

UMW HOLDINGS BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED

30 JUNE 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Quarter Ended 30/06/2020 RM'000	Comparative Quarter Ended 30/06/2019 RM'000	6 Months Cumulative To Date 30/06/2020 RM'000	Comparative 6 Months Cumulative To Date 30/06/2019 RM'000
Revenue	1,529,733	2,971,241	3,648,926	5,751,153
Operating Expenses	(1,561,387)	(2,904,787)	(3,656,990)	(5,614,794)
Other Operating Income	17,703	38,413	39,773	63,301
(Loss)/Profit From Operations	(13,951)	104,867	31,709	199,660
Share Of Results Of Associates And Joint Ventures	(26,943)	71,140	2,242	131,789
Investment Income	12,184	18,467	30,121	36,221
(Loss)/Profit Before Interest	(28,710)	194,474	64,072	367,670
Finance Costs	(30,115)	(44,120)	(59,851)	(76,780)
(Loss)/Profit Before Taxation And Zakat	(58,825)	150,354	4,221	290,890
Taxation And Zakat	4,743	(36,601)	(9,498)	(66,296)
(Loss)/Profit For The Period	(54,082)	113,753	(5,277)	224,594
<u>Other Comprehensive (Loss)/Income:</u>				
Translation Of Foreign Operations	10,135	(13,413)	24,925	(4,166)
Share Of Other Comprehensive (Loss)/Income of Associates	(369)	238	(171)	453
Cash Flow Hedge	77	5	110	20
Other Comprehensive Income/(Loss) Net Of Tax	9,843	(13,170)	24,864	(3,693)
Total Comprehensive (Loss)/Income For The Period	(44,239)	100,583	19,587	220,901
<u>(Loss)/Profit For The Period Attributable To:</u>				
Owners Of The Company	(78,439)	57,189	(34,122)	143,691
Holders of Perpetual Sukuk	34,829	34,829	34,829	34,829
Non-Controlling Interests	(10,472)	21,735	(5,984)	46,074
	(54,082)	113,753	(5,277)	224,594
<u>Total Comprehensive (Loss)/Income Attributable To:</u>				
Owners Of The Company	(56,796)	56,236	19,548	141,364
Holders of Perpetual Sukuk	34,829	34,829	34,829	34,829
Non-Controlling Interests	(22,272)	9,518	(34,790)	44,708
	(44,239)	100,583	19,587	220,901
Diluted/Basic (Loss)/Earnings Per Share For The Period (Sen)	(6.71)	4.90	(2.92)	12.30

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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

	(UNAUDITED) AS AT 30/06/2020 RM'000	(AUDITED) AS AT 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	2,652,801	2,701,692
Investment Properties	163,384	170,768
Leased Assets	376,456	357,947
Right-Of-Use Assets	180,301	195,260
Investments In Joint Ventures	56,842	54,870
Investments In Associates	1,867,874	1,866,512
Deferred Tax Assets	142,936	135,160
Other Investments	6,205	5,991
	<u>5,446,799</u>	<u>5,488,200</u>
Current Assets		
Other Investments	786,655	1,071,881
Derivative Assets	2,541	5,598
Inventories	1,662,209	1,589,567
Trade Receivables	1,020,095	1,242,966
Other Receivables	100,420	211,110
Deposits, Cash And Bank Balances	1,086,636	1,472,111
	<u>4,658,556</u>	<u>5,593,233</u>
Non-Current Assets Held For Sale	-	53,240
	<u>4,658,556</u>	<u>5,646,473</u>
TOTAL ASSETS	<u>10,105,355</u>	<u>11,134,673</u>
EQUITY AND LIABILITIES		
Equity Attributable To The Equity Holders Of The Company		
Share Capital	584,147	584,147
Capital Reserve	396	396
Hedging Reserve	77	(33)
Fair Value Reserve	4,425	4,596
Foreign Currency Translation Reserve	9,807	(32,634)
Retained Profits	3,087,472	3,139,925
	<u>3,686,324</u>	<u>3,696,397</u>
Perpetual Sukuk	1,097,860	1,097,860
Non-Controlling Interests	1,269,038	1,303,828
Total Equity	<u>6,053,222</u>	<u>6,098,085</u>
Non-Current Liabilities		
Deferred Tax Liabilities	36,865	39,094
Provision For Warranties	217,437	216,647
Lease Liabilities	56,725	56,408
Long Term Borrowings	1,829,217	2,123,422
	<u>2,140,244</u>	<u>2,435,571</u>
Current Liabilities		
Derivative Liabilities	487	2,901
Provision For Warranties	69,564	61,138
Provision For Taxation	20,975	31,400
Short Term Borrowings	388,038	386,361
Trade Payables	541,262	562,139
Other Payables	865,377	1,514,422
Lease Liabilities	26,186	37,607
Liabilities Associated With Assets Held For Sale	-	5,049
	<u>1,911,889</u>	<u>2,601,017</u>
Total Liabilities	<u>4,052,133</u>	<u>5,036,588</u>
TOTAL EQUITY AND LIABILITIES	<u>10,105,355</u>	<u>11,134,673</u>
Net Assets Per Share (RM)	3.1553	3.1639

