Q3'2022: RM45.1 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 and tooling.

Electrical & Heat Exchange Division

For the current quarter ended 30 September 2023, the Electrical & Heat Exchange Division registered an increase in revenue by 8.2% (Q3'2023: RM33 million; Q3'2022: RM30.5 million) mainly due to higher call-ins from certain OEM customers. Consequently, the Division recorded a lower LBT of RM1.1 million compared to LBT RM1.5 million in the corresponding quarter.

For the nine months ended 30 September 2023, the Division recorded higher revenue of RM92.7 million (+12.1% YoY) due to the same reasons explained in the paragraph above. Despite recording higher revenue, the Division registered a higher LBT of RM4.1 million (+16.5% YoY), mainly due to the increase in material price, staff costs and other operating expenses.

Marketing Division

For the current quarter ended 30 September 2023, the Marketing Division recorded a decrease in revenue by 9.7% (Q3'2023: RM67.5 million; Q3'2022: RM74.8 million) mainly due to a slowdown in demand from export customers in view of prevailing uncertainties in the global economy. In line with lower revenue, the Marketing Division registered a lower PBT of RM1.8 million (-42.9% YoY).

For the nine months ended 30 September 2023, the Marketing Division recorded a lower revenue of RM207.8 million (-12.5% 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. In line with lower revenue, YTD 2023 PBT was lower at RM8.4 million (-6.8% YoY).

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 September 2023, this segment's revenue increased by 9.5% to RM14.5 million from RM13.2 million in Q3'2022, mainly due to higher inter-group billing of services. Consequently, this segment recorded an improved LBT of RM1.6 million compared to LBT RM2.6 million in the corresponding quarter. The lower LBT is further contributed by the share of profit from an associate in Malaysia instead of share of losses recorded in the same quarter of last year. The said associate begun generating profit from Q3'2023 following the commencement of its operations in Q2'2023.

For the nine months ended 30 September 2023, this segment's revenue increased by 10.3% to RM43.4 million from RM39.4 million in 2022, mainly due to higher inter-group billing of services. This segment registered a lower LBT of RM5.6 million compared to LBT of RM6.4 million in the corresponding period due to the same reasons 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 September 2023, the Indonesia Operations recorded revenue of RM26.5 million, a decrease of 6.2% compared to RM28.3 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 in light of the upcoming general election in 2024. In line with lower revenue, the Indonesia Operations recorded a lower PBT of RM1.2 million in the current quarter compared to a PBT of RM2.0 million in the corresponding quarter.

For the nine months ended 30 September 2023, Indonesia operations recorded revenue of RM67.5 million, a decrease of 11.6% compared to RM76.3 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 RM1.7 million compared to LBT of RM5.0 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, 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 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 September 2023, Operations Outside of Malaysia recorded revenue of RM39.1 million (+7.9% 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. Despite the higher revenue, LBT increased to RM2.5 million compared to LBT of RM2.3 million in the corresponding quarter last year. The higher LBT was mainly due to a slowdown in Vietnam's automotive industry starting from the second half of 2023 and 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 Q3'2022.

For the nine months ended 30 September 2023, revenue for this Segment amounted to RM123.8 million (+12.2% YoY) due to higher revenue contribution from Australia operations as explained in the paragraph above and from Vietnam operations, backed by the supply of seats to OEM which started in Q3'2022. Despite the higher revenue, LBT increased to RM4.4 million compared to LBT of RM2.6 million in the corresponding period last year due to the same reasons 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-Sep-23	30-Jun-23	Changes		30-Sep-23	30-Jun-23	Changes	
			Amount	%			Amount	%
Suspension	63,258	55,628	7,630	13.7%	910	(352)	1,262	358.5%
Interior & Plastics	416,175	331,450	84,725	25.6%	44,138	13,990	30,148	215.5%
Electricals & Heat Exchange	32,989	28,461	4,528	15.9%	(1,074)	(1,973)	899	45.6%
Marketing	67,506	69,138	(1,632)	-2.4%	1,787	4,588	(2,801)	-61.1%
Non-reportable segment	14,468	14,339	129	0.9%	(1,560)	(1,865)	305	16.4%
Indonesia Operations	26,522	16,710	9,812	58.7%	1,204	(3,774)	4,978	131.9%
All Other Segments	39,081	41,868	(2,787)	-6.7%	(2,537)	(2,179)	(358)	-16.4%
	659,999	557,594	102,405	18.4%	42,868	8,435	34,433	408.2%
Eliminations	(141,550)	(127,174)	(14,376)	-11.3%	(489)	(194)	(295)	-152.1%
	518,449	430,420	88,029	20.5%	42,379	8,241	34,138	414.2%

The Group's revenue increased quarter-on-quarter ("QoQ") by 20.5% in Q3'2023 from RM430.4 million in Q2'2023 to RM518.4 million, mainly due to the prolonged festive holidays in Q2'2023 which resulted in shorter operating period for Malaysia and Indonesia.

