



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2021

Summary

- Against the corresponding quarter, the Group's current quarter revenue improved by 11.8% due to higher revenue from both Motor Trading and Auto Parts Manufacturing Divisions.
- Contributions from our joint venture entity and associates were also higher by 79.5% and 52.4% respectively.
- As a result, profit before tax for the quarter increased to RM55.0 million.

Results

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2021 RM mil	2020 RM mil	Change %	2021 RM mil	2020 RM mil	Change %
Revenue	418.3	374.0	11.8	418.3	374.0	11.8
Profit before tax	55.0	31.3	76.0	55.0	31.3	76.0
Profit / (loss) for the period	52.7	30.3	74.1	52.7	30.3	74.1
Continuing operations	52.8	30.5	73.2	52.8	30.5	73.2
Discontinued operation	(0.0)	(0.2)	80.6	(0.0)	(0.2)	80.6
Profit attributable to equity holders of the Company	47.0	27.2	72.7	47.0	27.2	72.7
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	12.0	7.0	72.8	12.0	7.0	72.8
Continuing operations	12.0	7.0	71.8	12.0	7.0	71.8
Discontinued operation	(0.0)	(0.1)	80.0	(0.0)	(0.1)	80.0
	As at 31 Mar 2021 RM mil	As at 31 Dec 2020 RM mil				
Equity attributable to the equity holders of the Company	1,848.9	1,825.7	1.3			
	RM	RM				
Net assets per share	4.73	4.67	1.3			
	Interim 2021 Sen	Interim 2020 Sen		YTD 2021 Sen	YTD 2020 Sen	
Dividend per share	--	--	--	--	--	--

Performance of sales by operations

% Changes *	Q1'21 vs Q4'20	Q1'21 vs Q1'20	YTD Mar'21 vs YTD Mar'20
Total Industry Volume (TIV) **	- 25.8	+ 31.3	+ 31.3
Total Industry Production (TIP) **	- 13.1	+ 35.6	+ 35.6
Total Group's Vehicles Sales	- 31.9	+ 3.6	+ 3.6
Subsidiaries			
DMSB : Daihatsu & Hino trucks	- 59.0	- 11.9	- 11.9
DMMS : Perodua vehicles	- 30.0	+ 5.6	+ 5.6
FAHB : Volvo & Volkswagen vehicles	- 30.5	- 14.3	- 14.3
HASB	- 24.9	+ 68.7	+ 68.7
OMI	- 7.4	+ 68.2	+ 68.2
Service throughputs	+ 2.4	+ 6.9	+ 6.9
Joint Venture			
AHSB	- 19.2	+ 51.5	+ 51.5
Associated companies			
Perodua vehicles	- 20.5	+ 17.7	+ 17.7
Hino trucks and buses	+ 76.0	+ 56.3	+ 56.3

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
FAHB : Federal Auto Holdings Berhad
HASB : Hirota Acoustics Sdn Bhd
OMI : Oriental Metal Industries (M) Sdn Bhd
AHSB : Autoliv Hirota Sdn Bhd

* All changes based on vehicle unit sales, except for HASB, OMI and AHSB which are based on sales values

** Source : Malaysian Automotive Association (MAA) 2021 and 2020

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2021

Group Financial Performance

First quarter ended 31 March 2021 compared with first quarter ended 31 March 2020

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-21	Quarter ended 31-Mar-20	Change		Quarter ended 31-Mar-21	Quarter ended 31-Mar-20	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total From Continuing Operations	418,307	374,040	44,267	11.8	55,038	31,267	23,771	76.0
<u>Business segments:</u>								
Motor Trading	354,553	335,928	18,625	5.5	4,921	1,101	3,820	347.0
Auto Parts Manufacturing	63,323	37,640	25,683	68.2	4,779	988	3,791	383.7
Share of results of a joint venture					4,128	2,300	1,828	79.5
Share of results of associates					43,171	28,334	14,837	52.4
Others	431	472	(41)	(8.7)	(1,961)	(1,456)	(505)	(34.7)
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(35)	(180)	145	80.6

Group

Against the corresponding quarter, the Group's revenue from Continuing Operations was higher by RM44.3 million or 11.8% to close at RM418.3 million. The higher revenue were contributed by both the Motor Trading and Auto Parts Manufacturing Divisions. With the higher revenue, the Group's PBT likewise increased by RM23.8 million or 76.0% against the corresponding quarter in 2020 to achieve PBT of RM55.0 million.

