

# UMW HOLDINGS BERHAD

(COMPANY NO : 198201010554 (90278-P))

(INCORPORATED IN MALAYSIA)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2023

	3 Months Ended 30.06.2023 RM'000 (Unaudited)	3 Months Ended 30.06.2022 RM'000 (Unaudited)	6 Months Ended 30.06.2023 RM'000 (Unaudited)	6 Months Ended 30.06.2022 RM'000 (Unaudited)
Revenue	4,484,870	3,730,842	8,864,451	7,381,598
Operating expenses	(4,121,372)	(3,621,099)	(8,402,749)	(7,157,041)
Other operating income	38,375	31,066	68,926	62,085
<b>Profit from operations</b>	<b>401,873</b>	<b>140,809</b>	<b>530,628</b>	<b>286,642</b>
Share of results of associates and joint ventures	68,981	97,817	178,271	194,337
Investment income	21,286	16,832	49,353	29,797
<b>Profit before interest</b>	<b>492,140</b>	<b>255,458</b>	<b>758,252</b>	<b>510,776</b>
Finance costs	(16,190)	(25,411)	(31,571)	(64,440)
<b>Profit before taxation and zakat</b>	<b>475,950</b>	<b>230,047</b>	<b>726,681</b>	<b>446,336</b>
Taxation and zakat	(90,559)	(56,519)	(137,568)	(100,003)
<b>Profit for the period</b>	<b>385,391</b>	<b>173,528</b>	<b>589,113</b>	<b>346,333</b>
<b><u>Other comprehensive income:</u></b>				
Translation of foreign operations	24,177	26,698	30,194	33,487
Share of other comprehensive income of associates	337	448	402	548
Other comprehensive income net of tax	24,514	27,146	30,596	34,035
<b>Total comprehensive income for the period</b>	<b>409,905</b>	<b>200,674</b>	<b>619,709</b>	<b>380,368</b>
<b><u>Profit for the period attributable to:</u></b>				
Owners of the Company	303,551	107,189	438,011	208,395
Holders of perpetual sukuk	17,366	17,366	34,829	34,829
Non-controlling interests	64,474	48,973	116,273	103,109
	<b>385,391</b>	<b>173,528</b>	<b>589,113</b>	<b>346,333</b>
<b><u>Total comprehensive income attributable to:</u></b>				
Owners of the Company	326,163	131,567	466,606	239,452
Holders of perpetual sukuk	17,366	17,366	34,829	34,829
Non-controlling interests	66,376	51,741	118,274	106,087
	<b>409,905</b>	<b>200,674</b>	<b>619,709</b>	<b>380,368</b>
<b>Earnings per share for the period (sen):</b>				
Basic/diluted	25.98	9.17	37.49	17.84