Consequently, the Group's PBT for the quarter under review increased to RM42.4 million (+414.2% QoQ) mainly due to:

- Higher contribution from the Operations in Malaysia, with the increase in the Interior and Plastics Division's PBT by RM30.1 million (+215.5% QoQ). The increase in PBT was due to higher sales during the current quarter as explained above, coupled with the upward price revision received from certain customers and the recovery of tooling cost;

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

- b) Improved PBT contribution from Indonesia operations with an increase of RM4.9 million (+131.9% QoQ), mainly due to the longer operating period in the current quarter as explained above; and
- c) offset by lower PBT contribution from Marketing Division of RM2.8 million (Q3'2023 – RM1.8 million; Q2'2023 – RM4.6 million), mainly due to foreign exchange losses which arose from trade receivables balance denominated in foreign currencies, compared to foreign exchange gains in the preceding quarter.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS

APM is principally involved in the design, manufacturing, assembly and production of automotive and mobility components. 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 recently, the United Kingdom.

The automotive industry in Malaysia recorded a strong performance during the first nine months of 2023. As reported by the Malaysian Automotive Association (MAA), the total industry volume ("TIV") for the first nine months of 2023 stands at 571,767 units, which is an increase of 11.1% or 57,318 units compared to the same period last year. Based on the trajectory, the TIV for 2023 is expected to achieve the forecast of 725,000 units set by the MAA in July 2023. The upward momentum in the TIV is mainly supported by, among others, high level of backorder bookings, improvement in the automotive industry supply chain environment and new model launches. 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.

Nonetheless, uncertainty continues to cloud the global economy due to multiple downside risks. The rise in geopolitical tension across the world may result in renewed financial market stress and major disruptions to global economy, which in turn may lead to new inflationary pressures and weaker global growth prospects.

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>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Sep-23</u>	Corresponding Quarter Ended <u>30-Sep-22</u>	Cumulative Year To Date <u>30-Sep-23</u>	Corresponding Year To Date <u>30-Sep-22</u>
<u>Current tax</u>				
- Current year	10,150	4,329	23,401	12,483
- Prior year	(1,212)	(569)	(1,212)	(179)
<u>Deferred tax</u>				
- Current year	267	(425)	(3,552)	(3,135)
- Prior year	(1,349)	405	(1,001)	3
Withholding Tax	10	11	37	55
	7,866	3,751	17,673	9,227

The Group's effective tax rate for the financial period ended 30 September 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 14 November 2023.

B6. TRADE RECEIVABLES

<i>In thousands of RM</i>	Gross	Impairment	Net
<u>30-Sep-23</u>			
Not past due	280,283	-	280,283
Past due 1 - 90 days	14,263	-	14,263
Past due 91 - 180 days	2,578	-	2,578
	297,124	-	297,124
Credit impaired			
Past due more than 180 days	4,367	(2,226)	2,141
Individually impaired	1,344	(1,344)	-
	302,835	(3,570)	299,265
<u>31-Dec-22</u>			
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
Credit impaired			
Past due more than 180 days	1,831	(1,831)	-
Individually impaired	1,163	(1,163)	-
	315,644	(4,364)	311,280

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.

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B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 30 September 2023 are as follows:

In thousands of RM

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	33,286	(586)	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:

In thousands of RM

	30-Sep-23	31-Dec-22
Unsecured		
- Foreign currency borrowings	60,113	60,998
- Local currency borrowings	68,202	64,047
	<u>128,315</u>	<u>125,045</u>
Amount due within the next 12 months	<u>78,315</u>	<u>75,045</u>
Amount due between two to five years	<u>50,000</u>	<u>50,000</u>

In thousands of RM

Functional Currency	Denominated In	30-Sep-23	31-Dec-22
RM	RM	68,202	64,047
RM	USD	-	-
EUR	EUR	791	919
AUD	AUD	15,143	14,944
IDR	IDR	37,463	28,766
IDR	USD	6,716	16,369
USD	USD	-	-
		<u>128,315</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 3.66% 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

No dividend has been proposed for the current quarter ended 30 September 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:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
Profit attributable to the owners	25,905	8,114	38,377	18,283
Weighted average number of ordinary shares in issue ('000)	195,494	195,494	195,494	195,494
Basic EPS (sen)	13.25	4.15	19.63	9.35

The total number of ordinary shares issued by the Company, net of treasury shares as at 30 September 2023 was 195,494,300 (30 September 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-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
(a) Interest income	(2,819)	(1,682)	(7,687)	(4,267)
(b) Interest expense	2,354	1,611	6,776	3,940
(c) Depreciation and Amortization	15,062	15,494	45,416	52,210
(d) Net impairment gain on trade receivables	(293)	(36)	(862)	(234)
(e) (Write back)/provision for slow moving stock	(805)	(230)	(2,277)	1,531
(f) Net loss/(gain) on disposal of property, plant and equipment	17	(110)	(130)	(146)
(g) Net foreign exchange gain	(938)	(2,628)	(4,018)	(7,040)
(h) Net loss on derivatives	960	513	1,752	1,561

BY ORDER OF THE BOARD

SOO SHIOW FANG
 Company Secretary
 Kuala Lumpur
 Dated: 20 November 2023