The Group's share of results in its joint venture was also higher by RM1.8 million or 79.5% against the corresponding quarter to close at RM4.1 million for the quarter.

The share of associates' results similarly showed higher performance to close at a profit of RM43.2 million against the corresponding quarter, with an increase of RM14.8 million or 52.4%.

Included in Others are the Group's investment holding revenue and costs.

Since June 2019, the Group's alloy wheel plant has been reclassified as Discontinued Operation.

Motor Trading

The Division's top line performance for the current quarter increased by RM18.6 million or 5.5% as compared to the corresponding quarter in 2020, sustained by the presence of the sales tax exemption (SST). We saw continuous consumer demand in all Perodua models which was complimented by the additional volume from Ativa subsequent to its launch in early March. Strong interest in Volvo as well as further heightened by the launched of the new Volvo XC40 T5 Recharge in February 2021. As for our commercial segment, demand for the Daihatsu Granmax remained steady coming mainly from the e-commerce logistic industry, whilst sales of our Hino commercial trucks continued to be challenging. Our sales volume was also affected by the Movement Control Order 2.0 (MCO 2.0) announced in January 2021 and limited by the stock supply on Perodua and Volvo vehicles although the higher aftersales revenue partially compensated for the supply limitation.

With the higher vehicles and aftersales revenue, the Division achieved higher PBT of RM4.9 million, an increase of RM3.8 million or 347% against the corresponding quarter in 2020. The higher PBT was also contributed by the cost optimisation measures that have been implemented since last year.

Auto Parts Manufacturing

Production demand for our Auto Parts Manufacturing Division were more impressive leading to an increase of RM25.7 million or 68.2% to close at a revenue of RM63.3 million against the corresponding quarter. The higher revenue came mainly from carmakers' higher demand for all the products within the Division to replenish stocks depleted since last year end. Concerted efforts and planning at our plants also helped to ensure there were minimal interruption to our production lines despite the challenges we faced with the ongoing COVID-19 operating environment and global supply chain issues.

Consequently, the Division's PBT for the quarter increased three-fold to close at RM4.8 million, an increase of RM3.8 million, or 383.7% higher than the corresponding quarter in 2020.

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2021

First quarter ended 31 March 2021 against previous quarter ended 31 December 2020

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-21 RM'000	Quarter ended 31-Dec-20 RM'000	Change		Quarter ended 31-Mar-21 RM'000	Quarter ended 31-Dec-20 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	418,307	560,416	(142,109)	(25.4)	55,038	98,459	(43,421)	(44.1)
<u>Business segments:</u>								
Motor Trading	354,553	489,159	(134,606)	(27.5)	4,921	18,130	(13,209)	(72.9)
Auto Parts Manufacturing	63,323	70,737	(7,414)	(10.5)	4,779	7,859	(3,080)	(39.2)
Share of results of a joint venture					4,128	6,025	(1,897)	(31.5)
Share of associates' results					43,171	67,862	(24,691)	(36.4)
Others	431	520	(89)	(17.1)	(1,961)	(1,417)	(544)	(38.4)
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(35)	(7,498)	7,463	99.5

Group

Against the preceding quarter, the Group's revenue was lower by RM142.1 million or 25.4% to close at RM418.3 million, arising from both the Motor Trading and Auto Parts Manufacturing Divisions. This is partly due to much higher demand towards the end of last year as consumers were rushing to purchase ahead of the anticipated end of the SST on 31 December 2020, as compared to the current quarter's consumer sentiment with regards to the extension of the SST until 30 June 2021. Other factors mentioned earlier including limited vehicle supplies, the continuous COVID-19 operating environment and the MCO 2.0 announced on 13 January 2021 had also contributed to the shortfall against the preceding quarter.

With the lower revenue, PBT therefore closed at RM55.0 million, lower by RM43.4 million or 44.1% as compared to the preceding quarter.

The Group's share of the joint venture's results similarly reported lower profit of RM4.1 million, an drop of RM1.9 million or 31.5% from the preceding quarter.

Likewise for the Group's share of its associates results which closed at a PBT of RM43.2 million, an decrease of RM24.7 million or 36.4% against the preceding quarter.