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 30 JUNE 2023**

	As At 30.06.2023 RM'000 (Unaudited)	As At 31.12.2022 RM'000 (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,774,216	2,706,160
Investment properties	203,678	208,852
Intangible assets	1,403	801
Leased assets	399,263	389,830
Right-of-use assets	121,398	121,753
Investments in joint ventures	81,176	78,667
Investments in associates	2,420,266	2,362,313
Deferred tax assets	176,546	178,073
Other investments	5,766	5,261
	<u>6,183,712</u>	<u>6,051,710</u>
<b>Current assets</b>		
Other investments	319,555	196,223
Derivative assets	4,917	22,650
Inventories	2,054,804	2,045,729
Trade receivables	1,020,299	1,124,329
Other receivables	151,064	107,208
Tax recoverable	18,253	16,500
Deposits, cash and bank balances	2,501,065	2,808,126
	<u>6,069,957</u>	<u>6,320,765</u>
Assets held for sale	44,619	44,619
	<u>6,114,576</u>	<u>6,365,384</u>
<b>Total assets</b>	<u>12,298,288</u>	<u>12,417,094</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	584,147	584,147
Capital reserve	-	396
Fair value reserve	6,732	6,330
Foreign currency translation reserve	41,344	12,755
Retained earnings	4,053,550	3,746,388
	<u>4,685,773</u>	<u>4,350,016</u>
Perpetual sukuk	1,097,860	1,097,860
Non-controlling interests	1,752,000	1,692,079
<b>Total equity</b>	<u>7,535,633</u>	<u>7,139,955</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	50,629	60,823
Provision for warranties	235,178	234,957
Lease liabilities	41,606	39,345
Borrowings	1,319,217	1,339,932
	<u>1,646,630</u>	<u>1,675,057</u>
<b>Current liabilities</b>		
Derivative liabilities	8,474	1,174
Provision for warranties	72,310	55,149
Provision for taxation	92,239	27,984
Borrowings	191,035	212,335
Trade payables	1,448,675	1,741,969
Other payables	1,292,326	1,550,848
Lease liabilities	10,966	12,623
	<u>3,116,025</u>	<u>3,602,082</u>
<b>Total liabilities</b>	<u>4,762,655</u>	<u>5,277,139</u>
<b>Total equity and liabilities</b>	<u>12,298,288</u>	<u>12,417,094</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>4.01</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 30 JUNE 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
<b>6 MONTHS ENDED 30 JUNE 2023 (UNAUDITED)</b>									
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)	-	(58,353)	(189,202)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive income	-	(396)	402	28,589	438,011	466,606	34,829	118,274	619,709
At 30 June 2023	584,147	-	6,732	41,344	4,053,550	4,685,773	1,097,860	1,752,000	7,535,633

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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
<b>6 MONTHS ENDED 30 JUNE 2022 (UNAUDITED)</b>									
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)	-	(74,373)	(142,134)
Liquidation of a subsidiary	-	-	-	(206)	-	(206)	-	-	(206)
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	(34,829)	-	(34,829)
Total comprehensive income	-	-	548	30,509	208,395	239,452	34,829	106,087	380,368
At 30 June 2022	584,147	396	5,678	11,168	3,574,786	4,176,175	1,097,860	1,691,713	6,965,748

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 30 JUNE 2023

	6 Months Ended 30.06.2023 RM'000 (Unaudited)	6 Months Ended 30.06.2022 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	726,681	446,336
Adjustments for:		
Depreciation and amortisation	172,904	165,213
Net (reversal of impairment)/impairment losses on:		
- property, plant and equipment	(172)	-
- receivables	144	856
- other investments	(1,417)	(1,248)
Property, plant and equipment written off	308	90
Net reversal of inventories written down	(3,260)	(2,231)
Interest expense	31,571	64,440
Share of results of associates and joint ventures	(178,271)	(194,337)
Net gain on disposal of property, plant and equipment, leased assets and right-of-use assets	(19,196)	(16,629)
Net loss on disposals of investments in subsidiaries	-	6,610
Net fair value loss on derivatives	25,013	16,115
Net unrealised foreign exchange gain	(280)	(950)
Net fair value gain on financial assets held for trading	(2,431)	(1,583)
Net (gain)/loss on disposal of other investments	(902)	133
Interest and other investments income	(50,421)	(30,853)
Net provision for warranties	38,703	35,843
Operating profit before working capital changes	<u>738,974</u>	<u>487,805</u>
Changes in receivables	61,029	116,703
Changes in inventories	(5,588)	124,362
Warranties paid	(21,494)	(20,966)
Changes in payables	<u>(545,262)</u>	<u>50,970</u>
Cash generated from operating activities	227,659	758,874
Interest paid	(31,785)	(64,380)
Taxes and zakat paid	<u>(86,300)</u>	<u>(26,587)</u>
Net cash generated from operating activities	<u>109,574</u>	<u>667,907</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	122,026	2,086
Purchase of property, plant and equipment, investment properties, intangible assets and leased assets	(248,486)	(270,742)
Proceeds from disposal of property, plant and equipment, and leased assets	43,161	35,659
Interest received	48,255	29,959
Proceeds from disposal of other investments	247,165	621,338
Purchase of other investments	(367,524)	(186,181)
Movement in fixed deposits placement with maturity of more than 3 months	294,518	(161,898)
Movement in deposits placement restricted by/pledged with banks	(54,348)	6,244
Movement in assets held for sale	-	(4,807)
Net cash generated from investing activities	<u>84,767</u>	<u>71,658</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to equity holders of the Company	(130,849)	(67,761)
Dividends paid to non-controlling interests	(58,353)	(74,373)
Dividends paid to perpetual sukuk holders	(34,829)	(34,829)
Lease payment	(8,705)	(12,384)
Net repayment of borrowings	<u>(42,015)</u>	<u>(850,861)</u>
Net cash used in financing activities	<u>(274,751)</u>	<u>(1,040,208)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(80,410)	(300,643)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	13,519	10,365
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY</b>	<u>2,432,269</u>	<u>2,700,280</u>
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	2,365,378	2,410,002
Add: Deposits with maturity of more than 3 months	81,339	396,758
Deposits restricted by/pledged with banks	<u>54,348</u>	<u>-</u>
<b>DEPOSITS, CASH AND BANK BALANCES AS AT 30 JUNE</b>	<u>2,501,065</u>	<u>2,806,760</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
- Amendments to MFRS 17 Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)
- 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 and International Tax Reform - Pillar Two Model Rules)

