

UMW HOLDINGS BERHAD

(COMPANY NO : 198201010554 (90278-P))

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2023

	3 Months Ended 31.03.2023 RM'000 (Unaudited)	3 Months Ended 31.03.2022 RM'000 (Unaudited)	3 Months Ended 31.03.2023 RM'000 (Unaudited)	3 Months Ended 31.03.2022 RM'000 (Unaudited)
Revenue	4,379,581	3,650,756	4,379,581	3,650,756
Operating expenses	(4,281,377)	(3,535,942)	(4,281,377)	(3,535,942)
Other operating income	30,551	31,019	30,551	31,019
Profit from operations	128,755	145,833	128,755	145,833
Share of results of associates and joint ventures	109,290	96,520	109,290	96,520
Investment income	28,067	12,965	28,067	12,965
Profit before interest	266,112	255,318	266,112	255,318
Finance costs	(15,381)	(39,029)	(15,381)	(39,029)
Profit before taxation and zakat	250,731	216,289	250,731	216,289
Taxation and zakat	(47,009)	(43,484)	(47,009)	(43,484)
Profit for the period	203,722	172,805	203,722	172,805
<u>Other comprehensive income:</u>				
Translation of foreign operations	6,017	6,789	6,017	6,789
Share of other comprehensive income of associates	65	100	65	100
Other comprehensive income net of tax	6,082	6,889	6,082	6,889
Total comprehensive income for the period	209,804	179,694	209,804	179,694
<u>Profit for the period attributable to:</u>				
Owners of the Company	134,460	101,206	134,460	101,206
Holders of perpetual sukuk	17,463	17,463	17,463	17,463
Non-controlling interests	51,799	54,136	51,799	54,136
	203,722	172,805	203,722	172,805
<u>Total comprehensive income attributable to:</u>				
Owners of the Company	140,443	107,885	140,443	107,885
Holders of perpetual sukuk	17,463	17,463	17,463	17,463
Non-controlling interests	51,898	54,346	51,898	54,346
	209,804	179,694	209,804	179,694
Earnings per share for the period (sen):				
Basic/diluted	11.51	8.66	11.51	8.66

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

UMW HOLDINGS BERHAD
(COMPANY NO : 198201010554 (90278-P))
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	As At 31.03.2023 RM'000 (Unaudited)	As At 31.12.2022 RM'000 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	2,734,024	2,706,160
Investment properties	206,191	208,852
Intangible asset	948	801
Leased assets	387,182	389,830
Right-of-use assets	118,993	121,753
Investments in joint ventures	80,800	78,667
Investments in associates	2,470,781	2,362,313
Deferred tax assets	181,090	178,073
Other investments	5,458	5,261
	<u>6,185,467</u>	<u>6,051,710</u>
Current assets		
Other investments	343,305	196,223
Derivative assets	3,942	22,650
Inventories	1,970,365	2,045,729
Trade receivables	1,074,156	1,124,329
Other receivables	123,003	107,208
Tax recoverable	16,566	16,500
Deposits, cash and bank balances	2,333,762	2,808,126
	<u>5,865,099</u>	<u>6,320,765</u>
Assets held for sale	44,619	44,619
	<u>5,909,718</u>	<u>6,365,384</u>
Total assets	<u>12,095,185</u>	<u>12,417,094</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	584,147	584,147
Capital reserve	396	396
Fair value reserve	6,395	6,330
Foreign currency translation reserve	18,673	12,755
Retained earnings	3,749,999	3,746,388
	<u>4,359,610</u>	<u>4,350,016</u>
Perpetual sukuk	1,115,323	1,097,860
Non-controlling interests	1,743,977	1,692,079
Total equity	<u>7,218,910</u>	<u>7,139,955</u>
Non-current liabilities		
Deferred tax liabilities	51,775	60,823
Provision for warranties	235,598	234,957
Lease liabilities	38,532	39,345
Borrowings	1,329,575	1,339,932
	<u>1,655,480</u>	<u>1,675,057</u>
Current liabilities		
Derivative liabilities	2,468	1,174
Provision for warranties	67,419	55,149
Provision for taxation	40,560	27,984
Borrowings	208,405	212,335
Trade payables	1,389,348	1,741,969
Other payables	1,501,302	1,550,848
Lease liabilities	11,293	12,623
	<u>3,220,795</u>	<u>3,602,082</u>
Total liabilities	<u>4,876,275</u>	<u>5,277,139</u>
Total equity and liabilities	<u>12,095,185</u>	<u>12,417,094</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.73</u>	<u>3.72</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

