



APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
SECOND QUARTER ENDED
30 JUNE 2020**

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES TO THE QUARTERLY FINANCIAL REPORT	5-20



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 2020 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		Change
	Current	Corresponding	Change	Cumulative	Cumulative	
	Quarter Ended 30-Jun-20	Quarter Ended 30-Jun-19		Year to Date 30-Jun-20	Year to Date 30-Jun-19	
Revenue	151,579	358,369	-57.7%	431,127	725,978	-40.6%
Results from operating activities	(21,662)	15,750	-237.5%	(22,881)	36,277	-163%
Finance costs	(1,222)	(1,462)	16.4%	(2,648)	(2,908)	9%
Finance income	2,176	2,432	-10.5%	4,760	4,757	0%
Share of the (loss)/profit of equity-accounted associates and joint ventures, net of tax	(2,011)	949	-311.9%	(1,646)	(48)	-3329%
(Loss)/profit before tax	(22,719)	17,669	-228.6%	(22,415)	38,078	-159%
Income tax expense	2,325	(4,028)	157.7%	(286)	(9,121)	97%
(Loss)/profit for the period	(20,394)	13,641	-249.5%	(22,701)	28,957	-178%
Other comprehensive income/(loss), net of tax						
Items that will be reclassified subsequently to profit or loss						
Share of foreign currency translation differences for equity-accounted associate and joint ventures	23,676	5,851	304.6%	9,595	4,622	108%
Share of profit of equity-accounted associate and joint ventures	3,391	1,352	150.8%	516	1,276	-60%
Other comprehensive income for the period, net of tax	27,067	7,203	275.8%	10,111	5,898	71%
Total comprehensive income/(loss) for the period	6,673	20,844	-68.0%	(12,590)	34,855	-136%
(Loss)/Profit attributable to :						
Owners of the Company	(20,883)	8,560	-344.0%	(27,083)	18,339	-248%
Non-controlling interests	489	5,081	-90.4%	4,382	10,618	-59%
(Loss)/profit for the period	(20,394)	13,641	-249.5%	(22,701)	28,957	-178%
Total comprehensive income/(loss) attributable to :						
Owners of the Company	6,184	15,763	-60.8%	(16,972)	24,237	-170%
Non-controlling interests	489	5,081	-90.4%	4,382	10,618	-59%
Total comprehensive income/(loss) for the period	6,673	20,844	-68.0%	(12,590)	34,855	-136%
(Loss)/Earnings per share						
Basic (sen)	(10.68)	4.38	-344.1%	(13.85)	9.38	-248%

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 2019 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 2020 – unaudited**

<i>In thousands of RM</i>	As at 30-Jun-20	As at 31-Dec-19 (Audited)
Assets		
Property, plant and equipment	621,982	617,305
Investment properties	112,560	112,560
Investment in an associate	590	898
Investments in joint ventures	30,900	31,723
Intangible assets	21,940	18,526
Deferred tax assets	22,011	17,659
Total non-current assets	809,983	798,671
Inventories	283,120	269,906
Trade and other receivables, including derivatives	217,779	321,314
Other investments	180,335	169,195
Cash and cash equivalents	169,262	179,772
Total current assets	850,496	940,187
Total assets	1,660,479	1,738,858
Equity		
Share capital	219,498	219,498
Reserves	1,050,415	1,067,387
Treasury shares	(13,506)	(13,312)
Total equity attributable to owners of the Company	1,256,407	1,273,573
Non-controlling interests	75,560	75,179
Total equity	1,331,967	1,348,752
Liabilities		
Employee benefits	28,159	25,383
Lease liabilities	13,200	13,204
Deferred tax liabilities	49,156	51,082
Loan and borrowings	204	-
Total non-current liabilities	90,719	89,669
Trade and other payables, including derivatives	153,278	221,838
Lease liabilities	3,902	3,456
Loans and borrowings	75,753	71,696
Current tax liabilities	4,860	3,447
Total current liabilities	237,793	300,437
Total liabilities	328,512	390,106
Total equity and liabilities	1,660,479	1,738,858
Net assets per share attributable to owners of the Company (RM)	6.43	6.51