PROSPECTS

We remain cautiously optimistic on the prospects of the automotive sector moving into the second half of the year. Despite the new model launches which have seen a higher take-up rates, favourable interest rates facilitated by the banks support, and the sales tax holiday leading to increase in order banks, there are concerns on whether the current pent-up demand is able to sustain the momentum moving into the remaining half of the year. The economic recovery remains uncertain as the COVID-19 pandemic continues to cloud the country and global market environment. Further MCOs would raise concerns and undermine the Group's performance.

We foresee the third quarter of 2021 is expected to undergo a consolidation phase, as with the end of any tax incentive period trend, and from the impact of the shortage of chips supply since April this year. Recovery will resume in the fourth quarter of the year as the market starts to accept the On-the-Road prices with sales tax again, and the speed of implementation of COVID-19 immunisation plan.

In mitigating these challenges, the Group continues to remain vigilant on the need to maintain profit margins by managing its costs more effectively and efficiently. We also continue to engage with our customers with promotional campaigns and programmes via social media platforms. We are confident that with all these measures in place, we will continue to be in a commanding position to steer the Group's performance forward.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2021 - unaudited

		Current Quarter Ended 31/03/2021 RM'000	Comparative Quarter Ended 31/03/2020 RM'000	3 months Cumulative To Date 31/03/2021 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2020 RM'000
	Note				
Continuing operations					
Revenue	14	418,307	374,040	418,307	374,040
Cost of sales		<u>(382,664)</u>	<u>(343,820)</u>	<u>(382,664)</u>	<u>(343,820)</u>
Gross profit		35,643	30,220	35,643	30,220
Other income		6,864	7,236	6,864	7,236
Administrative and other expenses		(22,389)	(23,475)	(22,389)	(23,475)
Selling and marketing expenses		(13,208)	(14,602)	(13,208)	(14,602)
Finance costs		(100)	(357)	(100)	(357)
Interest income		929	1,611	929	1,611
Share of results of a joint venture, net of tax		4,128	2,300	4,128	2,300
Share of results of associates, net of tax		<u>43,171</u>	<u>28,334</u>	<u>43,171</u>	<u>28,334</u>
Profit before tax	14	55,038	31,267	55,038	31,267
Income tax expense	18	<u>(2,285)</u>	<u>(813)</u>	<u>(2,285)</u>	<u>(813)</u>
Profit from continuing operations		<u>52,753</u>	<u>30,454</u>	<u>52,753</u>	<u>30,454</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>(35)</u>	<u>(180)</u>	<u>(35)</u>	<u>(180)</u>
Profit for the period		<u>52,718</u>	<u>30,274</u>	<u>52,718</u>	<u>30,274</u>
Profit / (loss) for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		47,067	27,409	47,067	27,409
- Discontinued operation		<u>(35)</u>	<u>(180)</u>	<u>(35)</u>	<u>(180)</u>
		<u>47,032</u>	<u>27,229</u>	<u>47,032</u>	<u>27,229</u>
Non-controlling interests from:					
- Continuing operations		5,686	3,045	5,686	3,045
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>5,686</u>	<u>3,045</u>	<u>5,686</u>	<u>3,045</u>
Profit for the period		<u>52,718</u>	<u>30,274</u>	<u>52,718</u>	<u>30,274</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

For the three months ended 31 March 2021 - unaudited

	Current Quarter Ended 31/03/2021 RM'000	Comparative Quarter Ended 31/03/2020 RM'000	3 months Cumulative To Date 31/03/2021 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2020 RM'000
Profit for the period	52,718	30,274	52,718	30,274
Other comprehensive income / (loss), net of tax				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Share of revaluation surplus from fair value adjustments of assets in an associate	(14)	130	(14)	130
Share of foreign currency translation reserve of foreign operations of associates	(11)	--	(11)	--
Net gain / (loss) on cash flow hedges and revaluation of an associate	(386)	34	(386)	34
Other comprehensive income for the period, net of tax	(411)	164	(411)	164
Total comprehensive income for the period	52,307	30,438	52,307	30,438
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company from:				
- Continuing operations	46,696	27,557	46,696	27,557
- Discontinued operation	(35)	(180)	(35)	(180)
	46,661	27,377	46,661	27,377
Non-controlling interests from:				
- Continuing operations	5,646	3,061	5,646	3,061
- Discontinued operation	--	--	--	--
	5,646	3,061	5,646	3,061
Total comprehensive income for the period	52,307	30,438	52,307	30,438
Earnings / (loss) per ordinary share				
Basic and diluted from:				
- Continuing operations	12.04	7.01	12.04	7.01
- Discontinued operation	(0.01)	(0.05)	(0.01)	(0.05)
23	12.03	6.96	12.03	6.96