UMW HOLDINGS BERHAD

(COMPANY NO : 198201010554 (90278-P))

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	<----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
3 MONTHS ENDED 31 MARCH 2023 (UNAUDITED)									
At 1 January 2023	584,147	396	6,330	12,755	3,746,388	4,350,016	1,097,860	1,692,079	7,139,955
Transactions with owners:									
Dividend distributed to equity holders	-	-	-	-	(130,849)	(130,849)	-	-	(130,849)
Total comprehensive income	-	-	65	5,918	134,460	140,443	17,463	51,898	209,804
At 31 March 2023	584,147	396	6,395	18,673	3,749,999	4,359,610	1,115,323	1,743,977	7,218,910

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	<----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Capital reserve RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
3 MONTHS ENDED 31 MARCH 2022 (UNAUDITED)									
At 1 January 2022	584,147	396	5,130	(19,135)	3,434,152	4,004,690	1,097,860	1,659,999	6,762,549
Transactions with owners:									
Dividend distributed to equity holders	-	-	-	-	(67,761)	(67,761)	-	-	(67,761)
Liquidation of a subsidiary	-	-	-	(206)	-	(206)	-	-	(206)
Total comprehensive income	-	-	100	6,579	101,206	107,885	17,463	54,346	179,694
At 31 March 2022	584,147	396	5,230	(12,762)	3,467,597	4,044,608	1,115,323	1,714,345	6,874,276

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

UMW HOLDINGS BERHAD

(COMPANY NO : 198201010554 (90278-P))
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

	3 Months Ended 31.03.2023 RM'000 (Unaudited)	3 Months Ended 31.03.2022 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	250,731	216,289
Adjustments for:		
Depreciation and amortisation	85,934	81,637
Net (reversal of impairment)/impairment losses on:		
- property, plant and equipment	(2)	-
- receivables	634	990
- other investments	(1,086)	2,038
Property, plant and equipment written off	308	71
Net reversal of inventories written down	(1,646)	(201)
Interest expense	15,381	39,029
Share of results of associates and joint ventures	(109,290)	(96,520)
Net gain on disposal of property, plant and equipment, leased assets and right-of-use assets	(9,678)	(9,476)
Net loss on disposals of investments in subsidiaries	-	6,613
Net fair value loss on derivatives	20,002	7,960
Net unrealised foreign exchange (gain)/loss	(447)	4,085
Net fair value gain on financial assets held for trading	(1,334)	(1,334)
Net (gain)/loss on disposal of other investments	(209)	215
Interest and other investments income	(28,650)	(13,564)
Net provision for warranties	23,145	9,662
Operating profit before working capital changes	<u>243,793</u>	<u>247,494</u>
Changes in receivables	33,785	124,897
Changes in inventories	77,230	88,129
Warranties paid	(10,262)	(10,222)
Changes in payables	<u>(529,530)</u>	<u>(121,938)</u>
Cash (used in)/generated from operating activities	<u>(184,984)</u>	<u>328,360</u>
Interest paid	(15,374)	(39,517)
Taxes and zakat paid	<u>(47,595)</u>	<u>(12,545)</u>
Net cash (used in)/generated from operating activities	<u>(247,953)</u>	<u>276,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	2,138	1,949
Purchase of property, plant and equipment, investment properties, intangible asset and leased assets	(115,311)	(74,856)
Proceeds from disposal of property, plant and equipment, and leased assets	23,562	19,380
Interest received	26,512	13,326
Proceeds from disposal of other investments	22,540	587,767
Purchase of other investments	(168,261)	(139,250)
Movement in fixed deposits placement with maturity of more than 3 months	331,910	(133,399)
Movement in deposits placement restricted by/pledged with banks	(55,172)	769
Movement in assets held for sale	-	(4,326)
Net cash generated from investing activities	<u>67,918</u>	<u>271,360</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payment	(4,716)	(6,286)
Net repayment of borrowings	<u>(14,287)</u>	<u>(85,227)</u>
Net cash used in financing activities	<u>(19,003)</u>	<u>(91,513)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(199,038)	456,145
EFFECTS OF EXCHANGE RATE CHANGES	1,412	1,797
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	<u>2,432,269</u>	<u>2,700,280</u>
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	<u>2,234,643</u>	<u>3,158,222</u>
Add: Deposits with maturity of more than 3 months	43,947	368,259
Deposits restricted by/pledged with banks	55,172	5,475
DEPOSITS, CASH AND BANK BALANCES AS AT 31 MARCH	<u>2,333,762</u>	<u>3,531,956</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”)

Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting*, the requirements of the Companies Act 2016 in Malaysia, where applicable and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value in accordance with MFRS 9 *Financial Instruments* and the retirement benefit obligations, including actuarial gains and losses are recognised in accordance with MFRS 119 *Employee Benefits*.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The accounting standards adopted in the preparation of the interim financial statements are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2022, except for the newly-issued MFRS and amendments to standards to be applied by all Entities Other Than Private Entities as described below.

Adoption of amendments and annual improvements to Standards

The Group has adopted the following amendments to MFRS for annual financial periods beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Presentation of Financial Statements (Disclosure of Accounting Policies)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112 Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The adoption of the above amended standards are either not relevant or do not have any material impact on the financial performance or position of the Group.

Standards issued but not yet effective

As at the date of authorisation of the interim financial statements, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group:

Effective for financial years beginning on or after 1 January 2024

- Amendment to MFRS 16 Leases (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101 Presentation of Financial Statements (Non-current Liabilities with Covenants)

NOTE 1 - Significant accounting policies and application of Malaysian Financial Reporting Standards (“MFRS”) (cont’d.)

Effective date of these amendments to Standards has been deferred, and yet to be announced

- Amendments to MFRS 10 Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The above pronouncements are either not relevant or are expected not to have any material impact on the financial statements of the Group.

NOTE 2 - Seasonal or cyclical factors

During the financial period, the businesses of the Group were not affected by any significant seasonal or cyclical factors.

NOTE 3 - Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cashflows during the current quarter/period ended 31 March 2023.

NOTE 4 – Significant accounting estimates and changes in estimates

There were no changes in estimates that have had any material effect during the financial period under review.

NOTE 5 - Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter/period ended 31 March 2023.

NOTE 6 – Dividends paid

	31.03.2023	31.03.2022
	RM’000	RM’000
<u>In respect of the financial year ended 31 December 2022:</u>		
Final dividend of 11.2 sen per ordinary shares, declared on 27 February 2023 and paid on 12 May 2023.	130,849	-
<u>In respect of the financial year ended 31 December 2021:</u>		
Final dividend of 5.8 sen per ordinary shares, declared on 25 February 2022 and paid on 29 April 2022.	-	67,761
	<u>130,849</u>	<u>67,761</u>

NOTE 7 – Segmental reporting

	3 Months Ended 31 March 2023		
Business Segment	Revenue RM'000	Profit/(Loss) Before Taxation and Zakat RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	3,626,920	217,022	146,202
Equipment	434,896	51,328	35,965
Manufacturing & Engineering	323,555	22,374	10,591
Others	24,483	(39,993)	(40,835)
Inter-segment eliminations	(30,273)	-	-
Subtotal	4,379,581	250,731	151,923
Less : Profit attributable to holders of perpetual sukuk	-	-	(17,463)
CONSOLIDATED TOTAL	4,379,581	250,731	134,460

	3 Months Ended 31 March 2022		
Business Segment	Revenue RM'000	Profit/(Loss) Before Taxation and Zakat RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	3,070,171	205,837	125,896
Equipment	371,777	31,764	21,253
Manufacturing & Engineering	227,080	10,627	3,680
Others	3,072	(31,939)	(32,160)
Inter-segment eliminations	(21,344)	-	-
Subtotal	3,650,756	216,289	118,669
Less : Profit attributable to holders of perpetual sukuk	-	-	(17,463)
CONSOLIDATED TOTAL	3,650,756	216,289	101,206

NOTE 8 – Subsequent material event

In the opinion of the directors, there has been no material event or transaction since the end of the current financial period to the date of this announcement which substantially affects the results of the Group for the financial period ended 31 March 2023.