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 – unaudited**

	<----- Attributable to the owners of the Company ----->							Non-controlling interests	Total equity
	<----- Non-Distributable ----->			Distributable					
<i>In thousands of RM</i>	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained profits	Total			
At 1-Jan-19	219,498	(13,312)	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021	
Foreign currency translation differences for foreign operations	-	-	-	4,622	-	4,622	-	4,622	
Share of foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	1,276	-	1,276	-	1,276	
Transfer of revaluation surplus on properties	-	-	(2,454)	-	2,454	-	-	-	
Profit for the period	-	-	-	-	18,339	18,339	10,618	28,957	
Total comprehensive income for the period	-	-	(2,454)	5,898	20,793	24,237	10,618	34,855	
Dividends to owners of the company	-	-	-	-	(13,694)	(13,694)	(2,002)	(15,696)	
At 30-Jun-19	219,498	(13,312)	101,887	197	936,346	1,244,616	76,564	1,321,180	
At 1-Jan-20	219,498	(13,312)	131,159	(146)	936,374	1,273,573	75,179	1,348,752	
Foreign currency translation differences for foreign operations	-	-	-	9,595	-	9,595	-	9,595	
Share of foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	516	-	516	-	516	
Transfer of revaluation surplus on properties	-	-	(2,454)	-	2,454	-	-	-	
(Loss)/profit for the period	-	-	-	-	(27,083)	(27,083)	4,382	(22,701)	
Total comprehensive (loss)/income for the period	-	-	(2,454)	10,111	(24,629)	(16,972)	4,382	(12,590)	
Own shares acquired	-	(194)	-	-	-	(194)	-	(194)	
Dividends to owners of the company	-	-	-	-	-	-	(4,001)	(4,001)	
At 30-Jun-20	219,498	(13,506)	128,705	9,965	911,745	1,256,407	75,560	1,331,967	

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 – unaudited**

<i>In thousands of RM</i>	For the 6 months period ended 30-Jun-20	For the 6 months period ended 30-Jun-19
Cash flows from operating activities		
(Loss)/Profit before tax and non-controlling interests	(22,415)	38,078
Adjustments for non-cash items	31,705	29,999
Changes in working capital	19,874	(6,801)
Cash generated from operations	29,164	61,276
Interest/Tax/Employee benefits/provision	(1,049)	(9,702)
Net cash generated from operating activities	28,115	51,574
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	342	574
Acquisition of property, plant and equipment	(24,202)	(21,228)
Net increase in other investments	(11,140)	(18,393)
Additions of intangible assets	(4,569)	(2,573)
Net cash used in investing activities	(39,569)	(41,620)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(4,001)	(2,002)
Dividends paid to owners of the Company	-	(13,694)
Net drawdown/(repayment) of loans and borrowings	4,261	(5,131)
Payment of lease liabilities	(697)	(1,606)
Own shares acquired	(194)	-
Net cash used in financing activities	(631)	(22,433)
Net decrease in cash and cash equivalents	(12,085)	(12,479)
Effect of exchange rate fluctuations	1,575	913
Cash and cash equivalents at 1 January	179,772	225,789
Cash and cash equivalents at the end of period	169,262	214,223

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

Cash and bank balances	78,942	55,620
Deposits and corporate management account with licensed banks	90,320	158,603
	169,262	214,223

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. 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 2019.

A2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of 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 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*
- Amendments to MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 4, *Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)*
- Amendments to MFRS 17, *Insurance contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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*

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 2021 for those amendments that are effective for annual periods beginning on or after 1 June 2020;
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and
- The Group does not plan to apply MFRS 17, *Insurance Contracts* and Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* that is effective for annual periods beginning on 1 January 2021 and 1 January 2022 respectively as they are not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2019.