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)
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangement)

**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 and 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 30 June 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 30 June 2023.

**NOTE 6 - Dividends paid**

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM’000</b>	<b>RM’000</b>
<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**

	<b>6 Months Ended 30 June 2023</b>		
<b>Business Segment</b>	<b>Revenue RM'000</b>	<b>Profit Before Taxation and Zakat RM'000</b>	<b>Profit Attributable to Owners of the Company RM'000</b>
Automotive	7,044,125	429,855	266,112
Equipment	891,115	100,391	70,275
Manufacturing & Engineering	623,280	44,180	24,971
Others	364,762	152,255	111,482
Inter-segment eliminations	(58,831)	-	-
<b>Subtotal</b>	<b>8,864,451</b>	<b>726,681</b>	<b>472,840</b>
Less : Profit attributable to holders of perpetual sukuk	-	-	(34,829)
<b>CONSOLIDATED TOTAL</b>	<b>8,864,451</b>	<b>726,681</b>	<b>438,011</b>

	<b>6 Months Ended 30 June 2022</b>		
<b>Business Segment</b>	<b>Revenue RM'000</b>	<b>Profit/(Loss) Before Taxation and Zakat RM'000</b>	<b>Profit/(Loss) Attributable to Owners of the Company RM'000</b>
Automotive	6,187,543	408,721	244,037
Equipment	738,367	67,203	45,992
Manufacturing & Engineering	453,523	23,677	8,755
Others	42,922	(53,265)	(55,560)
Inter-segment eliminations	(40,757)	-	-
<b>Subtotal</b>	<b>7,381,598</b>	<b>446,336</b>	<b>243,224</b>
Less : Profit attributable to holders of perpetual sukuk	-	-	(34,829)
<b>CONSOLIDATED TOTAL</b>	<b>7,381,598</b>	<b>446,336</b>	<b>208,395</b>

**NOTE 8 - Event after the reporting period**

Press release was issued by Permodalan Nasional Berhad (“PNB”), a major shareholder of the Company on 24 August 2023. Based on PNB’s press release, PNB and AmanahRaya Trustees Berhad (as trustee for the unit trust funds), had on 24 August 2023, entered into a conditional share purchase agreement with Sime Darby Enterprise Sdn. Bhd. (“SDESB”) (as the purchaser) and Sime Darby Holdings Berhad (“SDHB”) (as the warrantor) (“SPA”), to divest approximately 61.18% equity interest in the Company for a total cash consideration of RM3,574,065,500 in accordance with the terms and conditions of the SPA. A copy of the Press Release is contained in the Company’s Bursa Announcement on 24 August 2023.

The completion of this SPA will trigger a Mandatory General Offer (“MGO”) for the remaining shares of the Company not already owned by SDESB, which upon its successful completion will result in the Company being delisted from the Main Market of Bursa Malaysia.

**NOTE 8 - Event after the reporting period (cont'd.)**

SDESB and SDHB are both wholly owned subsidiaries of Sime Darby Berhad (“SDB”), a public listed company on the Main Market of Bursa Malaysia.