NOTE 9 – Changes in the composition of the Group

The liquidation of UMW Oil & Gas Berhad (“UOG”), a dormant subsidiary of the Company was completed and dissolved on 18 January 2023, upon the expiry of the three months from the lodgement date of the Return by the Group’s appointed liquidator on 19 October 2022.

NOTE 10 - Capital commitments

The Group's capital commitments not provided for in the interim financial statements as at 31 March 2023 were as follows:

	RM'000	RM'000
<u>Approved and contracted for:</u>		
Land and buildings	44,619	
Equipment, plant and machinery	79,395	
Others*	<u>8,929</u>	132,943
<u>Approved but not contracted for:</u>		
Land and buildings	21,486	
Equipment, plant and machinery	480,029	
Others*	<u>49,312</u>	<u>550,827</u>
Total		<u>683,770</u>

*Others consist of furniture and fittings, office equipment, computer equipment and software, motor vehicles and leasehold improvements.

NOTE 11 - Significant related party transactions

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current period ended 31 March 2023.

Save for the recurrent related party transactions ("RPTs") with parties outside the Group as mandated by the shareholders, there were no significant transactions with other related parties outside the Group.

NOTE 12 - Classification of financial assets

There were no changes to the classification of financial assets for the financial period under review compared with the last annual financial statements.

NOTE 13 - Changes in contingent liabilities and assets

Contingent liabilities of the Group are as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Performance bonds in favour of third parties	<u>11,970</u>	<u>10,550</u>

NOTE 14 - Review of performance**Quarter 1 2023 vs Quarter 1 2022**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	Variance %	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000	Variance %
CONSOLIDATED TOTAL	4,379,581	3,650,756	20.0%	250,731	216,289	15.9%
Business Segment:						
Automotive	3,626,920	3,070,171	18.1%	217,022	205,837	5.4%
Equipment	434,896	371,777	17.0%	51,328	31,764	61.6%
Manufacturing & Engineering	323,555	227,080	42.5%	22,374	10,627	>100%
Others	24,483	3,072	>100%	(39,993)	(31,939)	(25.2)%
Inter-segment eliminations	(30,273)	(21,344)	(41.8)%	-	-	-

Group

The Group revenue of RM4,379.6 million in the current quarter was 20.0% higher than the RM3,650.8 million reported in the quarter ended 31 March 2022 (“corresponding quarter”) attributed to the higher contribution from all segments, riding on the strong economic growth momentum in the current quarter.

Correspondingly, the Group recorded a higher profit before taxation and zakat (“PBTZ”) of RM250.7 million in the current quarter compared with RM216.3 million in the corresponding quarter.

i. Automotive Segment

The segment revenue of RM3,626.9 million was 18.1% higher than the RM3,070.2 million reported in the corresponding quarter, mainly due to the higher number of vehicles sold in the current quarter.

In line with the higher revenue, the segment recorded a higher PBTZ of RM217.0 million compared with RM205.8 million in the corresponding quarter.

ii. Equipment Segment

The segment revenue of RM434.9 million was 17.0% higher than the RM371.8 million reported in the corresponding quarter, mainly due to the stronger demand from both local and overseas markets in the current quarter.

Accordingly, the segment recorded a higher PBTZ of RM51.3 million compared with RM31.8 million in the corresponding quarter. The increased profitability was also attributed to a reduction in operating expenses.

iii. Manufacturing & Engineering Segment

The segment revenue of RM323.6 million was 42.5% higher than the RM227.1 million reported in the corresponding quarter. The improved performance was attributable to the higher contribution from all sub-segments, including the Aerospace sub-segment due to higher delivery of fan cases.

Consequently, the segment recorded PBTZ of RM22.4 million in the current quarter which was more than double the PBTZ of RM10.6 million reported in the corresponding quarter.

NOTE 14 - Review of performance (cont'd.)**Quarter 1 2023 vs Quarter 1 2022 (cont'd.)****iv. Others**

The segment under Others which does not generate significant external revenue mainly relates to activities such as property development, information technology, management and corporate services, various professional services and research and development.

The segment revenue of RM24.5 million in the current quarter was higher than the RM3.1 million reported in the corresponding quarter primarily due to the higher revenue from the sale of industrial plots in Serendah.

Nevertheless, the segment reported a higher loss of RM40.0 million compared with RM31.9 million loss reported in the corresponding quarter mainly due to the lower share of profit from an associate company in the current quarter.