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 have a material effect on the assets, liabilities, equity, net income or cash flows for the quarter ended 30 June 2020.

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases, resale or repayment of debts and equity securities in the current interim period and financial year to date, other than the following repurchase of shares by the Company:

	<i>In thousands of RM</i>	
<u>Month</u>	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Jan-20	88,200	194

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 30 June 2020.

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; and manufacturing and supplying In-vehicle Infotainment ("IVI") systems.
- *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; distribution of motor vehicles; provision of management services for companies within the Group and provision of automotive research and development services.
- *Indonesia operations:* comprises business in Indonesia.
- *All other segments:* comprises businesses in Vietnam, Australia, United States of America, Netherlands, Thailand and Myanmar.

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 segment 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.

A9. SEGMENTAL INFORMATION (CONT'D)

In thousands of RM

INDIVIDUAL QUARTER

	30-Jun-20		30-Jun-19	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	20,247	(4,886)	50,364	(214)
Interior & Plastics	89,668	(9,945)	262,129	19,263
Electrical & Heat Exchange	10,708	(1,721)	27,598	373
Marketing	31,901	(648)	61,918	1,501
Non-reportable segment	9,515	(2,477)	21,830	(126)
Indonesia Operations	8,288	(3,951)	11,668	(2,172)
All Other Segments	36,341	778	33,035	(894)
	206,668	(22,850)	468,542	17,731
Eliminations	(55,089)	131	(110,173)	(62)
	151,579	(22,719)	358,369	17,669

In thousands of RM

CUMULATIVE QUARTER

	30-Jun-20		30-Jun-19	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	55,655	(8,131)	100,466	(483)
Interior & Plastics	287,330	930	544,625	43,335
Electrical & Heat Exchange	30,455	(3,165)	56,805	772
Marketing	75,051	(322)	124,997	4,010
Non-reportable segment	26,254	(4,447)	41,109	(1,478)
Indonesia Operations	21,674	(8,810)	23,810	(6,469)
All Other Segments	71,266	1,235	59,803	(2,006)
	567,685	(22,710)	951,615	37,681
Eliminations	(136,558)	295	(225,637)	397
	431,127	(22,415)	725,978	38,078

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

The valuation of property, plant and equipment and investment properties were brought forward without amendment from the annual financial statements for the year ended 31 December 2019.

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”), including their respective subsidiaries, being companies in which Directors of the Company namely Dato’ Tan Heng Chew and Dato’ Tan Eng Hwa, are deemed to have substantial financial interests, are as follows:

<i>In thousands of RM</i>	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-Jun-20</u>	<u>30-Jun-19</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>
Sales	1,876	25,545	9,758	47,763
Provision of services	143	252	177	292
Purchases	(159)	(6,255)	(2,826)	(19,219)
Administrative and consultancy services	(1)	-	(221)	(18)
Insurance	(403)	(143)	(4,521)	(4,699)
Rental expenses	(35)	(90)	(52)	(179)
Rental income	382	403	768	789

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-Jun-20</u>	<u>30-Jun-19</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>
Sales	153	194	278	306
Purchases	(17)	(112)	(35)	(123)
Administrative and consultancy services	(53)	(676)	(219)	(1,316)
Rental income	129	92	258	185
Rental expenses	(268)	(282)	(572)	(611)

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-Jun-20</u>	<u>30-Jun-19</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>
Sales	41	52	53	89
Purchases	(2)	(7)	(70)	(7)
Rental expenses	(15)	(15)	(36)	(34)

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

A11. RELATED PARTY DISCLOSURES (CONT'D)

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Corresponding Quarter Ended	Cumulative Year To Date	Corresponding Year To Date
<u>Key management personnel</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>
Director				
Rental expenses	14	14	27	27

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

A12. MATERIAL SUBSEQUENT EVENT

Although there were no material events subsequent to the reporting quarter, the Board wishes to reiterate the implication that COVID-19 has on the Group.