The details of this corporate exercise are contained in the Bursa announcement made by SDB on 24 August 2023 which estimated that barring any unforeseen circumstances, the Company will become the subsidiary of SDESB in the fourth quarter of 2023 upon the SPA becoming unconditional and the Company will be delisted from the Main Market of Bursa Malaysia in the first quarter of 2024 upon completion of the MGO.

**NOTE 9 - Significant event during the financial period**

On 2 June 2023, UMW Development Sdn. Bhd., a wholly owned subsidiary completed the sale of 140 acres of land at the UMW High Value Manufacturing Park (“UMW HVM Park”) in Serendah to Longi (Kuching) Sdn. Bhd. for RM304.9 million with a total gain of RM218.1 million.

**NOTE 10 - Changes in the composition of the Group**

- a. The liquidation of UMW Oil & Gas Berhad (“UOG”), a dormant subsidiary of the Company was completed and dissolved on 18 January 2023.
- b. On 13 July 2023, UMW Equipment Division Sdn. Bhd., a wholly owned subsidiary of the Group, had incorporated a new wholly owned subsidiary known as UMW Toyota Material Handling Sdn. Bhd. (“UTMH”) under the Companies Act 2016.

The principal activity of UTMH is investment holding and the provision of management support for the material handling business and consultancy services to its subsidiaries.

**NOTE 11 - Capital commitments**

The Group’s capital commitments not provided for in the interim financial statements as at 30 June 2023 were as follows:

	RM’000	RM’000
<u>Approved and contracted for:</u>		
Land and buildings	78,643	
Equipment, plant and machinery	69,373	
Others*	13,636	161,652
	<hr/>	
<u>Approved but not contracted for:</u>		
Land and buildings	74,665	
Equipment, plant and machinery	428,892	
Others*	57,619	561,176
	<hr/>	<hr/>
Total		<u>722,828</u>

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



## NOTE 12 - 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 financial period ended 30 June 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 13 - 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 14 - Changes in contingent liabilities and assets

Contingent liabilities of the Group are as follows:

	<b>As at 30.06.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Performance bonds in favour of third parties	22,340	10,550

## NOTE 15 - Review of performance

### Quarter 2 2023 vs Quarter 2 2022

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 30.06.2023 RM'000	3 Months Ended 30.06.2022 RM'000	Variance %	3 Months Ended 30.06.2023 RM'000	3 Months Ended 30.06.2022 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	<b>4,484,870</b>	<b>3,730,842</b>	<b>20.2%</b>	<b>475,950</b>	<b>230,047</b>	<b>&gt;100%</b>
<b>Business Segment:</b>						
Automotive	3,417,205	3,117,372	9.6%	212,833	202,884	4.9%
Equipment	456,219	366,590	24.4%	49,063	35,439	38.4%
Manufacturing & Engineering	299,725	226,443	32.4%	21,806	13,050	67.1%
Others	340,279	39,850	>100%	192,248	(21,326)	>100%
Inter-segment eliminations	(28,558)	(19,413)	(47.1)%	-	-	-

### Group

The Group revenue of RM4,484.9 million in the current quarter was 20.2% higher than the RM3,730.8 million reported in the quarter ended 30 June 2022 (“corresponding quarter”) attributed to the higher contribution from all segments driven by the sustained demand in the current quarter and completion of sale of industrial land in Serendah to Longi (Kuching) Sdn. Bhd. (“Longi”) at a purchase price of RM304.9 million (“sale of industrial land to Longi”).

Correspondingly, the Group recorded a higher profit before taxation and zakat (“PBTZ”) of RM476.0 million in the current quarter compared with RM230.0 million in the corresponding quarter. The PBTZ in the current quarter was inclusive of RM218.1 million profit from the sale of the industrial land stated above.

## **NOTE 15 - Review of performance (cont'd.)**

### **Quarter 2 2023 vs Quarter 2 2022 (cont'd.)**

#### **i. Automotive Segment**

The segment revenue of RM3,417.2 million was 9.6% higher than the RM3,117.4 million reported in the corresponding quarter, mainly due to the higher number of vehicles sold in the current quarter.