NOTE 15 - Comparison with immediate preceding quarter**Quarter 1 2023 vs Quarter 4 2022**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.12.2022 RM'000	Variance %	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.12.2022 RM'000	Variance %
CONSOLIDATED TOTAL	4,379,581	4,375,368	0.1%	250,731	218,637	14.7%
Business Segment:						
Automotive	3,626,920	3,694,852	(1.8)%	217,022	182,642	18.8%
Equipment	434,896	395,288	10.0%	51,328	35,655	44.0%
Manufacturing & Engineering	323,555	278,502	16.2%	22,374	29,211	(23.4)%
Others	24,483	33,859	(27.7)%	(39,993)	(28,871)	(38.5)%
Inter-segment eliminations	(30,273)	(27,133)	(11.6)%	-	-	-

Group

The Group revenue of RM4,379.6 million was marginally higher than the RM4,375.4 million reported in the preceding quarter ended 31 December 2022 ("preceding quarter"), attributable to the higher contribution from the Equipment and Manufacturing & Engineering segments in the current quarter. This was partially offset by lower contributions from the other segments.

Accordingly, the Group reported a higher PBTZ of RM250.7 million in the current quarter compared with RM218.6 million in the preceding quarter.

i. Automotive Segment

The segment revenue of RM3,626.9 million was slightly lower than the preceding quarter revenue of RM3,694.9 million mainly due to the lower number of vehicles sold in the current quarter.

Notwithstanding the lower revenue, the segment's PBTZ of RM217.0 million was 18.8% higher compared with RM182.6 million in the preceding quarter, primarily due to the higher share of profit from an associate company in the current quarter.

NOTE 15 - Comparison with immediate preceding quarter (cont'd.)

Quarter 1 2023 vs Quarter 4 2022 (cont'd.)

ii. Equipment Segment

The segment revenue of RM434.9 million was 10.0% higher than the RM395.3 million reported in the preceding quarter, attributable to the higher delivery of equipment largely from the Industrial Equipment sub-segment in the current quarter.

In line with the higher revenue, the segment's PBTZ of RM51.3 million was higher than the RM35.7 million in the preceding quarter.

iii. Manufacturing & Engineering Segment

The segment revenue of RM323.6 million was 16.2% higher than the RM278.5 million reported in the preceding quarter, driven by the higher contribution from all sub-segments including the Aerospace sub-segment with higher delivery of fan cases in the current quarter.

Despite the increase in revenue, the segment PBTZ of RM22.4 million was lower compared with RM29.2 million reported in the preceding quarter mainly due to the impact of unfavourable exchange rates in the current quarter.

iv. Others

Revenue for segment under Others of RM24.5 million dropped from RM33.9 million reported in the preceding quarter mainly due to the lower sales of industrial plots in Serendah in the current quarter.

Correspondingly, the segment reported a higher loss of RM40.0 million in the current quarter compared with RM28.9 million loss in the preceding quarter.

NOTE 16 – Prospects

The International Monetary Fund (“IMF”) in its latest World Economic Outlook report forecasted global economic growth to decline from 3.4% in 2022 to 2.8% in 2023 stemming from the tight policy stances needed to bring down inflation, the fallout from the recent deterioration in financial conditions, the ongoing Russia-Ukraine war and growing geo-economic fragmentation. Nevertheless, according to the IMF, countries in Asia could offset some of the effects of global headwinds by benefiting from the growth in China and India and has forecasted the Asia-Pacific region to expand by 4.6% in 2023 from 2.8% in 2022.

On the domestic front, Bank Negara Malaysia (“BNM”) had raised the overnight policy rate to 3% on 3 May 2023 citing that economic activities are back to pre-pandemic levels. The gross domestic product (“GDP”) growth forecast is still expected to be between 4% and 5% this year supported by better-than-expected labour market conditions, stronger pick-up in tourism activities, as well as the implementation of projects including those from the recently re-tabled Budget 2023. The downside risks emanate primarily from external factors mentioned above.

i. Automotive Segment

The demand for the Automotive segment is expected to be sustained throughout the year supported by encouraging and stable outstanding orders which was driven by higher mobility needs as the economy continues to expand. The announcement on the deferment of the implementation of new excise duty regulation is expected to continue to further sustain the demand for the automotive segment.