Since the outbreak of COVID-19, many countries had introduced unprecedented measures to contain the pandemic such as travel restriction and movement control.

As at the date this interim financial report is authorised for issuance, the COVID-19 infection rate in Malaysia was under control and the country is entering the recovery phase. However, the COVID-19 pandemic globally is still evolving and unpredictable, including countries in which the Group operates. As such, the Group does not consider it practicable to provide a quantitative estimate of the potential impact the pandemic has on the economic conditions of the Group.

Nevertheless, the Group is monitoring and taking the necessary measures to minimise any impact that may be caused by the COVID-19 pandemic on the Group's operations.

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 incorporation of APM Marketing (Vietnam) Company Limited ("APM Vietnam") on 21 May 2020. APM Vietnam is a wholly owned subsidiary of APM Automotive Global Ltd., which in turn is 100% owned by APM Automotive Holdings Bhd. APM Vietnam, which has an issued and paid-up share capital of VND2.3 billion and has intended principal activities of dealing with export, import and wholesale distribution of the APM products in Vietnam.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 30 June 2020.

A15. CAPITAL COMMITMENTS

<i>In thousands of RM</i>	<u>30-Jun-20</u>	<u>30-Jun-19</u>
Contracted but not provided for	16,780	15,408

Upon adoption of MFRS 16 *Leases*, the Group recognizes the right-of-use assets and corresponding lease liabilities for those non-cancellable operating leases. As a result, the disclosure on the non-cancellable operating lease commitment is no longer required.

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

Whilst the COVID-19 pandemic has caused unexpected and detrimental outcomes for many, the Government's efforts in combating the pandemic have arrived the Group to successfully develop and roll out incident management plans specific to this crisis.

Consequently the unemployment rate has increased from 13.3% (as at May 2019) to 5.3% (as at May 2020). The Group's financial position remains robust notwithstanding the adverse impact of this COVID-19 pandemic. In this regard and as at 30 June 2020, the Group's net asset per share experienced only a slight reduction of 1.2% from RM6.51 to RM6.43, due largely to the losses registered during the 2nd quarter of 2020. The drop in retained profit was mitigated by the favourable foreign currency translation differences for foreign operations which amounted to RM27 million for the quarter under review, especially in Indonesia and Australia.

The Group's financial standing remains relatively firm with shareholders' funds of RM1.26 billion, cash and cash equivalents together with other investments amounting to RM349.6 million and net cash position (i.e. cash and cash equivalents plus other investments and deduct bank borrowings) of RM273.6 million.

¹Department of Statistics Malaysia/Edge Market, <https://www.theedgemarkets.com/article/malaysia-unemployment-rate-escalates-53-may>

Statement of Cash Flows and Capital Expenditure

For the 6-month period ended 30 June 2020, net cash generated from operating activities of the Group announced to RM28.1 million, reduced by 45.5% compared to corresponding period of the previous year of RM51.6 million. This reduction was mainly due to the RM21.3 million loss incurred by the Group as explained in the "Analysis of Performance of All Operating Segments" section of this report.

During the period, net cash used in financing activities was lower at RM0.6 million compared to RM22.4 million in the same period of last year. This was mainly due to the following factors:

- i) Payment of final dividend of 7.0 sen per ordinary share in respect of financial year ended 31 December 2018 totalling RM13.7 million was effected whilst the final dividend payment of 5.0 sen per ordinary share in respect of financial year ended 31 December 2019 will only be paid on 26 August 2020; and
- ii) The drawdown of bank loan in the first half of the year of RM4.3 million by the Group versus its repayment of RM5 million in the corresponding period.

As at 30 June 2020, the Group's capital commitment stood at RM16.8 million, mainly because of its investments in tooling, machineries/equipment and development costs for supply of parts for new car models and upgrade of production facilities. The capital commitments will be funded by internally generated funds and/or bank borrowings. As part of the counter measures to conserve cash due to the pandemic, the Group had deferred many of its capital expenditure spending.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Statement of Cash Flows and Capital Expenditure (Cont'd)

The Group recognizes that sufficient cash reserves are 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 and unutilized short term banking facilities of RM40 million for working capital, if and when required.