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 30 JUNE 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

	←----- Non - Distributable ----->					Distributable				
	Share Capital RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
6 MONTHS ENDED 30 JUNE 2020										
At 1 January 2020	584,147	4,596	396	(32,634)	(33)	3,139,925	3,696,397	1,097,860	1,303,828	6,098,085
Transactions with owners										
Dividends distributed to equity holders	-	-	-	-	-	(23,366)	(23,366)	-	-	(23,366)
Effect of dilution of interest in a joint venture and an associate	-	-	-	(11,290)	-	5,035	(6,255)	-	-	(6,255)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive (loss)/income	-	(171)	-	53,731	110	(34,122)	19,548	34,829	(34,790)	19,587
At 30 June 2020	584,147	4,425	396	9,807	77	3,087,472	3,686,324	1,097,860	1,269,038	6,053,222

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	←----- Non - Distributable ----->					Distributable				
	Share Capital RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000	Perpetual Sukuk RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
6 MONTHS ENDED 30 JUNE 2019										
At 1 January 2019	584,147	3,618	396	(16,793)	-	2,773,269	3,344,637	1,097,860	1,271,946	5,714,443
Transactions with owners										
Dividend distributed to equity holders	-	-	-	-	-	(29,208)	(29,208)	-	(43,654)	(72,862)
Effect of loss of control in a subsidiary	-	-	-	380	-	(5,854)	(5,474)	-	5,474	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive income/(loss)	-	453	-	(3,034)	20	143,691	141,130	34,829	44,942	220,901
At 30 June 2019	584,147	4,071	396	(19,447)	20	2,881,898	3,451,085	1,097,860	1,278,708	5,827,653

(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 2019 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 30 JUNE 2020 (THE FIGURES HAVE NOT BEEN AUDITED)

	6 Months Ended 30/06/2020 RM'000	6 Months Ended 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation And Zakat	4,221	290,890
Adjustments for:		
Depreciation and amortisation	187,163	171,451
Net reversal of impairment on:		
- receivables	(25,680)	(7,820)
Inventories written down	6,489	418
Interest expense	59,851	76,780
Share of results of associates and joint ventures	(2,242)	(131,789)
Gain on disposal of property, plant and equipment	(11,413)	(25,928)
Net unrealised foreign exchange/fair value (gain)/loss	(6,739)	59,616
Loss on sale of investment	28,419	7,009
Interest and dividend income from other investments	(31,733)	(39,145)
Property, plant and equipment written off	-	203
Others	9,216	(7,687)
Operating Profit Before Working Capital Changes	217,552	393,998
Changes in receivables	490,372	83,919
Changes in inventories	(79,043)	(166,136)
Changes in payables	(683,809)	(149,245)
Cash (Used in)/Generated From Operating Activities	(54,928)	162,536
Interest paid	(60,717)	(70,459)
Taxes and zakat paid	(30,788)	(57,468)
Net Cash (Used In)/Generated From Operating Activities	(146,433)	34,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow arising from disposal of a joint venture	-	6,137
Dividends received	829	48,280
Purchase of property, plant and equipment	(129,282)	(167,126)
Proceeds from disposal of property, plant and equipment	21,796	43,834
Interest received	30,905	38,722
Proceed from disposal of other investments	651,156	530,630
Purchase of other investments	(318,513)	(455,694)
Net Cash Generated From Investing Activities	256,891	44,783
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the Company	(23,366)	(29,208)
Dividend paid to non-controlling interests	-	(43,654)
Perpetual sukuk distribution paid	(34,829)	(34,829)
Payment for lease liabilities	(14,850)	(8,451)
Net repayment of loans and borrowings	(350,211)	(261,917)
Net Cash Used In Financing Activities	(423,256)	(378,059)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(312,798)	(298,667)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	1,411,487	1,315,236
EFFECTS OF EXCHANGE RATE CHANGES	(10,533)	(63,034)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	1,088,156	953,535