In line with higher revenue, the segment's PBTZ of RM212.8 million was higher than the RM202.9 million reported in the corresponding quarter.

#### **ii. Equipment Segment**

The segment revenue of RM456.2 million was 24.4% higher than the RM366.6 million reported in the corresponding quarter, mainly due to the higher delivery for both local and overseas markets in the current quarter.

Accordingly, the segment recorded a higher PBTZ of RM49.1 million compared with RM35.4 million reported in the corresponding quarter.

#### **iii. Manufacturing & Engineering Segment**

The segment revenue of RM299.7 million was 32.4% higher than the RM226.4 million reported in the corresponding quarter. The improved performance was mainly attributable to the higher contribution from the Aerospace sub-segment due to higher delivery of fan cases.

Consequently, the segment recorded a higher PBTZ of RM21.8 million compared with RM13.1 million reported in the corresponding quarter.

#### **iv. Others**

The segment under Others mainly relates to various activities besides Automotive, Equipment and Manufacturing & Engineering such as property development, information technology, management and corporate services, various professional services and research and development.

The segment revenue of RM340.3 million in the current quarter was significantly higher than the RM39.9 million reported in the corresponding quarter primarily due to the completion of sale of industrial land to Longi.

As a result, the segment reported PBTZ of RM192.2 million compared with loss before taxation and zakat ("LBTZ") of RM21.3 million in the corresponding quarter.

**NOTE 15 - Review of performance (cont'd.)****First Half Year 2023 vs First Half Year 2022**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	6 Months Ended 30.06.2023 RM'000	6 Months Ended 30.06.2022 RM'000	Variance %	6 Months Ended 30.06.2023 RM'000	6 Months Ended 30.06.2022 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	<b>8,864,451</b>	<b>7,381,598</b>	<b>20.1%</b>	<b>726,681</b>	<b>446,336</b>	<b>62.8%</b>
<b>Business Segment:</b>						
Automotive	7,044,125	6,187,543	13.8%	429,855	408,721	5.2%
Equipment	891,115	738,367	20.7%	100,391	67,203	49.4%
Manufacturing & Engineering	623,280	453,523	37.4%	44,180	23,677	86.6%
Others	364,762	42,922	>100%	152,255	(53,265)	>100%
Inter-segment eliminations	(58,831)	(40,757)	(44.3)%	-	-	-

**Group**

The Group revenue for the first half of the period ended 30 June 2023 of RM8,864.5 million was 20.1% higher than the RM7,381.6 million recorded for the period ended 30 June 2022 ("corresponding period"), which was attributable to the higher contribution from all segments due to the continued economic growth momentum.

Correspondingly, the Group recorded a higher PBTZ of RM726.7 million, inclusive of the RM218.1 million profit from the completion of the sale of industrial land to Longi, compared with RM446.3 million reported in the corresponding period.

**i. Automotive Segment**

The segment revenue of RM7,044.1 million was 13.8% higher than the RM6,187.5 million recorded in the corresponding period which was underpinned by the higher number of vehicles sold during the period.

Accordingly, the segment recorded a higher PBTZ of RM429.9 million compared with RM408.7 million reported in the corresponding period.

**ii. Equipment Segment**

The revenue of RM891.1 million was 20.7% higher than the RM738.4 million reported in the corresponding period, attributable to the higher delivery of equipment from both Heavy Equipment and Industrial Equipment sub-segments in the current period.

In tandem with the higher revenue reported, the segment's PBTZ of RM100.4 million was 49.4% higher than the RM67.2 million recorded in the corresponding period.

**iii. Manufacturing & Engineering Segment**

The segment revenue of RM623.3 million was 37.4% higher than the RM453.5 million reported in the corresponding period due to higher contribution from all sub-segments, most notably from the Aerospace sub-segment due to higher delivery of fan cases.

Accordingly, the segment reported PBTZ of RM44.2 million which was 86.6% higher compared with the RM23.7 million recorded in the corresponding period.