Analysis of Performance of All Operating Segments

Q2'20 vs. Q2'19

The Group's revenue tumbled by 57.7% in Q2'20 from RM358.4 million to RM151.6 million mainly due to the impact of COVID-19 pandemic in Malaysia. No revenue was earned during the periods when the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") were introduced. Our plants were rendered virtually inoperable from 45 to 60 days.

With lower revenue and productions overhead and administrative expenses remained relatively fixed, the Group registered a Loss Before Tax ("LBT") of RM22.7 million for the quarter under review compared to Profit Before Tax ("PBT") of RM17.7 million in the same quarter last year.

Year-to-date 2020 ("YTD 2020") vs Year-to-date 2019 ("YTD 2019")

The Group's revenue experienced an unsurprising dive by 40.6% to RM431.1 million from RM726.0 million a year ago. The Group's bottom line was also lowered by 159%, falling from PBT of RM38.1 million to LBT of RM22.4 million for the 1st half of the year, for the reasons as explained earlier.

Suspension Division

The Suspension Division's revenue for the current quarter and YTD 2020 declined 59.8% and 44.6% to RM20.2 million and RM55.7 million respectively. The lower revenue was due to lower export and local OEM activities resulting from the closure of the Group's plants from 45 to 60 days because of the MCO and the CMCO.

The above was also compounded by production overheads and administrative expenses which remained relatively fixed. These expenses were the main contributors to the increase in Loss Before Taxation ("LBT") to RM4.9 million compared to RM0.2 million same quarter of last year. Combined with LBT of RM0.3 million in Q1 2020, the YTD 2020 loss has widened to RM8.1million compared to marginal loss of RM0.5 million reported in YTD 2019.

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 (CONT'D)

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

Interior & Plastics Division

According to the Malaysian Automotive Association's statistics, illustrated in table below, Total Industry Production ("TIP") in Q2'20 declined by 59% from 140,645 units to 57,605 units compared to same quarter of last year. The closure of the automotive manufacturers' plants (and those of their customers and suppliers) during the MCO and CMCO from 18 March to 9 June 2020 had adversely affected the performance of the automotive sector.

Total Industry Production ("TIP") Volume				
			Variance	
	Year 2020	Year 2019	Units	%
1st Quarter	108,444	144,383	(35,939)	-25%
2nd Quarter	57,605	140,645	(83,040)	-59%
Total	166,049	285,028	(118,979)	-42%

The Group's Interior & Plastics Division revenue source is largely derived from the local carmakers. As such, the lower revenue by 65.8% at RM89.7 million is clearly reflective of the lower TIP. With a lower revenue base, the Division recorded LBT of RM9.9 million in 2Q'20 against a profit of RM19.3 million in 2Q'19. Unfavorable product mix that generated lower margin also caused profitability to be reduced.

Likewise, for the first two quarters of the year, revenue and PBT of the Division decreased significantly from RM544.6 million and RM43.3 million to RM287.3 million and RM0.9 million respectively, mainly due to the reasons mentioned earlier.

Electrical & Heat Exchange Division

Consistent with the performance of other divisions, revenue for Electrical & Heat Exchange Division saw a decrease of 61.2% from RM27.6 million to RM10.7 million in the previous corresponding quarter. In line with the reduction in revenue, this Division ended the quarter at LBT of RM1.7 million compared to a PBT of RM0.4 million reported in Q2'19.

In addition to the fall in revenue in Q2'2020, this Division also experienced waning demands from certain OEM customers beginning of the year, resulting in YTD 2020's revenue being reduced to RM30.5 million from RM56.8 million a year ago. This Division has a year-to-date LBT of RM3.1 million against a PBT of RM0.8 million in YTD 2019.