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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* 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.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. 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 year ended 31 December 2019.

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group’s audited financial statements for the financial year ended 31 December 2019, except for the newly-issued MFRS and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2020.

The Condensed Report for the period ended 30 June 2020 has been reviewed by the independent auditors, Ernst & Young PLT in accordance with the International Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

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 2020:

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The adoption of the above amended standards did not have any significant effect on the financial performance or position of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards and Amendments to Standards were issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group –

Effective for financial periods beginning on or after 1 January 2021

- MFRS 17 Insurance Contracts
- Amendments to MFRS 16 Leases (Covid-19-Related Rent Concessions)

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

Effective for financial periods beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116 Property, Plant and Equipment (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)
- Annual Improvements to MFRS Standards 2018–2020

Effective for financial periods beginning on or after 1 January 2023

- Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 17 Insurance Contracts

MFRSs, Interpretations and Amendments effective for a date yet to be confirmed

- 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

There are no other new or revised MFRSs and amendments to MFRSs not yet effective that would likely have a material impact on the Group and the Company in the current or future reporting periods.

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 - Exceptional Items

The COVID-19 outbreak is a global crisis that is having an increasing impact on the global economy. Malaysia’s GDP declined 17.1% in the second quarter of 2020, the worst since the fourth quarter of 1998. Subsequently, Bank Negara Malaysia has revised Malaysia’s GDP growth forecast to between -3.5% and -5.5% in 2020, taking into account the weaker global growth outlook.

To face the challenges ahead, the Group will remain vigilant and continue to enhance its operational efficiencies as it navigates its way in this unprecedented and fast-changing global situation. The Group is also actively enhancing and redeploying its existing resources to build capabilities, accelerate recovery and retool the business for a new, post COVID-19 world.

NOTE 4 - Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior years that have a material effect in the current interim period.

NOTE 5 - Issuance or Repayment of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30 June 2020.

NOTE 6 - Dividends Paid

Dividend for the financial year ended 31 December 2019 –

- A final single-tier dividend of 2.0 sen per share (2018 – 2.5 sen per share), amounting to a net dividend of RM23.4 million (2018 – RM29.2 million) was paid on 31 March 2020.

NOTE 7 - Segmental Reporting

Business Segment	Financial Period Ended 30 June 2020		
	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Profit/(Loss) Attributable to Owners of the Company RM'000
Automotive	2,687,930	11,990	33,104
Equipment	522,397	50,406	36,679
Manufacturing & Engineering	431,857	18,507	14,349
Others	6,742	(76,682)	(83,425)
Sub-total	3,648,926	4,221	707
Less : Profit attributable to Holders of Perpetual Sukuk	-	-	(34,829)
CONSOLIDATED TOTAL	3,648,926	4,221	(34,122)

There has been no other material increase in total assets compared to the last annual financial statements.

NOTE 8 - Subsequent Material Event

In the opinion of the directors, there has been no material event or transaction since the end of current financial period to the date of this announcement which substantially affects the results of the Group for the period ended 30 June 2020.

NOTE 9 - Changes in Composition of the Group

- a. The Company had, on 10 February 2020, announced the completion of the winding up of Kelang Pembena Kereta2 Sendirian Berhad, a dormant subsidiary of the Group. Kelang Pembena Kereta2 Sendirian Berhad henceforth ceased to be a subsidiary of the Group.
- b. On 2 July 2020, UMW Holdings Berhad, had incorporated a new wholly-owned subsidiary known as UMW Automotive Sdn. Bhd. ("UMW Automotive") under the Companies Act 2016.

The principal activity of UMW Automotive is investment holding.

