

UMW HOLDINGS BERHAD

(COMPANY NO : 198201010554 (90278-P))

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	3 Months Ended 30.09.2021 RM'000 (Unaudited)	3 Months Ended 30.09.2020 RM'000 (Unaudited)	9 Months Ended 30.09.2021 RM'000 (Unaudited)	9 Months Ended 30.09.2020 RM'000 (Unaudited)
Revenue	2,016,350	2,663,326	7,415,693	6,312,252
Operating expenses	(2,015,387)	(2,604,285)	(7,346,160)	(6,261,275)
Other operating income	37,331	22,462	79,255	62,235
Profit from operations	38,294	81,503	148,788	113,212
Share of results of associates and joint ventures	(5,673)	94,251	107,053	96,493
Investment income	9,200	10,337	34,381	40,458
Profit before interest	41,821	186,091	290,222	250,163
Finance costs	(25,351)	(26,548)	(78,467)	(86,399)
Profit before taxation and zakat	16,470	159,543	211,755	163,764
Taxation and zakat	(26,029)	(41,922)	(76,437)	(51,420)
(Loss)/profit for the period	(9,559)	117,621	135,318	112,344
<u>Other comprehensive income/(loss):</u>				
Translation of foreign operations	12,131	20,077	19,042	45,002
Share of other comprehensive (loss)/income of associates	(305)	324	(184)	153
Cash flow hedge	-	(29)	71	81
Other comprehensive income net of tax	11,826	20,372	18,929	45,236
Total comprehensive income for the period	2,267	137,993	154,247	157,580
<u>(Loss)/profit for the period attributable to:</u>				
Owners of the Company	(47,899)	83,867	28,265	49,745
Holders of perpetual sukuk	17,415	17,415	52,244	52,244
Non-controlling interests	20,925	16,339	54,809	10,355
	(9,559)	117,621	135,318	112,344
<u>Total comprehensive (loss)/income attributable to:</u>				
Owners of the Company	(36,634)	92,884	51,142	112,432
Holders of perpetual sukuk	17,415	17,415	52,244	52,244
Non-controlling interests	21,486	27,694	50,861	(7,096)
	2,267	137,993	154,247	157,580
<u>(Loss)/earnings per share for the period (sen):</u>				
Basic/diluted	(4.10)	7.18	2.42	4.26

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 30 SEPTEMBER 2021

	As At 30.09.2021 RM'000 (Unaudited)	As At 31.12.2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,539,778	2,463,020
Investment properties	268,106	284,383
Leased assets	365,783	350,438
Right-of-use assets	125,793	152,059
Investments in joint ventures	75,322	64,997
Investments in associates	2,037,981	2,015,856
Deferred tax assets	104,147	119,414
Other investments	5,120	5,165
	5,522,030	5,455,332
Current assets		
Other investments	945,537	1,286,086
Derivative assets	3,820	13,237
Inventories	1,693,665	1,439,279
Trade receivables	860,879	1,059,057
Other receivables	156,400	128,647
Tax recoverable	24,694	14,561
Deposits, cash and bank balances	1,764,905	2,050,893
	5,449,900	5,991,760
TOTAL ASSETS	10,971,930	11,447,092
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	584,147	584,147
Capital reserve	396	396
Hedging reserve	-	(71)
Fair value reserve	4,916	5,100
Foreign currency translation reserve	(24,645)	(47,635)
Retained earnings	3,307,727	3,326,194
	3,872,541	3,868,131
Perpetual sukuk	1,115,275	1,097,860
Non-controlling interests	1,485,716	1,451,178
Total equity	6,473,532	6,417,169
Non-current liabilities		
Deferred tax liabilities	51,222	47,848
Provision for warranties	196,172	195,994
Lease liabilities	28,891	47,608
Borrowings	1,469,419	1,942,278
	1,745,704	2,233,728
Current liabilities		
Derivative liabilities	1,177	1,317
Provision for warranties	101,502	84,039
Provision for taxation	6,191	6,132
Borrowings	783,124	523,769
Trade payables	859,871	682,724
Other payables	979,276	1,473,487
Lease liabilities	21,553	24,727
	2,752,694	2,796,195
Total liabilities	4,498,398	5,029,923
TOTAL EQUITY AND LIABILITIES	10,971,930	11,447,092
Net assets per share (RM)	3.31	3.31