Marketing Division

The Marketing Division's revenue and bottom-line reduced by 48.5% to RM31.9 million and 143% to LBT of RM0.6 million respectively. The reduced economic activities locally and globally, caused by COVID-19 pandemic and the ongoing friction between the US and China have contributed to a slowdown in local REM demands and export market.

Consistent with the above, revenue in the Marketing Division for the first six months of 2020 decreased by 40% to RM75.1 million and recorded LBT of RM0.3 million.

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 rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. Revenue from these services and sources form part of inter-segment elimination for the total Group's results (as depicted in Note A9). This segment also comprises the business of casting, machining and assembly of aluminum parts and components and distribution of motor vehicles to internal and external customers.

Non-reportable segment's revenue contracted by 56.4% to RM9.5 million and LBT increased to RM2.5 million from RM0.1 million compared to the same quarter of last year. This segment's revenue for the first six months of 2020 decreased by 36.1% from RM41.1 million to RM26.3 million where LBT of RM4.4 million was recorded. Lower sales of motor vehicles and inter-group billings of services have impacted this segment's revenue and profitability.

Indonesia Operations

Indonesia Operations refer to the manufacture of suspension products such as coil springs, shock absorber and leaf springs as well as the Group's investment and participation in joint ventures and associate in Indonesia.

On 3 April 2020, Indonesia released two regulations, a government regulation and a Health Ministry regulation, to pave the way for large-scale social restrictions ("PSBB"), the country's equivalent to partial lockdown. The partial lockdown requires offices, schools, places of worship and public spaces to close. Since then, most of the Group's OEM customers had suspended productions temporarily. Consequently, our coil spring plant was badly affected as its main source of revenue is from such OEM customers leading to the Indonesia operations reporting a 29.0% drop in revenue to RM8.3 million.

The Group's joint venture and associates in Indonesia whose principal activities include the manufacturing and supply of seats, interior and plastic parts to automotive OEM customers were also severely affected by the impact of the COVID-19 pandemic.

Revenue from the Group's joint venture declined by 85% and losses of RM2.9 million (APM's shares = RM1.45 million) were recorded compared to a profit of RM0.3 million (APM's shares = RM166,000) in Q2'2019. As a result, our Indonesia Operations LBT increased to RM4.0 million from RM2.2 million in same quarter of last year.

Despite registering a slight increase in revenue (by 10.2% in Q1'2020 compared to Q1'2019), revenue of our Indonesia Operations on year-to-date declined by 9% to RM21.7 million, due mainly to lower off take of its coil spring products from OEM customers as explained earlier.

The decline in revenue coupled with losses experienced by the Group's joint venture and associates resulted in the bottom-line of the Group's Indonesia Operations being further impacted as LBT increased by 36.2% to RM8.8 million.

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 (CONT'D)

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

All Other Segments

This business segment refers to our operations in Thailand, Vietnam, Australia, the United States of America (“USA”), Netherlands and Myanmar (“Operations Outside of Malaysia”).

Revenue for the Operations Outside of Malaysia experienced an uptrend of RM36.3 million with growth of 10% year-on-year dominated by higher sales of air-conditioning products in Vietnam and coach/train seats in Australia. Our Australia operations benefited from an increase in public transport projects in its territory whilst the supply of air-conditioning products in Vietnam which commenced in June 2019 had also contributed to a higher revenue for this segment.

In line with the improved revenue, this Division posted PBT of RM0.8 million compared to LBT of RM0.9 million in the same quarter of last year. The improved PBT in the Division was also contributed by the better performance of our joint venture in Vietnam.

Similar to the quarterly review, the segment revenue increased from RM59.8 million to RM71.3 million on year-to-date basis, registering PBT of RM1.2 million compared to LBT of RM2 million a year ago.