NOTE 10 - Capital Commitments

The Group's capital commitments as at 30 June 2020 is as follows:

	RM'000	RM'000
<u>Approved and contracted for:</u>		
Land and buildings	2,366	
Equipment, plant and machinery	43,374	
Others	9,193	54,933
	<hr/>	
<u>Approved but not contracted for:</u>		
Land and buildings	106,948	
Equipment, plant and machinery	310,269	
Others	40,300	457,517
	<hr/>	<hr/>
Total		512,450
		<hr/>

NOTE 11 - Significant Related Party Transactions

In the opinion of the directors, save for recurrent related party transactions ("RPTs") mandated by shareholders at the 37th Annual General Meeting on 25 June 2020, there were no other significant RPTs.

NOTE 12 - Classification of Financial Assets

Save for those assets or investments classified as Held For Sale, there were no changes to the classification of financial assets for the period under review.

NOTE 13 - Changes in Contingent Liabilities and Contingent Assets

Contingent liabilities of the Group are as follows:

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
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Performance bonds in favour of third parties	10,110	12,320
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NOTE 14 - Review of Performance

Current Quarter Ended 30 June 2020

	Revenue			(Loss)/Profit Before Taxation		
	Quarter ended 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Variance %	Quarter ended 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Variance %
CONSOLIDATED TOTAL	1,529,733	2,971,241	-48.5%	(58,825)	150,354	>(100%)
Business Segment:						
Automotive	1,102,045	2,386,426	-53.8%	(41,711)	151,118	>(100%)
Equipment	233,243	343,631	-32.1%	24,639	35,467	-30.5%
Manufacturing & Engineering	183,323	244,502	-25.0%	8,027	13,233	-39.3%
Others	11,122	(3,318)	>100%	(49,780)	(49,464)	-0.6%

Group

Group revenue of RM1,529.7 million was lower than the RM2,971.2 million reported in the quarter ended 30 June 2019 (“corresponding quarter”). The decrease in revenue was mainly due to lower sales in all business segments, following disruptions caused by the implementation of lockdowns/Movement Control Order (“MCO”) to combat the COVID-19 pandemic in the current quarter. Meanwhile, higher revenue in the non-core property sub-segment contributed to the increase in revenue for the “Others” segment in the current quarter.

Following the decrease in revenue, the Group reported a loss before tax (“LBT”) of RM58.8 million in the current quarter from a profit before tax (“PBT”) of RM150.4 million in the corresponding quarter.

Automotive Segment

Revenue of RM1,102.0 million was 53.8% lower than the RM2,386.4 million reported in the corresponding quarter, mainly due to the impact of the MCO following the COVID-19 pandemic which affected the sales in respect of vehicles, parts and services in the current quarter.

Following the decrease in revenue and a lower share of results from an associated company, the segment reported a LBT of RM41.7 million against RM151.1 million PBT in the corresponding quarter.

Equipment Segment

Revenue of RM233.2 million was lower than the RM343.6 million in the corresponding quarter, mainly due to the economic impact of lockdowns/MCO and COVID-19 on the heavy and industrial equipment sub-segments in the current quarter.

In line with the decrease in revenue, the segment’s PBT of RM24.6 million was lower than the RM35.5 million profit reported in the corresponding quarter.

NOTE 14 - Review of Performance (Cont'd)

Current Quarter Ended 30 June 2020 (Cont'd)

Manufacturing & Engineering Segment

Revenue of RM183.3 million was lower than the RM244.5 million reported in the corresponding quarter, mainly due to lower revenue in its Lubricants and Auto-components sub-segments following the implementation of MCO in the current quarter. Despite the MCO, the Aerospace sub-segment recorded a higher revenue from higher volume of fan cases delivered in the current quarter.

PBT of RM8.0 million was lower than the RM13.2 million in the corresponding quarter following the decrease in revenue.