**NOTE 15 - Review of performance (cont'd.)****First Half Year 2023 vs First Half Year 2022 (cont'd.)****iv. Others**

Revenue for this segment of RM364.8 million was substantially higher in comparison to RM42.9 million reported in the corresponding period mainly contributed by the completion of the sale of industrial land to Longi during the period.

Correspondingly, the segment registered PBTZ of RM152.3 million in the current period compared with LBTZ of RM53.3 million in the corresponding period.

**NOTE 16 - Comparison with immediate preceding quarter****Quarter 2 2023 vs Quarter 1 2023**

	Revenue			Profit/(Loss) Before Taxation and Zakat		
	3 Months Ended 30.06.2023 RM'000	3 Months Ended 31.03.2023 RM'000	Variance %	3 Months Ended 30.06.2023 RM'000	3 Months Ended 31.03.2023 RM'000	Variance %
<b>CONSOLIDATED TOTAL</b>	<b>4,484,870</b>	<b>4,379,581</b>	<b>2.4%</b>	<b>475,950</b>	<b>250,731</b>	<b>89.8%</b>
<b>Business Segment:</b>						
Automotive	3,417,205	3,626,920	(5.8)%	212,833	217,022	(1.9)%
Equipment	456,219	434,896	4.9%	49,063	51,328	(4.4)%
Manufacturing & Engineering	299,725	323,555	(7.4)%	21,806	22,374	(2.5)%
Others	340,279	24,483	>100%	192,248	(39,993)	>100%
Inter-segment eliminations	(28,558)	(30,273)	5.7%	-	-	-

**Group**

The Group revenue of RM4,484.9 million was higher than the RM4,379.6 million reported in the preceding quarter ended 31 March 2023 ("preceding quarter"), attributable to the higher contribution from the Equipment and Others segments in the current quarter boosted by the stable market demand as well as the completion of the sale of industrial land to Longi.

Accordingly, the Group reported a higher PBTZ of RM476.0 million, inclusive of RM218.1 million profit from the completion of the sale of industrial land to Longi, compared with RM250.7 million in the preceding quarter.

**i. Automotive Segment**

The segment revenue of RM3,417.2 million was lower than the preceding quarter revenue of RM3,626.9 million mainly due to the lower number of vehicles sold in the current quarter.

Correspondingly, the segment reported a lower PBTZ of RM212.8 million compared with RM217.0 million reported in the preceding quarter.

## **NOTE 16 - Comparison with immediate preceding quarter (cont'd.)**

### **Quarter 2 2023 vs Quarter 1 2023 (cont'd.)**

#### **ii. Equipment Segment**

The revenue of RM456.2 million was higher than the RM434.9 million reported in the preceding quarter, attributable to the higher delivery of equipment for the Heavy Equipment sub-segment in the current quarter.

However, the segment's PBTZ of RM49.1 million was lower compared with the RM51.3 million reported in the preceding quarter mainly due to the sales mix in the current quarter.

#### **iii. Manufacturing & Engineering Segment**

The segment revenue of RM299.7 million decreased from RM323.6 million reported in the preceding quarter owing to the lower contribution from the Auto Components and the Aerospace sub-segments due to lower sales reported in the current quarter.

Consequently, the segment's PBTZ of RM21.8 million was lower than the RM22.4 million reported in the preceding quarter.

#### **iv. Others**

Revenue for this segment of RM340.3 million was substantially higher than the RM24.5 million reported in the preceding quarter mainly due to the completion of the sale of industrial land to Longi in the current quarter.

Accordingly, the segment reported a significantly higher PBTZ of RM192.2 million in the current quarter, inclusive of the RM218.1 million profit from the sale of industrial land to Longi, compared with RM40.0 million loss recorded in the preceding quarter.

## **NOTE 17 - Prospects**

The gross domestic product ("GDP") growth for 2023 is expected to be between 4% and 5% and will continue to be driven by resilient domestic demand, underpinned by favourable labour market conditions, stronger pick-up in tourism activities, as well as continued progress of multi-year infrastructure projects. The downside risks emanate primarily from external factors such as persistent inflation and further tightening of monetary policy as well as China's slow recovery, increasing debt distress and deepening geo-economic fragmentation. Bank Negara Malaysia in its latest Monetary Policy Statement on 6 July 2023 maintained the overnight policy rate at 3%.