NOTE 16 – Prospects (cont’d.)

i. Automotive Segment (cont’d.)

With the easing of supply chain challenges, the Group continues to ramp up production to fulfil its backlog orders. The Group expects the Automotive segment to remain positive going forward.

ii. Equipment Segment

The Industrial Equipment sub-segment will continue to leverage its market leadership position and pursue pockets of opportunities in logistical automation and related adjacencies. In line with the global trend for sustainability, the segment will also continue to promote its refurbishment program to prolong the life of its forklifts.

Concurrently, the Heavy Equipment sub-segment will maintain its performance with a steady flow of customer orders from the mining, agriculture and construction sectors in the countries that it operates in.

Overall, the Equipment segment is expected to continue to register growth with the strong support of its principals to improve the competitiveness and delivery of its products and services.

iii. Manufacturing & Engineering Segment

The Auto Components and Lubricants sub-segments are expected to remain strong in line with the demand for automotive products during the year.

The reopening of international borders and the increase in air travel which is expected to reach the pre-pandemic level by the end of this year will bode well for the Aerospace sub-segment. Rolls-Royce’s three-year forecast indicates that order numbers are expected to continue to improve beyond pre-Covid-19 levels. The higher forecasted orders, combined with the backlog orders, will increase the plant utilisation rate and is expected to contribute positively to the Aerospace sub-segment in 2023.

The Group will continue to focus on strengthening its core businesses through operational efficiency and cost management initiatives as well as accelerate its CREST@UMW initiatives to improve its business resilience. The Group expects to deliver satisfactory performance for the financial year 2023.

NOTE 17 - Variance from profit forecast and profit guarantee

Not applicable as there was no profit forecast or profit guarantee issued by the Group.

NOTE 18 – Revenue

Disaggregation of revenue from contracts with customers:

	Sale of vehicles RM'000	Sale of parts RM'000	Export sales RM'000	Sale of equipment RM'000	Sale of lubricants & related products RM'000	Services rendered RM'000	Property Development RM'000	Others RM'000	Revenue from contracts with customers RM'000	Lease rental income RM'000	Consolidated revenue RM'000
3 Months Ended 31 March 2023											
Business Segment											
Automotive	2,900,515	514,974	211,252	-	-	179	-	-	3,626,920	-	3,626,920
Equipment	-	89,956	6,981	246,668	-	25,538	-	-	369,143	65,753	434,896
Manufacturing & Engineering	-	120,517	149,507	-	53,419	112	-	-	323,555	-	323,555
Others	-	-	-	-	-	16	20,700	3,767	24,483	-	24,483
Inter-segment eliminations	(1,380)	(18,342)	(888)	(139)	(7,270)	(178)	-	-	(28,197)	(2,076)	(30,273)
Total	2,899,135	707,105	366,852	246,529	46,149	25,667	20,700	3,767	4,315,904	63,677	4,379,581

	Sale of vehicles RM'000	Sale of parts RM'000	Export sales RM'000	Sale of equipment RM'000	Sale of lubricants & related products RM'000	Services rendered RM'000	Property Development RM'000	Others RM'000	Revenue from contracts with customers RM'000	Lease rental income RM'000	Consolidated revenue RM'000
3 Months Ended 31 March 2022											
Business Segment											
Automotive	2,455,962	380,327	233,882	-	-	-	-	-	3,070,171	-	3,070,171
Equipment	-	71,073	11,045	214,498	-	14,980	-	-	311,596	60,181	371,777
Manufacturing & Engineering	-	98,522	80,760	-	47,798	-	-	-	227,080	-	227,080
Others	-	-	-	-	-	462	-	2,610	3,072	-	3,072
Inter-segment eliminations	-	(16,201)	(1,067)	(270)	(1,772)	(108)	-	-	(19,418)	(1,926)	(21,344)
Total	2,455,962	533,721	324,620	214,228	46,026	15,334	-	2,610	3,592,501	58,255	3,650,756

NOTE 19 - Taxation and Zakat

	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000
Current period provision	(49,483)	(28,516)
(Under)/over provision in prior period	(1)	404
	(49,484)	(28,112)
Deferred taxation	3,520	(13,773)
Taxation	(45,964)	(41,885)
Zakat	(1,045)	(1,599)
Total taxation and zakat	(47,009)	(43,484)

The effective tax rate for the three months ended 31 March 2023 was lower than the statutory tax rate, primarily due to the various tax incentives and benefits, lower tax rate in certain jurisdictions and certain income not being subjected to tax.