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			
	30-Jun-20	31-Mar-20	Changes		30-Jun-20	31-Mar-20	Changes	
			Amount	%			Amount	%
Suspension	20,247	35,408	(15,161)	-42.8%	(4,886)	(3,245)	(1,641)	-50.6%
Interior & Plastics	89,668	197,662	(107,994)	-54.6%	(9,945)	10,875	(20,820)	-191.4%
Electricals & Heat Exchange	10,708	19,747	(9,039)	-45.8%	(1,721)	(1,444)	(277)	-19.2%
Marketing	31,901	43,150	(11,249)	-26.1%	(648)	326	(974)	-298.8%
Non-reportable segment	9,515	16,739	(7,224)	-43.2%	(2,477)	(1,970)	(507)	-25.7%
Indonesia Operations	8,288	13,386	(5,098)	-38.1%	(3,951)	(4,859)	908	18.7%
All Other Segments	36,341	34,925	1,416	4.1%	778	457	321	70.2%
	206,668	361,017	(154,349)	-42.8%	(22,850)	140	(22,990)	-16421.4%
Eliminations	(55,089)	(81,469)	26,380	32.4%	131	164	(33)	-20.1%
	151,579	279,548	(127,969)	-45.8%	(22,719)	304	(23,023)	-7573.4%

The impact of the COVID-19 pandemic has largely caused the Group’s revenue to decline by 45.8% in Q2’20 from RM279.5 million to RM151.6 million and its bottom line to contract into the red with a LBT of RM22.7 million from a profit RM0.3 million as reported in Q1’20, except for Operations Outside Malaysia.

In contrast, Operations Outside of Malaysia outperformed other segments both in terms of revenue and bottom-line for reasons as explained earlier in Section B1. Despite the lower revenue, the Indonesia Operations’ LBT had narrowed due mainly to strengthening of Indonesia Rupiah against USD that generated net foreign exchange gain in Q2’2020 compared to net foreign exchange loss in the preceding quarter.

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

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 United States of America, Netherlands, Australia, Thailand, Vietnam and the Republic of Indonesia.

The Group expects its overall performance to improve going forward.

With Malaysia entering the recovery phase of the MCO combined with the introduction of the Government's economic stimulus package (ie. the "*Pelan Jana Semula Ekonomi Negara*" or Penjana recovery plan) and vehicle sales tax exemption as well as the reduction of the Overnight Policy Rate to 1.75% by Bank Negara Malaysia coupled with the Malaysia Automotive Association's (MAA) upward revision of the Total Industry Volume (TIV) forecast from 400,000 units to 470,000 units, the Group is confident for a revival of the economy.

However, the Group remains cautious and does not foresee such revival occurring in the short or medium term as signs of a second wave of the pandemic appears to be a possibility.

Nonetheless, the Group will focus on long-term strategies for business sustainability and continue to strive for success through mergers, acquisitions, strategic partnerships, joint ventures and alliances.

In the meantime, APM will continue with its austerity measures (such as deferring capital expenditure, salary reduction, hiring freeze, participating in the Government's Prihatin program, cost rationalization, etc.) to control cash flows.

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

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Jun-20</u>	Corresponding Quarter Ended <u>30-Jun-19</u>	Cumulative Year To Date <u>30-Jun-20</u>	Corresponding Year To Date <u>30-Jun-19</u>
<u>Current tax</u>				
- Current year	1,594	4,828	6,105	10,594
- Prior year	37	(1,192)	(117)	(1,269)
<u>Deferred tax</u>				
- Current year	(4,006)	(1,190)	(6,068)	(1,774)
- Prior year	39	1,576	352	1,552
Withholding Tax	11	6	14	18
	<u>(2,325)</u>	<u>4,028</u>	<u>286</u>	<u>9,121</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to current year losses of certain subsidiaries for which no deferred tax asset was recognized and the absence of group relief to set-off the losses.

B5. CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the reporting date.