#### **i. Automotive Segment**

The Malaysian Automotive Association ("MAA") has recently revised upwards its Total Industry Volume ("TIV") forecast for 2023 by 11.5% to 725,000 units from 650,000 units, supported by the high industry order backlog of over 300,000 units. Aggressive marketing campaigns, new model launches and faster delivery due to the improved supply chain environment continue to sustain consumers' buying interest and sales orders.

The Group anticipates that the Automotive segment will continue to perform well in the second half of 2023 to meet the higher mobility needs as the economy continues to expand.

## NOTE 17 – Prospects (cont’d.)

### ii. Equipment Segment

The outlook for the Equipment segment remains positive in all the sectors that it serves, underpinned by the encouraging demand amid the recovery in global economic growth as well as resumption of infrastructure and construction projects.

With the improving supply chain, the segment plans to introduce more new models to cater to the growing demand. Furthermore, the segment will continue to work closely with its principals to further improve the competitiveness of its products and services.

The segment will also continue to intensify its cost optimisation and operational efficiency efforts to improve its competitiveness and profitability.

### iii. Manufacturing & Engineering Segment

The Auto Components and Lubricants sub-segments are expected to grow in line with the improving demand for automotive products for the remainder of the year following the upward revision of TIV by the MAA.

The reopening of international borders and the increase in air travel which is expected to reach close to 95% of 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 orders for aircraft are expected to continue to improve beyond pre-Covid-19 levels. The higher forecasted orders for fan cases will increase the plant utilisation rate and is expected to contribute positively to the Aerospace sub-segment for the second half of 2023.

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

## NOTE 18 - Variance from profit forecast and profit guarantee

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

## NOTE 19 - Revenue

Disaggregation of revenue from contracts with customers:

6 Months Ended 30.06.2023	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
<b>Business Segment</b>											
Automotive	5,601,172	1,019,368	422,447	-	-	1,138	-	-	7,044,125	-	7,044,125
Equipment	-	170,783	15,374	526,922	-	44,814	-	-	757,893	133,222	891,115
Manufacturing & Engineering	-	217,514	294,295	-	111,359	112	-	-	623,280	-	623,280
Others	-	-	-	-	-	584	356,848	7,330	364,762	-	364,762
Inter-segment eliminations	(1,380)	(34,879)	(1,667)	(286)	(16,075)	(296)	-	-	(54,583)	(4,248)	(58,831)
<b>Total</b>	<b>5,599,792</b>	<b>1,372,786</b>	<b>730,449</b>	<b>526,636</b>	<b>95,284</b>	<b>46,352</b>	<b>356,848</b>	<b>7,330</b>	<b>8,735,477</b>	<b>128,974</b>	<b>8,864,451</b>

**NOTE 19 – Revenue (cont'd.)**

6 Months Ended 30.06.2022	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
<b>Business Segment</b>											
Automotive	4,934,073	815,131	437,999	-	-	340	-	-	6,187,543	-	6,187,543
Equipment	-	155,445	16,625	414,981	-	29,355	-	-	616,406	121,961	738,367
Manufacturing & Engineering	-	203,130	143,911	-	106,386	96	-	-	453,523	-	453,523
Others	-	-	-	-	-	704	35,690	6,528	42,922	-	42,922
Inter-segment eliminations	-	(30,832)	(1,613)	(551)	(3,687)	(186)	-	-	(36,869)	(3,888)	(40,757)
<b>Total</b>	<b>4,934,073</b>	<b>1,142,874</b>	<b>596,922</b>	<b>414,430</b>	<b>102,699</b>	<b>30,309</b>	<b>35,690</b>	<b>6,528</b>	<b>7,263,525</b>	<b>118,073</b>	<b>7,381,598</b>