Half Year Ended 30 June 2020

	Revenue			Profit/(Loss) Before Taxation		
	Six Months Ended 30/06/2020 RM'000	Six Months Ended 30/06/2019 RM'000	Variance %	Six Months Ended 30/06/2020 RM'000	Six Months Ended 30/06/2019 RM'000	Variance %
CONSOLIDATED TOTAL	3,648,926	5,751,153	-36.6%	4,221	290,890	-98.5%
Business Segment:						
Automotive	2,687,930	4,548,961	-40.9%	11,990	275,343	-95.6%
Equipment	522,397	726,473	-28.1%	50,406	77,631	-35.1%
Manufacturing & Engineering	431,857	481,601	-10.3%	18,507	15,562	18.9%
Others	6,742	(5,882)	>100%	(76,682)	(77,646)	1.2%

Group

Group revenue for the half year ended 30 June 2020 of RM3,648.9 million was lower than the RM5,751.2 million recorded in the half year ended 30 June 2019 ("prior year"), mainly due to lower revenue in all of its main business segments following implementation of lockdowns/MCO by governments in countries that the Group operates in, as well as general impact of the ongoing COVID-19 pandemic to the Group's operations in the current period. Meanwhile, higher revenue in the non-core property sub-segment contributed to the increase in revenue for the "Others" segment in the current year.

Following the decrease in revenue, Group PBT of RM4.2 million was significantly lower than the RM290.9 million profit in the prior year.

Automotive Segment

Revenue of RM2,687.9 million was lower than the RM4,549.0 million reported in the prior year, mainly due to a decrease in the sales in respect of vehicles, parts and services following the implementation of MCO in the current year.

PBT of RM12.0 million was lower than the RM275.3 million reported in the prior year following the decrease in revenue as well as a lower share of results from an associate in the current year.

NOTE 14 - Review of Performance (Cont'd)

Half Year Ended 30 June 2020 (Cont'd)

Equipment Segment

Revenue of RM522.4 million was lower than the RM726.5 million recorded in the prior year, mainly due to a slow down in construction, manufacturing, mining and logging activities following the implementation of lockdowns/MCO in countries that the segment operates in.

In line with the decrease in revenue, PBT of RM50.4 million was lower than the RM77.6 million recorded in the prior year.

Manufacturing & Engineering Segment

Revenue of RM431.9 million was slightly lower than the RM481.6 million recorded in the prior year, mainly due to lower sales of its Auto-components and Lubricants businesses in the current year.

PBT of RM18.5 million was higher than the RM15.6 million in the prior year despite the decrease in revenue mainly due to cost optimisation efforts in the current year.

NOTE 15 - Comparison with Preceding Quarter's Results

	Revenue			(Loss)/Profit Before Taxation		
	2nd Quarter Ended 30/06/2020 RM'000	1st Quarter Ended 31/03/2020 RM'000	Variance %	2nd Quarter Ended 30/06/2020 RM'000	1st Quarter Ended 31/03/2020 RM'000	Variance %
CONSOLIDATED TOTAL	1,529,733	2,119,193	-27.8%	(58,825)	63,046	>(100%)
Business Segment:						
Automotive	1,102,045	1,585,885	-30.5%	(41,711)	53,701	>(100%)
Equipment	233,243	289,154	-19.3%	24,639	25,767	-4.4%
Manufacturing & Engineering	183,323	248,534	-26.2%	8,027	10,480	-23.4%
Others	11,122	(4,380)	>100%	(49,780)	(26,902)	-85.0%

Group

Group revenue of RM1,529.7 million was lower than the RM2,119.2 million reported in the quarter ended 31 March 2020 ("preceding quarter"), mainly due to a decrease in revenue in all of its main businesses, following severe disruptions caused by the lockdowns/MCO to the Group's operations in the current quarter. Meanwhile, higher revenue in the non-core property sub-segment contributed to the increase in revenue for the "Others" segment in the current quarter.

The Group reported a LBT of RM58.8 million in the current quarter from RM63.0 million PBT in the preceding quarter, mainly due to the loss incurred in the Automotive segment and a higher share of loss from an associated company (in the "Others" segment) in the current quarter.

NOTE 15 - Comparison with Preceding Quarter's Results (Cont'd)

Automotive Segment

Revenue of RM1,102.0 million was significantly lower than the RM1,585.9 million reported in the preceding quarter, mainly due to a halt in business operations under the MCO from 18 March 2020 until 4 May 2020.

Following the decrease in revenue and a lower share of results from an associated company, the segment reported a LBT of RM41.7 million from RM53.7 million PBT in the preceding quarter.