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 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 SEPTEMBER 2021

	←----- Non - Distributable -----→					Distributable				
	Share capital RM'000	Capital reserve RM'000	Hedging 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
9 MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)										
At 1 January 2021	584,147	396	(71)	5,100	(47,635)	3,326,194	3,868,131	1,097,860	1,451,178	6,417,169
Transactions with owners:										
Dividends distributed to equity holders	-	-	-	-	-	(46,732)	(46,732)	-	(16,323)	(63,055)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive income/(loss)	-	-	71	(184)	22,990	28,265	51,142	52,244	50,861	154,247
At 30 September 2021	584,147	396	-	4,916	(24,645)	3,307,727	3,872,541	1,115,275	1,485,716	6,473,532

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	←----- Non - Distributable -----→					Distributable				
	Share capital RM'000	Capital reserve RM'000	Hedging 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
9 MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)										
At 1 January 2020	584,147	396	(33)	4,596	(32,634)	3,139,925	3,696,397	1,097,860	1,303,828	6,098,085
Transactions with owners:										
Dividend distributed to equity holders	-	-	-	-	-	(23,366)	(23,366)	-	(41,234)	(64,600)
Effect of dilution of interest in a joint venture and an associate	-	-	-	-	(11,290)	5,142	(6,148)	-	-	(6,148)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive income/(loss)	-	-	81	153	62,453	49,745	112,432	52,244	(7,096)	157,580
At 30 September 2020	584,147	396	48	4,749	18,529	3,171,446	3,779,315	1,115,275	1,255,498	6,150,088

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 2020 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 SEPTEMBER 2021

	9 Months Ended 30.09.2021 RM'000 (Unaudited)	9 Months Ended 30.09.2020 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	211,755	163,764
Adjustments for:		
Depreciation	251,321	276,874
Net (reversal of)/provision of impairment losses on:		
- property, plant and equipment	-	(20)
- investment in joint venture	-	(16,488)
- receivables	(11,209)	(31,668)
- other investments	3,797	2,925
Property, plant and equipment written off	621	-
Net (reversal of)/provision of inventories written down	(7,105)	1,811
Interest expense	78,467	86,399
Share of results of associates and joint ventures	(107,053)	(96,493)
Net gain on disposal of property, plant, equipment, leased assets and right-of-use assets	(38,281)	(17,358)
Net fair value loss/(gain) on derivatives	9,277	(1,467)
Net unrealised foreign exchange loss/(gain)	15,984	(8,489)
Net fair value gain on financial assets held for trading	(371)	(2,582)
Net loss on disposal of other investments	23	11,096
Interest and other investments income	(36,764)	(43,129)
Net provision for warranties	37,406	26,617
Operating profit before working capital changes	<u>407,868</u>	<u>351,792</u>
Changes in receivables	245,114	569,279
Changes in inventories	(247,150)	269,249
Warranties paid	(19,812)	(22,388)
Changes in payables	<u>(327,038)</u>	<u>(379,242)</u>
Cash generated from operating activities	58,982	788,690
Interest paid	(78,948)	(87,461)
Taxes and zakat paid	<u>(66,723)</u>	<u>(45,138)</u>
Net cash (used in)/generated from operating activities	<u>(86,689)</u>	<u>656,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	79,470	49,910
Purchase of property, plant, equipment, investment properties and leased assets	(322,995)	(174,401)
Proceeds from disposal of property, plant, equipment, and leased assets	62,877	56,324
Interest received	36,088	42,271
Proceeds from disposal of other investments	919,420	782,214
Purchase of other investments	(578,478)	(697,512)
Movement in fixed deposits placement with maturity of more than 3 months	(72,464)	23,075
Movement in deposits placement restricted by banks	1,200	(1,216)
Net cash generated from investing activities	<u>125,118</u>	<u>80,665</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to equity holders of the Company	(46,732)	(23,366)
Dividends paid to non-controlling interests	(16,323)	(41,234)
Dividends paid to perpetual sukuk holders	(34,829)	(34,829)
Lease payment	(21,651)	(23,150)
Net repayment of borrowings	<u>(213,519)</u>	<u>(424,169)</u>
Net cash used in financing activities	<u>(333,054)</u>	<u>(546,748)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(294,625)	190,008
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	2,050,893	1,411,487
EFFECTS OF EXCHANGE RATE CHANGES	<u>8,637</u>	<u>3,414</u>
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	<u>1,764,905</u>	<u>1,604,909</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 2020 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.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. 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 2020.