**NOTE 20 - Taxation and Zakat**

	3 Months Ended 30.06.2023 RM'000	3 Months Ended 30.06.2022 RM'000	6 Months Ended 30.06.2023 RM'000	6 Months Ended 30.06.2022 RM'000
Current period provision	(87,125)	(56,213)	(136,608)	(84,729)
Over/(under) provision in prior period	801	(1,923)	800	(1,519)
Deferred taxation	(86,324)	(58,136)	(135,808)	(86,248)
Taxation	(3,190)	3,216	330	(10,557)
Zakat	(89,514)	(54,920)	(135,478)	(96,805)
Total taxation and zakat	(1,045)	(1,599)	(2,090)	(3,198)
	(90,559)	(56,519)	(137,568)	(100,003)

The effective tax rate for the six months ended 30 June 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 21 - Corporate proposals**

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

**NOTE 22 - Group borrowings and debt securities**

	As at 30.06.2023		
	Long term	Short term	Total borrowings
	RM denomination RM'000	RM denomination RM'000	RM denomination RM'000
<b>Secured</b>			
Term loans and trade facilities	88,300	-	88,300
Long term loans payable within 12 months	(22,074)	22,074	-
	66,226	22,074	88,300
<b>Unsecured</b>			
Term loans and trade facilities	1,264,991	156,961	1,421,952
Long term loans payable within 12 months	(12,000)	12,000	-
	1,252,991	168,961	1,421,952
<b>Total</b>	<b>1,319,217</b>	<b>191,035</b>	<b>1,510,252</b>

**NOTE 22 - Group borrowings and debt securities (cont'd.)**

	As at 31.12.2022		
	Long term	Short term	Total borrowings
	RM denomination	RM denomination	RM denomination
<b>Secured</b>	RM'000	RM'000	RM'000
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
<b>Unsecured</b>			
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 23 - Financial instruments****Derivatives**

As at 30 June 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	324,838	4,917
Derivative Liabilities			
- Forward currency contracts	Less than 1 year	302,646	(4,122)
- Embedded derivatives	Less than 1 year	809,182	(4,352)
		1,111,828	(8,474)

**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 30 June 2023 other than expiry of outstanding contracts reported then.



**NOTE 23 - Financial instruments (cont'd.)**

**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 24 - Material litigation**

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

**NOTE 25 - Dividends declared**

No interim dividend has been recommended for the quarter/period ended 30 June 2023 (30 June 2022: RM Nil).

**NOTE 26 - 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.

	<b>3 Months Ended 30.06.2023</b>	<b>3 Months Ended 30.06.2022</b>	<b>6 Months Ended 30.06.2023</b>	<b>6 Months Ended 30.06.2022</b>
Profit for the period attributable to the owners of the Company (RM'000)	303,551	107,189	438,011	208,395
Weighted average number of ordinary shares	1,168,293,932	1,168,293,932	1,168,293,932	1,168,293,932
Earnings per share (sen) - Basic/diluted	25.98	9.17	37.49	17.84

**NOTE 27 - Audit qualification**

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

**NOTE 28 - Items to disclose in the Statement of Comprehensive Income**

	<b>3 Months Ended 30.06.2023 RM'000</b>	<b>3 Months Ended 30.06.2022 RM'000</b>	<b>6 Months Ended 30.06.2023 RM'000</b>	<b>6 Months Ended 30.06.2022 RM'000</b>
a. Interest income	21,289	16,085	46,539	28,606
b. Other investment income	482	1,204	3,882	2,247
c. Depreciation and amortisation	(86,970)	(83,576)	(172,904)	(165,213)
d. Net reversal of/(allowance for) expected credit loss on receivables	490	134	(144)	(856)
e. Net reversal of impairment on property, plant and equipment	170	-	172	-
f. Net gain/(loss) on disposal of investments	693	85	902	(6,743)
g. Net gain on disposal of property, plant and equipment, leased assets and right-of-use assets	9,518	7,153	19,196	16,629
h. Net reversal of inventories written down	1,614	2,030	3,260	2,231
i. Net realised and unrealised foreign exchange (loss)/gain	(237)	4,040	1,537	1,835
j. Net fair value loss on derivatives	(5,011)	(8,155)	(25,013)	(16,115)
k. Property, plant and equipment written off	-	(19)	(308)	(90)

**By Order Of The Board**

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

Kuala Lumpur  
 29 August 2023