Equipment Segment

Revenue of RM233.2 million was lower than the RM289.2 million reported in the preceding quarter, mainly due to the disruptions caused by government lockdowns/MCO implemented in countries that the segment operates in.

The segment reported a marginally lower PBT of RM24.6 million against RM25.8 million recorded in the preceding quarter, despite the significant decrease in revenue. Cost saving initiatives undertaken by the segment mitigated the decline in revenue for the current quarter.

Manufacturing & Engineering Segment

The Manufacturing & Engineering segment registered a lower revenue of RM183.3 million than the RM248.5 million reported in the preceding quarter, mainly due to operational disruptions under the strict MCO, affecting all sub-segments.

In line with the decrease in revenue, the segment's PBT of RM8.0 million was lower than the RM10.5 million reported in the preceding quarter.

NOTE 16 – Current Year Prospects

Automotive Segment

Notwithstanding the ongoing COVID-19 pandemic and the prolonged MCO, consumer sentiment is gradually improving following the economic stimulus measures implemented by the government.

The government's announcement of the sales tax exemption on CKD vehicles (100%) and CBU vehicles (50%) effective from 15 June 2020 to 31 December 2020 is aimed to spur the growth of the local automotive market. Following the announcement, the Malaysian Automotive Association (MAA) has revised its total industry volume projection for the year upwards to 470,000 units from its previous forecast of 400,000 units announced in April 2020. The segment is expected to continue to benefit from this measure.

Furthermore, the Group's recent launch of an all-new SUV model and added enhancement to the current product offering are expected to contribute positively to the sales performance in the coming quarters.

NOTE 16 – Current Year Prospects (Cont'd)

Equipment Segment

Apart from intense competition, the Heavy Equipment sub-segment continues to face sluggish domestic demand due to delays in the implementation of projects arising from the COVID-19 pandemic and slowdown in some sectors it operates in. Additionally, the demand for its products may be affected due to intense competition in a contracting market. Nevertheless, encouraging demand in the mining and the construction sectors in its overseas operations as well as the introduction of new government initiatives and stimulus packages could help to soften the impact.

The Industrial Equipment sub-segment's performance is expected to improve further in the second half of the year following easing of the MCO in early May 2020. It will continue to focus on promoting its products while partnering up with principals to extend recovery packages to its customers, especially those in the small and medium industries. The Group has also secured distribution rights for collaborative robots ("Cobots") from Universal Robot A/S. The new addition to the Group's product line is expected to contribute positively to the sub-segment's performance.

Manufacturing & Engineering Segment

The domestic sales of auto components is expected to gradually increase following the recent announcement by the government on the sales tax "holiday" given to locally assembled cars until end of the year as well as lower interest rates, which is expected to spur the local automotive market. The lubricants sub-segment will continue to leverage on its OEM partners and strengthen its domestic sales and export to ASEAN countries.

While we are expecting a downward impact on the Aerospace sub-segment following the COVID-19 pandemic, the Group is partially cushioned by fan case orders that have been received for the rest of the year.

Group

The Malaysian economy has started to show green shoots of recovery since June 2020, with gradual opening of businesses under the Conditional Movement Control Order ("CMCO") on 4 May 2020. As the economy progressively recovers and demand improves, the Group is confident of staging a healthy recovery in the second half of 2020.

The Group will continue to focus on strengthening its core business segments and strategic cost optimisation initiatives to improve its business performance and operational productivity.

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 vehicle RM'000	Sale of equipment RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of lubricants & related products RM'000	Property Development RM'000	Oil & Gas (Unlisted) RM'000	Revenue from contracts with customers RM'000	Lease rental income RM'000	Consolidated revenue RM'000
FPE 30 June 2020											
Business Segment											
Automotive	2,024,871	-	387,917	227,166	47,976	-	-	-	2,687,930	-	2,687,930
Equipment	-	235,008	114,715	35,205	25,953	-	-	-	410,881	111,516	522,397
Manufacturing & Engineering	-	-	132,858	229,912	-	68,910	-	-	431,680	177	431,857
Others	(525)	(210)	(6,550)	(1,110)	1,632	(2,167)	8,773	11,183	11,026	(4,284)	6,742
Total	2,024,346	234,798	628,940	491,173	75,561	66,743	8,773	11,183	3,541,517	107,409	3,648,926