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 2020, 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 2021.

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 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 (Interest Rate Benchmark Reform - Phase 2)
- Amendments to MFRS 16 Leases (Covid-19 - Related Rent Concessions beyond 30 June 2021)

The Group has early adopted the Amendments to MFRS 16 Leases (Covid-19 - Related Rent Concessions beyond 30 June 2021), which is effective for financial periods beginning on or after 1 April 2021.

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 2022

- Amendments to MFRS 1, MFRS 9 and MFRS 141 (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- 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)

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 2023

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

MFRS, Interpretations and Amendments effective on a date 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 and financial period ended 30 September 2021 except for that as disclosed in Note 14 and 15, where only certain operations of the Group were allowed to operate from 1 June 2021 under the Full Movement Control Order (“FMCO”) until the gradual easing of such restriction in phases from 16 August 2021, under the National Recovery Plan (“NRP”).

NOTE 4 - Accounting estimates

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

NOTE 5 - Issuance or repayment of debt and equity securities

On 15 February 2021, the Company fully redeemed RM200 million of Islamic Medium Term Notes (“IMTN”). The RM200 million IMTN was issued on 15 February 2016.

Other than the above, there were no issuance and repayment of debt securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares for the period ended 30 September 2021.

NOTE 6 - Dividends paid

	30.09.2021	30.09.2020
	RM'000	RM'000
<u>In respect of the financial year ended 31 December 2020:</u>		
Final dividend of 4.0 sen per ordinary shares, paid on 30 April 2021.	46,732	-
<u>In respect of the financial year ended 31 December 2019:</u>		
Final dividend of 2.0 sen per ordinary shares, paid on 31 March 2020.	-	23,366
	<u>46,732</u>	<u>23,366</u>

NOTE 7 - Segmental reporting

	Financial Period Ended 30 September 2021		
	Revenue	Profit/(Loss)	Profit/(Loss)
Business Segment	RM'000	Before Taxation	Attributable to
		and Zakat	Owners of the
		RM'000	Company
			RM'000
Automotive	5,968,689	207,571	129,437
Equipment	948,314	78,075	55,748
Manufacturing & Engineering	500,456	10,486	(8,907)
Others	(1,766)	(84,377)	(95,769)
Subtotal	7,415,693	211,755	80,509
Less : Profit attributable to Holders of Perpetual Sukuk	-	-	(52,244)
CONSOLIDATED TOTAL	7,415,693	211,755	28,265

	Financial Period Ended 30 September 2020		
	Revenue	Profit/(Loss)	Profit/(Loss)
Business Segment	RM'000	Before Taxation	Attributable to
		and Zakat	Owners of the
		RM'000	Company
			RM'000
Automotive	4,815,455	143,562	127,729
Equipment	819,389	84,430	61,006
Manufacturing & Engineering	674,109	38,847	24,098
Others	3,299	(103,075)	(110,844)
Sub-total	6,312,252	163,764	101,989
Less : Profit attributable to Holders of Perpetual Sukuk	-	-	(52,244)
CONSOLIDATED TOTAL	6,312,252	163,764	49,745

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 financial period ended 30 September 2021.

NOTE 9 - Changes in composition of the Group

- a. On 15 March 2021, the Group announced that the liquidation of Arabian Drilling Services LLC, a subsidiary of the Group, had been completed.
- b. On 16 November 2021, the Group announced that the winding up of the dormant subsidiary in the UMW Group, namely UMW SG Engineering & Services Sdn Bhd, has been completed.
- c. On 18 November 2021, the Group announced that the winding up of the dormant subsidiary in the UMW Group, namely KYB-UMW Steering Malaysia Sdn Bhd, has been completed.
- d. On 29 November 2021, the Group has completed the disposal of its subsidiary, UMW Advantech Sdn Bhd, to a third party for a cash consideration of RM79,000,000.