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 March 2021 - unaudited

	Note	As at end of Current Quarter 31/03/2021 RM'000	(Unaudited) As at preceding Financial Year Ended 31/12/2020 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		213,155	214,179
Right-of-use assets		3,663	3,869
Investment properties		64,204	64,684
Prepaid land lease payments		31,092	31,210
Investment in a joint venture		75,419	71,291
Investment in associates		1,378,334	1,335,574
Available-for-sale financial asset		1,862	1,862
Deferred tax assets		2,356	2,356
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,771,189</u>	<u>1,726,129</u>
Current Assets			
Inventories		72,506	56,143
Trade & other receivables and prepaid expenses		152,891	157,881
Amount owing by a joint venture		--	10,200
Tax recoverable		2,652	3,922
Cash and bank balances		246,130	271,028
		474,179	499,174
Assets classified as held for sale		<u>30,645</u>	<u>30,645</u>
Total Current Assets		<u>504,824</u>	<u>529,819</u>
TOTAL ASSETS	14	<u>2,276,013</u>	<u>2,255,948</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 31 March 2021 - unaudited

		As at end of Current Quarter 31/03/2021 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2020 RM'000
	Note	<u> </u>	<u> </u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,457,264</u>	<u>1,434,056</u>
Equity attributable to the equity holders of the Company		1,848,915	1,825,707
Non-controlling interests		<u>282,621</u>	<u>276,986</u>
Total Equity		<u>2,131,536</u>	<u>2,102,693</u>
Non-Current Liabilities			
Long term borrowings	20	100	134
Deferred tax liabilities		4,578	4,578
Provision for retirement benefits		2,583	2,794
Lease liabilities - non-current portion		<u>1,617</u>	<u>1,766</u>
Total Non-Current Liabilities		<u>8,878</u>	<u>9,272</u>
Current Liabilities			
Short term borrowings	20	4,901	6,863
Trade & other payables and accrued expenses		126,796	132,795
Amount owing to holding company		13	36
Lease liabilities - current portion		2,040	2,156
Tax liabilities		<u>1,849</u>	<u>2,133</u>
Total Current Liabilities		<u>135,599</u>	<u>143,983</u>
Total Liabilities	14	<u>144,477</u>	<u>153,255</u>
TOTAL EQUITY AND LIABILITIES		<u>2,276,013</u>	<u>2,255,948</u>
Net assets per share (RM)		4.73	4.67

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three months ended 31 March 2021 - unaudited

Note	/----- Non-distributable reserve -----/				Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000				
3 months ended 31 March 2020 - unaudited								
At 1 January 2020	391,651	3,569	(31)	996	1,352,701	1,748,886	263,709	2,012,595
Dividends distributed to owners of the Company	--	--	--	--	(27,362)	(27,362)	--	(27,362)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	(13)	(13)
Profit for the period	--	--	--	--	27,229	27,229	3,045	30,274
Other comprehensive income for the period	--	117	31	--	--	148	16	164
Total comprehensive income	--	117	31	--	27,229	27,377	3,061	30,438
At 31 March 2020	391,651	3,686	--	996	1,352,568	1,748,901	266,757	2,015,658
3 months ended 31 March 2021 - unaudited								
At 1 January 2021	391,651	2,977	(42)	765	1,430,356	1,825,707	276,986	2,102,693
Dividends distributed to owners of the Company	--	--	--	--	(23,453)	(23,453)	--	(23,453)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	(11)	(11)
Profit for the period	--	--	--	--	47,032	47,032	5,686	52,718
Other comprehensive income for the period	--	(13)	(348)	(10)	--	(371)	(40)	(411)
Total comprehensive income	--	(13)	(348)	(10)	47,032	46,661	5,646	52,307
At 31 March 2021	391,651	2,964	(390)	755	1,453,935	1,848,915	282,621	2,131,536

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended 31 March 2021 - unaudited