B6. TRADE RECEIVABLES

<i>In thousands of RM</i>	Gross	Impairment	Net
<u>30-Jun-20</u>			
Not past due	125,139	(190)	124,949
Past due 0 - 90 days	13,413	(24)	13,389
Past due 91 - 180 days	2,879	(574)	2,305
	<u>141,431</u>	<u>(788)</u>	<u>140,643</u>
<u>Credit impaired</u>			
Past due more than 180 days	822	(822)	-
Individually impaired	3,847	(3,847)	-
	<u>146,100</u>	<u>(5,457)</u>	<u>140,643</u>
<u>31-Dec-19</u>			
Not past due	234,751	(57)	234,694
Past due 0 - 90 days	16,507	(552)	15,955
Past due 91 - 180 days	728	(436)	292
	<u>251,986</u>	<u>(1,045)</u>	<u>250,941</u>
<u>Credit impaired</u>			
Past due more than 180 days	1,006	(1,006)	-
Individually impaired	3,889	(3,889)	-
	<u>256,881</u>	<u>(5,940)</u>	<u>250,941</u>

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

B6. TRADE RECEIVABLES (CONT'D)

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 realizable 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 2020 are as follows:

In thousands of RM

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	24,291	(244)	Less than 1 year

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2019. 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>	30-Jun-20	31-Dec-19
Unsecured - Foreign currency loans	62,042	53,796
- Revolving credit	13,915	17,900
	<u>75,957</u>	<u>71,696</u>
Amount due within the next 12 months	<u>75,753</u>	<u>71,696</u>
Amount due between two to five years	<u>204</u>	-

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

B8. BORROWINGS AND DEBT SECURITIES (CONT'D)

Group borrowings breakdown by currencies.

In thousands of RM

Functional <u>Currency</u>	Denominated <u>In</u>	30-Jun-20	31-Dec-19
RM	RM	13,915	17,900
EUR	EUR	3,366	1,171
AUD	AUD	24,939	22,773
IDR	IDR	29,680	26,066
IDR	USD	3,574	3,786
USD	USD	483	-
		75,957	71,696

Foreign currency loans were not hedged against Ringgit Malaysia as the drawdowns were done by overseas subsidiaries in their respective local currency.

The Group borrowings are subject to interest ranging from 0.25% to 7.40% (2019: 0.51% to 9.15%) 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 June 2020.

B11. (LOSS)/EARNINGS PER SHARE (“(LPS)/EPS”)

The calculation of basic (loss)/earnings per share for the period is based on the net (loss)/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-20	30-Jun-19	30-Jun-20	30-Jun-19
(Loss)/profit attributable to the owners of the Company (RM'000)	(20,883)	8,560	(27,083)	18,339
Weighted average number of ordinary shares in issue ('000)	195,499	195,583	195,499	195,583
Basic (LPS)/EPS (sen)	(10.68)	4.38	(13.85)	9.38

The total number of ordinary shares issued of the Company as at 30 June 2020 was 195,498,566 (31 December 2019: 195,582,500).

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

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Loss)/Profit before tax is arrived at after charging / (crediting) the following items:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Quarter Ended 30-Jun-20	(Unaudited) Corresponding Quarter Ended 30-Jun-19	(Unaudited) Cumulative Year To Date 30-Jun-20	(Unaudited) Corresponding Year To Date 30-Jun-19
(a) Interest income	(2,176)	(2,432)	(4,760)	(4,757)
(b) Other income including investment income	(1,075)	(1,122)	(2,152)	(2,849)
(c) Interest expense	1,222	1,462	2,648	2,908
(d) Depreciation and Amortization	13,939	15,580	28,515	29,225
(e) Impairment loss on trade receivables	315	31	386	75
(f) (Write back of)/Provision for impairment loss on trade receivables	(673)	280	(897)	(373)
(g) Provision for slow moving stock	190	1,102	73	823
(h) Gain on disposal of property, plant and equipment	(117)	(69)	(188)	(408)
(i) Net foreign exchange (gain)/loss	(759)	1,461	1,815	1,475

B13. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements have been authorized for issue by the Board of Directors in accordance with its resolution on 19 August 2020.

BY ORDER OF THE BOARD

KHOO PENG PENG
 SOO SHIOW FANG

Company Secretaries
 Kuala Lumpur
 19 August 2020