NOTE 10 - Capital commitments

The Group's capital commitments not provided for in the interim financial statements as at 30 September 2021 is as follows:

	RM'000	RM'000
<u>Approved and contracted for:</u>		
Land and buildings	6,197	
Equipment, plant and machinery	29,464	
Others	16,606	52,267
<u>Approved but not contracted for:</u>		
Land and buildings	21,471	
Equipment, plant and machinery	322,035	
Others	95,649	439,155
Total		<u>491,422</u>

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 quarter and 9 months ended 30 September 2021.

Save for recurrent related party transactions ("RPTs") outside the Group mandated by the shareholders at the 39th Annual General Meeting on 20 May 2021, 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 period under review as compared to the last annual financial statements.

NOTE 13 - Changes in contingent liabilities and assets

Contingent liabilities of the Group are as follows:

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Performance bonds in favour of third parties	17,930	20,340

NOTE 14 - Review of performance**Quarter 3, 2021 vs Quarter 3, 2020**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	Variance %	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	Variance %
CONSOLIDATED TOTAL	2,016,350	2,663,326	(24.3)%	16,470	159,543	(89.7)%
Business Segment:						
Automotive	1,590,786	2,127,525	(25.2)%	27,408	131,572	(79.2)%
Equipment	315,951	296,992	6.4%	24,320	34,024	(28.5)%
Manufacturing & Engineering	110,265	242,253	(54.5)%	8,170	20,340	(59.8)%
Others	(652)	(3,444)	81.1%	(43,428)	(26,393)	(64.5)%

Group

The Group revenue of RM2,016.4 million in the current quarter was lower than the RM2,663.3 million reported in the quarter ended 30 September 2020 ("corresponding quarter"), mainly due to the lower sales in the Automotive and Manufacturing & Engineering segments in the current quarter, where only certain operations of the Group were allowed to operate with limited capacity with the easing of the FMCO restriction from 16 August 2021, under the NRP.

Consequently, the Group reported a lower profit before taxation and zakat ("PBTZ") of RM16.5 million in the current quarter compared with RM159.5 million in the corresponding quarter.

i. Automotive segment

Revenue of RM1,590.8 million was 25.2% lower than the RM2,127.5 million reported in the corresponding quarter, mainly due to a lower volume of vehicles sold in the current quarter, resulting from the FMCO and the resumption of businesses from 16 August 2021 with limited capacity, coupled with the ongoing shortage of semiconductor chips.

In line with lower revenue and lower share of profits from an associated company, the segment recorded a lower PBTZ of RM27.4 million compared with RM131.6 million in the corresponding quarter.

NOTE 14 - Review of performance (cont'd.)**Quarter 3, 2021 vs Quarter 3, 2020 (cont'd.)****ii. Equipment segment (cont'd.)**

Revenue of RM316.0 million was marginally higher than the RM297.0 million in the corresponding quarter, mainly due to the demand for the segment's products and services in its local and overseas market continuing to improve in the current quarter. However, the ongoing political unrest in Myanmar continued to dampen the overall segment's performance.

Despite having higher revenue, the segment's PBTZ of RM24.3 million was lower than the RM34.0 million reported in the corresponding quarter due to the losses from Myanmar operation.

iii. Manufacturing & Engineering segment

Revenue of RM110.3 million was significantly lower than the RM242.3 million reported in the corresponding quarter, mainly due to the lower contribution from all the sub-segments as businesses operations only gradually normalised with the easing of the FMCO starting 16 August 2021.

Consequently, the segment reported a lower PBTZ of RM8.2 million in the current quarter compared with RM20.3 million in the corresponding quarter.