	3 months ended 31/03/2021 RM'000	(Unaudited) 3 months ended 31/03/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	55,038	31,267
- <i>Discontinued operation</i>	(35)	(180)
	<u>55,003</u>	<u>31,087</u>
Adjustments for :		
Share of results of associates	(43,171)	(28,334)
Share of results of a joint venture	(4,128)	(2,300)
Depreciation and amortisation	4,331	4,301
Finance costs from :		
- <i>Continuing operations</i>	100	357
- <i>Discontinued operation</i>	--	--
Other non-cash items	(892)	(1,675)
Operating profit before working capital changes	11,243	3,436
Changes in working capital		
(Increase) / Decrease in trade & other receivables	4,990	32,126
(Increase) / Decrease in inventories	(16,415)	(35,296)
Increase / (Decrease) in trade & other payables	(5,999)	(24,346)
Net changes in other current assets & liabilities	(234)	(36)
Income tax refunded	2,275	--
Income tax paid	(3,574)	(4,374)
Net cash from / (used in) operating activities	<u>(7,714)</u>	<u>(28,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from a joint venture	10,200	15,300
Interest income	929	1,611
Purchase of property, plant & equipment	(2,163)	(907)
Proceeds from disposal of property, plant & equipment	21	215
Net cash from / (used in) investing activities	<u>8,987</u>	<u>16,219</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(23,453)	(27,362)
Dividends paid to non-controlling interests of subsidiaries	(11)	(13)
Finance costs paid	(100)	(357)
Bank borrowings	(209)	(5,700)
Lease payables	(611)	(660)
Net cash from / (used in) financing activities	<u>(24,384)</u>	<u>(34,092)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,111)	(46,363)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>264,958</u>	<u>258,860</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>241,847</u>	<u>212,497</u>
Cash and cash equivalents comprise :		
Cash and bank balances	246,130	218,509
Bank overdrafts	(4,283)	(6,012)
	<u>241,847</u>	<u>212,497</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), MFRS134: Interim Financial Reporting and the requirements of the Malaysian Companies Act, 2016 and comply with applicable disclosure provisions under Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad .

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

2. Significant accounting policies

The accounting policies and method of computation applied by the Group in these unaudited condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations during the current financial period :

Effective for financial periods beginning on or after 1 January 2021

Amendments to:

MFRS 9, MFRS 129, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2

The initial adoption of the above new and revised MFRSs, amendments to MFRSs and IC interpretations did not result in significant changes in the accounting policies of the Group and do not have any significant effect on the financial statements of the Group.

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and amendments to MFRSs have been issued by the MASB but are not yet effective and have not been adopted by the Group :

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRSs Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Reference to Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before intended Use
Amendments to MFRS 137 Onerous Contracts - Costs of Fulfilling a Contract

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts
Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
Amendments to MFRS 101 Disclosure of Accounting Policies
Amendments to MFRS 108 Definition of Accounting Estimates

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

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Independent Auditors' Report of Preceding Annual Financial Statements

The independent auditors' report on the financial statements of the Group and of the Company as at and for the year ended 31 December 2020 was not qualified.

4. Seasonal and cyclical factors

The main activities of the Group are in motor trading and manufacturing of automotive components and are therefore dependent on the economy of the country.

5. Exceptional items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period under review.

6. Estimates

In preparing the condensed interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key estimation made were consistent with those applied in the financial statements of the Group for the year ended 31 December 2020.

Notes to the condensed consolidated interim financial statements (cont'd)

7. Debt and equity securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period under review.

The issued share capital of the Group and the Company during the financial period was as follows:

	Period ended 31/03/2021	
	Number of Shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2021 / 31 March 2021	390,887	391,651

8. Dividends paid

No dividends were paid during the financial quarter under review.

9. Subsequent material events

There were no material subsequent events to be disclosed as at the date of this report.

10. Changes in composition of the Group

There were no material changes in the composition of the Group during for the current quarter under review.

11. Capital commitments

The amount of commitments in respect of the acquisition of property, plant and equipments not provided for in the interim financial statements as at 31 March 2021 is as follows :

	RM'000
Approved and contracted for	--
Approved and not contracted for	11,591

12. Significant related party transactions

During the period ended 31 March 2021, the Group and the Company had the following transactions with related parties:

	31/03/2021 RM'000
Group	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	238,573
Sales to Perodua, its subsidiaries and associates	7,372
Purchases from Daihatsu Motor Co., Ltd	287
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	3,591
Company	
Gross dividends from:	
- subsidiaries	10,489
- associates	--
Management fees from subsidiaries	54
Interest income on advances to subsidiaries	700

13. Contingent liabilities or assets

The Group does not have any significant contingent liabilities or assets which upon due or enforceable, may have a material impact on the results of the Group.