	Sale of vehicle RM'000	Sale of equipment RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of lubricants & related products RM'000	Property Development RM'000	Oil & Gas (Unlisted) RM'000	Revenue from contracts with customers RM'000	Lease rental income RM'000	Consolidated revenue RM'000
FPE 30 June 2019											
Business Segment											
Automotive	3,517,573	-	592,927	366,946	71,515	-	-	-	4,548,961	-	4,548,961
Equipment	-	364,457	225,926	18,597	40,486	-	-	-	649,466	77,007	726,473
Manufacturing & Engineering	-	-	182,988	202,388	-	96,225	-	-	481,601	-	481,601
Others	(1,134)	(2,237)	(10,414)	(1,318)	6,131	(2,916)	-	10,334	(1,554)	(4,328)	(5,882)
Total	3,516,439	362,220	991,427	586,613	118,132	93,309	-	10,334	5,678,474	72,679	5,751,153

NOTE 19 - Taxation

	2nd Quarter Ended 30/06/2020 RM'000	Six Months Ended 30/06/2020 RM'000
Current period provision	(2,367)	(18,743)
Under provision in prior periods	2	(86)
	(2,365)	(18,829)
Deferred taxation	7,108	9,331
Taxation	4,743	(9,498)
Zakat	-	-
Total taxation and zakat	4,743	(9,498)

The effective tax rate for the financial period ended 30 June 2020 was higher than the statutory tax rate of 24.0%, primarily due to losses from certain subsidiary companies which cannot be set-off against profits of other companies and certain expenses which were not deductible for tax purpose.

NOTE 20 – Corporate Proposals

Following completion of the Group's disposal of industrial leasehold land, together with all remaining buildings, structures and plants, measuring 38.803 acres in Shah Alam on 15 November 2019, the status of utilisation of proceeds is as follows:

Utilisation purposes	Proposed utilisation as set out in the Circular dated 30 September 2019		Actual utilisation as at 14 August 2020		Timeframe for utilisation of proceeds as set out in Circular dated 30 September 2019	
	Amount		Amount		Balance to be utilised	Expected timeframe from receipt of proceeds
	RM'000		RM'000		RM'000	
Capital expenditure	70,000		70,000		-	12 months
Settlement of maturing debt	150,000		150,000		-	8 months
Working capital of UMW Group	4,068		* 5,380		-	1 month
Special cash dividend	46,732		46,732		-	3 months
Defray estimated expenses relating to the Proposals	16,900		* 15,588		-	4 months
Total	287,700		287,700		-	

*As disclosed in the Circular to shareholders, any shortfall or excess in funds allocated for estimated expenses will be funded from or used for working capital purposes.

NOTE 21 - Group Borrowings and Debt Securities

As at 30/06/2020						
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured						
Term loans and trade facilities	-	87,836	-	-	-	87,836
	-	87,836	-	-	-	87,836
Unsecured						
Term loans and trade facilities	-	1,903,227	-	188,044	-	2,091,271
- United States Dollar @ 4.2863	38,148	-	-	-	38,148	-
Long term loans payable within 12 months	-	(199,994)	-	199,994	-	-
	38,148	1,703,233	-	388,038	38,148	2,091,271
	38,148	1,791,069	-	388,038	38,148	2,179,107

As at 30/06/2019						
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unsecured						
Term loans and trade facilities	-	2,399,906	-	125,435	-	2,525,341
- United States Dollar @ 4.082	45,452	-	-	-	45,452	-
Long term loans payable within 12 months	-	(450,000)	-	450,000	-	-
	45,452	1,949,906	-	575,435	45,452	2,525,341
	45,452	1,949,906	-	575,435	45,452	2,525,341

NOTE 22 – Financial Instruments

Derivatives

As at 30 June 2020, the Group's outstanding derivative assets and liabilities are detailed below-

Type of Derivative	Tenor	Notional Value RM'000	Fair Value Asset/(Liability) RM'000
Derivative Assets			
- Forward currency contracts	Less than 1 year	91,376	597
- Embedded derivatives	Less than 1 year	215,743	1,944
		307,119	2,541
Derivative Liabilities			
- Forward currency contracts	Less than 1 year	57,529	(487)

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. Derivatives are placed with or entered into with reputable financial institution with high credit ratings and no history of default.