NOTE 20 - Corporate proposals

The Group has no corporate proposal announced that is not completed as at the date of this report.

NOTE 21 - Group borrowings and debt securities

	As at 31.03.2023		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
	RM'000	RM'000	RM'000
Secured			
Term loans and trade facilities	88,300	-	88,300
Long term loans payable within 12 months	(14,716)	14,716	-
	73,584	14,716	88,300
Unsecured			
Term loans and trade facilities	1,267,991	181,689	1,449,680
Long term loans payable within 12 months	(12,000)	12,000	-
	1,255,991	193,689	1,449,680
Total	1,329,575	208,405	1,537,980

	As at 31.12.2022		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
	RM'000	RM'000	RM'000
Secured			
Term loans and trade facilities	88,300	-	88,300
Long term loans payable within 12 months	(7,358)	7,358	-
	80,942	7,358	88,300
Unsecured			
Term loans and trade facilities	1,270,990	192,977	1,463,967
Long term loans payable within 12 months	(12,000)	12,000	-
	1,258,990	204,977	1,463,967
Total	1,339,932	212,335	1,552,267

NOTE 22 - Financial instruments
Derivatives

As at 31 March 2023, the Group's outstanding derivative assets and liabilities are as follows:

Type of Derivative	Tenor	Notional Value RM'000	Fair Value Asset/(Liability) RM'000
Derivative Assets			
- Forward currency contracts	Less than 1 year	209,923	2,417
- Embedded derivatives	Less than 1 year	707,583	1,525
		917,506	3,942
Derivative Liabilities			
- Forward currency contracts	Less than 1 year	720,861	(2,468)

NOTE 22 - Financial instruments (cont'd.)

Derivatives (cont'd.)

i. Forward currency contracts

The Group uses forward currency contracts to hedge the current and future sales and purchases denominated in foreign currencies for which firm commitments existed at the end of reporting date.

ii. Embedded derivatives

The Group entered into purchase contracts with suppliers in Asia Pacific including Japan. The purchase price in these contracts are denominated in USD and subject to periodic price review.

Derivatives are placed with or entered into with reputable financial institution with high credit ratings and no history of default. The Group does not participate in any speculative investment activities.

There was no significant change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial period ended 31 March 2023 other than expiry of outstanding contracts reported then.

Fair value changes of financial liabilities

Other than derivatives which are classified as liabilities if they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after initial recognition.

NOTE 23 - Material litigation

There was no material litigation pending at the date of this announcement.

NOTE 24 - Dividends declared

No interim dividend has been recommended for the quarter ended 31 March 2023 (31 March 2022: Nil).

NOTE 25 - Earnings per share

The basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

	3 Months Ended 31.03.2023	3 Months Ended 31.03.2022
Profit for the period attributable to the owners of the Company (RM'000)	134,460	101,206
Weighted average number of ordinary shares	1,168,293,932	1,168,293,932
Earnings per share (sen) - Basic/diluted	11.51	8.66

NOTE 26 - Audit qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2022 was not qualified.

NOTE 27 - Items to disclose in the Statement of Comprehensive Income

	3 Months Ended 31.03.2023 RM'000	3 Months Ended 31.03.2022 RM'000
a. Interest income	25,250	12,521
b. Other investment income	3,400	1,043
c. Depreciation and amortisation	(85,934)	(81,637)
d. Net impairment loss on receivables	(634)	(990)
e. Net reversal of impairment loss on property, plant and equipment	2	-
f. Net gain/(loss) on disposal of investments	209	(6,828)
g. Net gain on disposal of property, plant and equipment, leased assets and right-of-use assets	9,678	9,476
h. Net reversal of inventories written down	1,646	201
i. Net realised and unrealised foreign exchange gain/(loss)	1,774	(2,205)
j. Net fair value loss on derivatives	(20,002)	(7,960)
k. Property, plant and equipment written off	(308)	(71)

By Order Of The Board

RAJA NORAKMAR BINTI RAJA MOHD ALI
Practising Certificate No. 201908002126 / LS 0005749
Joint Group Secretary

Kuala Lumpur
26 May 2023