14. Operating segments

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is specifically focused on the business segments as follows:

- (i) Motor Trading : Marketing and distribution of motor vehicles, spare parts and provision of related services.
- (ii) Auto Parts Manufacturing : Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services.
- (iii) All others : Investment holding, corporate headquarters and other dormant companies.

Notes to the condensed consolidated interim financial statements (cont'd)

14. Operating segments (cont'd)

Period ended 31 March 2021

	Motor Trading	Auto Parts Manufacturing		All others	Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000
Revenues from external customers	354,553	63,323	--	431	418,307
Results for reportable segments	4,428	4,747	(35)	(2,265)	6,875
Share of results of a jointly venture	--	4,128	--	--	4,128
Share of results of associates	42,331	840	--	--	43,171
Interest income	521	104	--	304	929
Finance costs	(28)	(72)	--	--	(100)
Profit/(loss) before tax for reportable segment	47,252	9,747	(35)	(1,961)	55,003
Depreciation and amortisation	(2,547)	(1,155)	--	(629)	(4,331)
Other significant non-cash items					
- Gain on disposal of property, plant and equipment	15	--	--	--	15
- Allowance for slow-moving inventories	(52)	--	--	--	(52)
Capital expenditure	602	1,555	--	6	2,163
Segment assets	523,387	140,520	19,442	138,911	822,260
Jointly controlled entity	--	52,520	--	22,899	75,419
Investment in associates	1,314,387	63,947	--	--	1,378,334
Segment liabilities	(91,611)	(45,946)	(56)	(6,864)	(144,477)

Period ended 31 March 2020

	Motor Trading	Auto Parts Manufacturing		All others	Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000
Revenues from external customers	335,928	37,640	--	472	374,040
Results for reportable segments	336	996	(180)	(1,953)	(801)
Share of results of a joint venture	--	2,300	--	--	2,300
Share of results of associates	28,849	(515)	--	--	28,334
Interest income	787	81	--	743	1,611
Finance costs	(22)	(89)	--	(246)	(357)
Profit/(loss) before tax for reportable segment	29,950	2,773	(180)	(1,456)	31,087
Depreciation and amortisation	(2,809)	(876)	--	(616)	(4,301)
Other significant non-cash items					
- Gain on disposal of property, plant and equipment	73	31	--	--	104
Capital expenditure	816	87	--	4	907
Segment assets	526,033	115,957	27,333	171,997	841,320
Jointly controlled entity	--	48,223	--	22,899	71,122
Investment in associates	1,187,207	64,906	--	--	1,252,113
Segment liabilities	(90,712)	(27,890)	(344)	(29,951)	(148,897)

Notes to the condensed consolidated interim financial statements (cont'd)

14. Operating segments (cont'd)

Reconciliations of reportable operating segment revenues,
profit or loss, assets and liabilities

	Period ended 31/03/2021 RM'000	Period ended 31/03/2020 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	417,876	373,568
All others	431	472
Elimination of discontinued operation	--	--
Revenue, as reported	<u>418,307</u>	<u>374,040</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	9,665	1,909
All others	(1,961)	(1,456)
Share of results of jointly controlled entity	4,128	2,300
Share of results of associates	43,171	28,334
Elimination of discontinued operation	35	180
Profit before tax, as reported	<u>55,038</u>	<u>31,267</u>
<u>Assets</u>		
Total assets for Group's reportable segments	683,349	669,323
All others	138,911	171,997
Jointly controlled entity	75,419	71,122
Investment in associates	1,378,334	1,252,113
Total assets, as reported	<u>2,276,013</u>	<u>2,164,555</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	137,613	118,946
All others	6,864	29,951
Total liabilities, as reported	<u>144,477</u>	<u>148,897</u>

The Group evaluates performance of these operating segments based on their respective profit or loss. The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at arm's length transactions.

The commentary on segment results is furnished in the Main Section on pages 2 of the announcement.

The accounting policies and method of computation of the operating segments are consistent with those described in the summary of significant accounting policies in the recent audited financial statement for the year ended 31 December 2020.