Nine Months, 2021 vs Nine Months, 2020

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000	Variance %	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000	Variance %
CONSOLIDATED TOTAL	7,415,693	6,312,252	17.5%	211,755	163,764	29.3%
Business Segment:						
Automotive	5,968,689	4,815,455	23.9%	207,571	143,562	44.6%
Equipment	948,314	819,389	15.7%	78,075	84,430	(7.5)%
Manufacturing & Engineering	500,456	674,109	(25.8)%	10,486	38,847	(73.0)%
Others	(1,766)	3,299	>(100%)	(84,377)	(103,075)	18.1%

Group

The Group revenue for the financial period ended 30 September 2021 of RM7,415.7 million was higher than the RM6,312.3 million recorded in the corresponding period, primarily attributed to the higher revenue from the Automotive and Equipment segments following the longer sales tax exemption period and the relaxation of the FMCO.

Correspondingly, the Group PBTZ of RM211.8 million was higher than the RM163.8 million profit reported in the corresponding period.

i. Automotive segment

The Automotive segment's revenue of RM5,968.7 million was 23.9% higher than the RM4,815.5 million recorded in the corresponding period, mainly due to continued strong sales momentum following the introduction of new car models and the sales tax exemption.

Despite the lower share of profits from an associated company, the segment's PBTZ of RM207.6 million was still higher than the RM143.6 million profit reported in the corresponding period.

NOTE 14 - Review of performance (cont'd.)**Nine Months, 2021 vs Nine Months, 2020 (cont'd.)****ii. Equipment segment**

Revenue of RM948.3 million was higher than the RM819.4 million in the corresponding period, mainly due to the increase in demand for the segment's products and services in its local and overseas market in the first nine months of 2021 .

On the contrary, the segment's PBTZ of RM78.1 million was lower than the RM84.4 million reported in the corresponding period due to the ongoing political turmoil in Myanmar continues to weaken the overall segment's financial performance.

iii. Manufacturing & Engineering segment

Revenue of RM500.5 million was lower than the RM674.1 million reported in the corresponding period, mainly due to the lower contribution from the Aerospace and Lubricants sub-segments following lower fan cases delivered and the prolonged FMCO in the current period.

In line with the decrease in revenue, the segment's PBTZ of RM10.5 million was lower than the RM38.8 million in the corresponding period.

NOTE 15 - Comparison with immediate preceding quarter**Quarter 3, 2021 vs Quarter 2, 2021**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.06.2021 RM'000	Variance %	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.06.2021 RM'000	Variance %
CONSOLIDATED TOTAL	2,016,350	2,445,112	(17.5)%	16,470	32,587	(49.5)%
Business Segment:						
Automotive	1,590,786	1,981,926	(19.7)%	27,408	34,634	(20.9)%
Equipment	315,951	299,910	5.3%	24,320	31,817	(23.6)%
Manufacturing & Engineering	110,265	159,926	(31.1)%	8,170	(6,058)	>100%
Others	(652)	3,350	>(100)%	(43,428)	(27,806)	(56.2)%

Group

The Group revenue of RM2,016.4 million was lower than the RM2,445.1 million reported in the preceding quarter ended 30 June 2021 ("preceding quarter"), mainly due to decrease in revenue in the Automotive and Manufacturing & Engineering segments, following a shorter operation period during the current quarter (1.5 months from 16 August to 30 September) compared with the preceding quarter (2 months from 1 April to 31 May).

Consequently, the Group reported a lower PBTZ of RM16.5 million in the current quarter compared with RM32.6 million in the preceding quarter.

i. Automotive segment

Revenue of RM1,590.8 million was 19.7% lower than the preceding quarter's revenue of RM1,981.9 million, mainly due to the limited business operations under the FMCO since 1 June 2021 and that the resumption of business was only allowed in mid August 2021 (1.5 months of full capacity).

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

Quarter 3, 2021 vs Quarter 2, 2021 (cont'd.)

i. Automotive segment (cont'd.)

In line with the decline in revenue and a lower share of profits from an associated company, the segment's PBTZ of RM27.4 million was lower than the RM34.6 million reported in the preceding quarter.

ii. Equipment segment

Revenue of RM316.0 million was higher than the RM299.9 million reported in the preceding quarter, mainly contributed by the higher sales from the Heavy Equipment sub-segment due to the business recovery in phases under the NRP.