There is 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 30 June 2020 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

On 26 June 2020, the Group announced material litigation related to a Writ of Summons ("Suit") filed by Deepak Jaikishan A/L Jaikishan Rewanchand (Plaintiff) against UMW Toyota Motor Sdn Bhd ("UMWT") (a 51% subsidiary of UMW Holdings Berhad) and others. UMWT was named as the 5th Defendant along with Boustead Holdings Berhad (1st Defendant), Bakti Wira Development Sdn Bhd (2nd Defendant), Cebur Megah Development Sdn Bhd (3rd Defendant), Pesuruhjaya Tanah Persekutuan (4th Defendant) and Suntrack Development Sdn Bhd (6th Defendant).

The Plaintiff had alleged that the Defendants sought to wrongfully deprive the Plaintiff of three parcels of land ("Lands"), one of which is the land currently owned by UMWT where UMWT's second manufacturing plant is operating ("Bukit Raja land").

In the Suit, UMWT was alleged to have failed to conduct due diligence before purchasing the Bukit Raja land, and therefore colluding in the tort of conspiracy and/or conspiracy to defraud and/or tort of conversion and/or undue influence carried out by the 1st and 2nd Defendant.

NOTE 23 - Material Litigation (Cont'd)

The Plaintiff is now seeking, amongst others –

- 1) general, exemplary and aggravated damages;
- 2) an injunction against the 3rd, 4th, 5th and 6th Defendants from conducting any dealings on the Lands; and
- 3) specific performance against the 3rd, 4th, 5th and 6th Defendants to return the Lands to the Plaintiff through Astacanggih Sdn Bhd.

The Plaintiff had on 19 June 2020, obtained an ex-parte interim injunction order against the Defendants to restrain them from conducting any dealings with respect to the said Lands.

The Kuala Lumpur High Court fixed 1 July 2020 as the date of the inter-parte hearing of the Plaintiff's injunction application for a further order to restrain the Defendants from engaging in any dealings with the Lands until the conclusion of the Suit.

On 1 July 2020 the hearing for the inter-parte application for injunction was adjourned to 8 July 2020, following which the Kuala Lumpur High Court had issued the decision on 9 July 2020 to dismiss the Plaintiff's application for the ad interim/inter-parte injunction against UMWT.

With this dismissal of the Plaintiff's application for the ad interim/inter-parte injunction, and the expiry of the ex-parte interim injunction order on 9 July 2020, there is no longer an injunction in place against UMWT.

UMWT's application to strike out the Suit was heard at the Kuala Lumpur High Court on 26 August 2020 and the decision is expected to be delivered on 23 September 2020.

Other than the above, there was no other material litigation involving the Group at the date of this announcement.

NOTE 24 - Dividend

No interim dividend has been recommended for the half year ended 30 June 2020 (2019 – Nil).

NOTE 25 – Diluted Loss Per Share

Diluted loss per share for the current quarter and financial period ended 30 June 2020 is calculated by dividing the loss for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue as at 30 June 2020.

	2nd Quarter Ended 30/06/2020 RM'000	Six Months Ended 30/06/2020 RM'000
Loss for the period attributable to the owners of the Company (RM'000)	(78,439)	(34,122)
Weighted average number of ordinary shares	1,168,293,932	1,168,293,932
Diluted loss per share (sen)	(6.71)	(2.92)

NOTE 26 - Audit Qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2019 was not qualified.

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

	2nd Quarter Ended 30/06/2020 RM'000	Six Months Ended 30/06/2020 RM'000
a. Interest income	4,663	13,564
b. Other investment income	8,208	18,169
c. Depreciation and amortisation	(95,132)	(187,163)
d. (Impairment losses)/reversal of impairment on receivables	(874)	25,680
e. Loss on sale on investment (net)	(753)	(28,419)
f. Gain on disposal of property, plant and equipment (net)	3,108	11,413
g. Inventories written down	(6,489)	(6,489)
h. Foreign exchange gain (net)	4,089	13,144
i. Gain/(loss) on derivatives (net)	2,281	(643)

By Order Of The Board

MOHD NOR AZAM MOHD SALLEH
Practising Certificate No. 201908002015
Group Secretary

Kuala Lumpur
27 August 2020