The results of the Group's indirect wholly owned subsidiary, OMI Alloy (M) Sdn Bhd ("OMIA"), had been classified as "Discontinued Operation" on 30 June 2019 due to the cessation of its alloy wheel plant's operation. The property, plant and equipment of OMIA has since been presented as "Assets classified as held for sale".

Results of discontinued operation:

	Quarter ended		Year to date 3 months ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Other income	18	39	18	39
Administrative and other expenses	(53)	(219)	(53)	(219)
Interest income	-	-	-	-
Loss before tax	(35)	(180)	(35)	(180)
Income tax expense	-	-	-	-
Loss from discontinued operation	<u>(35)</u>	<u>(180)</u>	<u>(35)</u>	<u>(180)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	(74)	14
Net cash from / (used in) investing activities	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	<u>(74)</u>	<u>14</u>

Notes to the condensed consolidated interim financial statements (cont'd)

15. Review of Group performance

The review of performance by operations is furnished in the Main Section on pages 1 to 3 of the announcement.

16. Current year prospects

The overview of current year prospects is furnished in the Main Section on pages 1 to 3 of the announcement.

17. Variance from profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the year.

18. Income tax expense

	Current Quarter 31/03/2021 RM'000	Year to date 31/03/2021 RM'000
Current year's provision	2,285	2,285
Add : Under/(Over) provision in prior years	--	--
	<u>2,285</u>	<u>2,285</u>
Deferred taxation	--	--
Income tax expense	<u><u>2,285</u></u>	<u><u>2,285</u></u>

A reconciliation of the statutory income tax rate at 24% to the effective income tax rate of the Group for the current quarter and for the year-to-date are as follows :

	Current Quarter 31/03/2021 %	Year to date 31/03/2021 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(18.8)	(18.8)
Adjustment for tax applicable to share of results of a joint venture	(1.8)	(1.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	0.8	0.8
	<u>4.2</u>	<u>4.2</u>

19. Corporate proposals

There were no corporate proposals made or undertaken by the Group and the Company during the current quarter.

20. Group borrowings and debt securities

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	4,901	100
Unsecured	--	--
Total	<u><u>4,901</u></u>	<u><u>100</u></u>

21. Material litigations

There is no significant ongoing material litigation as at the date of this quarterly report.

22. Dividend

The Board did not declare any dividend for the current quarter.

A final single tier dividend of 9.0 sen per ordinary share amounting to approximately RM35,179,889 in respect of the financial year ended 31 December 2020, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 1 June 2021, will be paid on 30 June 2021 to shareholders whose names appear in the Record of Depositors of the Company on 16 June 2021.

Notes to the condensed consolidated interim financial statements (cont'd)

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 3 months ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Basic and diluted earnings / (loss) per share	RM'000	RM'000	RM'000	RM'000
Profit / (loss) attributable to owners of the Company:				
- Continuing operations	47,067	27,409	47,067	27,409
- Discontinued operation	(35)	(180)	(35)	(180)
	47,032	27,229	47,032	27,229
Number of ordinary shares in issue	'000	'000	'000	'000
	390,887	390,887	390,887	390,887
Basic and diluted earnings / (loss) per share (sen):				
- Continuing operations	12.04	7.01	12.04	7.01
- Discontinued operation	(0.01)	(0.05)	(0.01)	(0.05)
	12.03	6.96	12.03	6.96

The basic and diluted earnings / (loss) per share are the same as the Company has no dilutive ordinary shares.

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 3 months ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
a) Interest income	929	1,611	929	1,611
b) Interest expense	(100)	(357)	(100)	(357)
c) Depreciation and amortisation	(4,331)	(4,301)	(4,331)	(4,301)
d) Allowance for slow-moving inventories	(52)	--	(52)	--
e) Gain on disposal of property, plant and equipment	15	104	15	104
f) Realised gain / (loss) on foreign exchange	17	(11)	17	(11)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, provisions for and write off of receivable and inventories, gain or loss on derivatives, disposal of quoted or unquoted investments or properties, and other exceptional items for the current financial period ended 31 March 2021.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 27 May 2021.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 27 MAY 2021

For further information, please contact Ms Annie Chin, Group Chief Financial Officer at Tel : +603-2273 8803
Our Quarterly Announcement for the first quarter ended 31 March 2021 can be downloaded from the internet at
www.bursamalaysia.com or www.mbmr.com.my