Despite the higher revenue reported, the segment's PBTZ of RM24.3 million was lower than the RM31.8 million recorded in the preceding quarter, mainly due to a lower contribution from the Industrial Equipment sub-segment and operations in Myanmar.

iii. Manufacturing & Engineering segment

Revenue of RM110.3 million was lower than the RM159.9 million reported in the preceding quarter due to the longer lockdown period compared with that of the preceding quarter.

Nonetheless, the segment reported a PBTZ of RM8.2 million mainly contributed by RM19.2 million gain on disposal of a property which was completed in Q3 2021.

NOTE 16 - Current prospects

i. Automotive segment

Following the relaxation of the FMCO under the NRP resulting from the reduction in Covid-19 cases and increase in the national vaccination rates of the Malaysian adult population, the Group is ramping up production to meet the encouraging outstanding order book. Demand for automotive products is expected to continue to remain strong following the extension of the sales tax exemption. Although the Group has managed to mitigate the impact of semiconductor chips shortage for the year, however, the Group will continue to work closely with the principals and suppliers to secure a consistent supply of semiconductor chips in the medium to longer term.

Introduction of new models, including the hybrid electric vehicles, as well as the year-end sales promotion are expected to drive stronger sales in the final quarter of the year.

ii. Equipment segment

The Heavy Equipment sub-segment's performance will continue to be impacted by the political situation in Myanmar which had adversely impacted its economy including significant depreciation of its currency. Notwithstanding this, the negative impact of Myanmar's operations is partially mitigated by the higher gold prices as well as positive outlook for the construction sector in the other countries in which the segment operates. The Industrial Equipment sub-segment is expected to sustain its performance as it continues to focus on expanding the equipment rental business while extending recovery packages to its customers to remain competitive and relevant.

Overall, the Equipment segment business environment will continue to remain challenging and the segment will continue in its efforts to improve operational efficiency and cost effectiveness.

NOTE 16 - Current prospects (cont'd.)

iii. Manufacturing & Engineering segment

The prospects for auto components and lubricants sub-segments are gradually improving as disruptions to the supply chain have progressively eased and businesses have started to ramp up production. In addition, the demand for the Replacement Equipment (“RE”) market will also continue to improve in line with the recovery of the automotive industry.

The Aerospace sub-segment is expected to benefit from the gradual reopening of international travel and the demand for the fan cases is expected to increase from 2022 onwards.

Group

The Group expects the business environment to continue to remain challenging for the remainder of the year and will continue to manage the negative impact of the Covid-19 pandemic on its operations.

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:

9 Months Ended 30 September 2021	Sale of vehicles RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of equipment RM'000	Sale of lubricants & related products 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
Business Segment											
Automotive	4,740,168	731,462	496,677	382	-	-	-	-	5,968,689	-	5,968,689
Equipment	-	196,911	30,096	27,956	515,972	-	-	5,373	776,308	172,006	948,314
Manufacturing & Engineering	-	231,692	149,020	272	-	119,472	-	-	500,456	-	500,456
Others	-	(4,566)	(1,882)	(152)	(414)	(4,553)	5,423	10,370	4,226	(5,992)	(1,766)
Total	4,740,168	1,155,499	673,911	28,458	515,558	114,919	5,423	15,743	7,249,679	166,014	7,415,693

9 Months Ended 30 September 2020	Sale of vehicles RM'000	Sale of parts RM'000	Export sales RM'000	Services rendered RM'000	Sale of equipment RM'000	Sale of lubricants & related products 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
Business Segment											
Automotive	3,646,613	716,709	389,974	62,159	-	-	-	-	4,815,455	-	4,815,455
Equipment	-	182,352	53,321	39,473	376,677	-	-	-	651,823	167,566	819,389
Manufacturing & Engineering	-	248,525	303,201	-	-	122,383	-	-	674,109	-	674,109
Others	(525)	(11,804)	(1,545)	3,092	(1,134)	(3,940)	8,773	16,661	9,578	(6,279)	3,299
Total	3,646,088	1,135,782	744,951	104,724	375,543	118,443	8,773	16,661	6,150,965	161,287	6,312,252

NOTE 19 – Taxation and Zakat

	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
Current period provision	(15,596)	(21,259)	(50,165)	(40,002)
Over provision in prior periods	750	2,772	2,046	2,687
	(14,846)	(18,487)	(48,119)	(37,315)
Deferred taxation	(2,595)	(15,140)	(19,730)	(5,810)
Taxation	(17,441)	(33,627)	(67,849)	(43,125)
Zakat	(8,588)	(8,295)	(8,588)	(8,295)
Total taxation and zakat	(26,029)	(41,922)	(76,437)	(51,420)

The effective tax rates were higher than the statutory tax rate of 24.0%, primarily due to losses from certain subsidiaries which cannot be set-off against profits of other companies and certain expenses which were not deductible for tax purpose.

NOTE 20 - Corporate proposals

There was no corporate proposal announced that is not completed by the Group as at the date of this report.

NOTE 21 - Group borrowings and debt securities

	As at 30.09.2021		
	Long term	Short term	Total borrowings
	RM denomination RM'000	RM denomination RM'000	RM denomination RM'000
Secured			
Term loans and trade facilities	88,300	-	88,300
	88,300	-	88,300
Unsecured			
Term loans and trade facilities	2,066,828	97,415	2,164,243
Long term loans payable within 12 months	(685,709)	685,709	-
	1,381,119	783,124	2,164,243
Total	1,469,419	783,124	2,252,543

	As at 31.12.2020		
	Long term	Short term	Total borrowings
	RM denomination RM'000	RM denomination RM'000	RM denomination RM'000
Secured			
Term loans and trade facilities	87,888	-	87,888
	87,888	-	87,888
Unsecured			
Term loans and trade facilities	2,340,098	38,061	2,378,159
Long term loans payable within 12 months	(485,708)	485,708	-
	1,854,390	523,769	2,378,159
Total	1,942,278	523,769	2,466,047

NOTE 22 - Financial instruments**Derivatives**

As at 30 September 2021, 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	55,753	257
- Embedded derivatives	Less than 1 year	833,909	3,563
		889,662	3,820
Derivative Liabilities			
- Forward currency contracts	Less than 1 year	180,715	(1,177)

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 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 30 September 2021 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 nine months ended 30 September 2021 (30 September 2020: Nil)

On 25 February 2021, the Board declared a final dividend of 4.0 sen per share amounting to RM46.7 million in respect of the financial year ended 31 December 2020 and was paid on 30 April 2021.

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 30.09.2021	3 Months Ended 30.09.2020	9 Months Ended 30.09.2021	9 Months Ended 30.09.2020
(Loss)/profit for the period attributable to the owners of the Company (RM'000)	(47,899)	83,867	28,265	49,745
Weighted average number of ordinary shares	1,168,293,932	1,168,293,932	1,168,293,932	1,168,293,932
(Loss)/earnings per share (sen) - Basic/diluted	(4.10)	7.18	2.42	4.26

NOTE 26 - Audit qualification

The audit report in respect of the annual financial statements for the financial year ended 31 December 2020 was not qualified.

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

	3 Months Ended 30.09.2021 RM'000	3 Months Ended 30.09.2020 RM'000	9 Months Ended 30.09.2021 RM'000	9 Months Ended 30.09.2020 RM'000
a. Interest income	4,880	6,289	20,065	19,853
b. Other investment income	5,023	5,107	16,699	23,276
c. Depreciation and amortisation	(83,831)	(89,711)	(251,321)	(276,874)
d. Net reversal of impairment on receivables	713	5,988	11,209	31,668
e. Net reversal of impairment on property, plant and equipment	-	20	-	20
f. Net gain/(loss) on disposal of investments	1,072	2,051	(23)	(14,021)
g. Net gain on disposal of property, plant, equipment, leased assets and right-of-use assets	24,842	5,945	38,281	17,358
h. Net reversal/(provision) of inventories written down	2,737	423	7,105	(1,811)
i. Net foreign exchange (loss)/gain	(7,278)	151	(11,452)	13,295
j. Net fair value gain/(loss) on derivatives	3,527	2,110	(9,277)	1,467
k. Property, plant and equipment written off	(59)	-	(621)	-

By Order Of The Board

NOOR AZWAH SAMSUDIN
Practising Certificate No. 201908002122
Group Secretary

Kuala Lumpur
 29 November 2021