



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2022

Summary

- Against the corresponding quarter, the Group's current quarter revenue improved by 14.4% with higher revenue coming from both Motor Trading and Auto Parts Manufacturing Divisions.
- Contributions from our associates were higher by 17.8% whereas share of results from joint venture entity reduced by 25.2%.
- The Group also recognised a one-off gain from disposal of a piece of leasehold land with factory buildings and some plant and machinery. As a result, profit before tax for the quarter increased to RM98.5 million.

Results

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2022 RM mil	2021 RM mil	Change %	2022 RM mil	2021 RM mil	Change %
Revenue	478.5	418.3	14.4	478.5	418.3	14.4
Profit before tax	98.5	55.0	78.9	98.5	55.0	78.9
<i>On going business</i>	68.1	55.0	23.7	68.1	55.0	23.7
<i>One-off gains from disposals~</i>	30.4	--	100.0	30.4	--	100.0
Profit / (loss) for the period	95.9	52.7	82.0	95.9	52.7	82.0
<i>Continuing operations</i>	91.9	52.8	74.2	91.9	52.8	74.2
<i>Discontinued operation</i>	4.0	(0.0)	>100.0	4.0	(0.0)	>100.0
Profit attributable to the equity holders of the Company	89.3	47.0	89.8	89.3	47.0	89.8
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings / (loss) per share	22.9	12.0	89.9	22.9	12.0	89.9
<i>Continuing operations</i>	21.8	12.0	81.1	21.8	12.0	81.1
<i>Discontinued operation</i>	1.0	(0.0)	>100.0	1.0	(0.0)	>100.0
Proposed / Declared dividend per share	--	--	--	--	--	--
	<u>As at 31 Mar 2022 RM mil</u>	<u>As at 31 Dec 2021 RM mil</u>		~ The one-off gains from disposals are net of incidental costs.		
Equity attributable to the equity holders of the Company	1,948.7	1,918.0	1.6			
	<u>RM</u>	<u>RM</u>				
Net assets per share	4.99	4.91	1.6			

Performance of sales by operations

	Q1'22 vs Q4'21	Q1'22 vs Q1'21	YTD Mar'22 vs YTD Mar'21
Total Industry Volume (TIV) **	- 15.9	+ 7.8	+ 7.8
Total Industry Production (TIP) **	- 13.2	+ 4.8	+ 4.8
Total Group's Vehicles Sales	- 16.7	+ 1.9	+ 1.9
<u>Subsidiaries</u>			
DMSB : Daihatsu & Hino trucks	- 39.2	+ 75.2	+ 75.2
DMMS : Perodua vehicles	- 15.1	- 4.4	- 4.4
FAHB : Volvo & Volkswagen vehicles	- 5.1	+ 57.8	+ 57.8
HASB	- 7.2	+ 7.8	+ 7.8
OMI	- 9.6	+ 9.7	+ 9.7
Service throughputs	- 11.1	- 1.7	- 1.7
<u>Joint Venture</u>			
AHSB	- 20.9	+ 1.3	+ 1.3
<u>Associated companies</u>			
Perodua vehicles	- 17.3	+ 3.9	+ 3.9
Hino trucks and buses	- 23.9	+ 1.1	+ 1.1

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) 2022 and 2021

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2022

Group Financial Performance

First quarter ended 31 March 2022 compared with first quarter ended 31 March 2021

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-22 RM'000	Quarter ended 31-Mar-21 RM'000	Change		Quarter ended 31-Mar-22 RM'000	Quarter ended 31-Mar-21 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	478,511	418,307	60,204	14.4	98,488	55,038	43,450	78.9
<u>Business segments:</u>								
Motor Trading	408,671	354,553	54,118	15.3	10,607	4,921	5,686	115.5
Auto Parts Manufacturing	69,299	63,323	5,976	9.4	4,879	4,779	100	2.1
One-off gains from disposals~					30,407	--	30,407	100.0
Share of results of a joint venture					3,089	4,128	(1,039)	(25.2)
Share of results of associates					50,875	43,171	7,704	17.8
Others	541	431	110	25.5	(1,369)	(1,961)	592	30.2
Total From Discontinued Operation	--	--	--	--	4,049	(35)	4,084	11,668.6
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	37	(35)	72	205.7
One-off gains from disposals~					4,012	--	4,012	100.0

~ The one-off gains from disposals are net of incidental costs.

Group

The Group closed the current quarter with RM478.5 million in revenue which is RM60.2 million or 14.4% higher than the corresponding quarter in 2021. The improved performance came from both our Motor Trading and Auto Parts Manufacturing Divisions.

The Group PBT was also higher at RM98.5 million, RM43.5 million or 78.9% higher than the corresponding quarter, coming mainly from Motor Trading Division given the further easing of COVID restrictions and improved operating conditions; higher share of associates' results and a one-off gain from disposal of a piece of leasehold land with factory buildings located at Bandar Serendah, Selangor.

The Group's share of results in its joint venture was however lower by RM1.0 million or 25.2% against the corresponding quarter to close at RM3.1 million PBT for the quarter mainly due to model mix and rising production costs.

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. Included in the current quarter's PBT from Discontinued Operation was a gain on disposal of certain alloy wheel plant and machinery amounting to RM4.0 million.

Motor Trading

The Division's closed the quarter with RM408.7 million in revenue, an increase of RM54.1 million or 15.3% against the corresponding quarter coming mainly from higher demand for our Perodua, Volvo and Volkswagen vehicles, as well as the commercial vehicles Daihatsu Granmax although the sales volume is still affected by some supply shortages especially in Perodua supply. The new Volkswagen Golf GTI launched in February 2022 also brought in fresh volume and has already contributed to close to 20% of our current quarter Volkswagen vehicle sales. The Division's performance was also boosted by further increase in aftersales revenue.

With the higher revenue, the Division recorded an improved PBT of RM10.6 million, RM5.7 million or 115.5% higher than the corresponding quarter in 2020. Further, better control of vehicle sales and aftersales service margins and effective costs management also contributed significantly to the improved bottom line.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM69.3 million for the quarter under review, RM6.0 million or 9.4% higher against the corresponding quarter.

PBT for the quarter was also higher at RM4.9 million, RM0.1 million or 2.1% better than the corresponding quarter as the Division's profitability were slightly affected by rising production costs.

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2022

First quarter ended 31 March 2022 against previous quarter ended 31 December 2021

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-22 RM'000	Quarter ended 31-Dec-21 RM'000	Change		Quarter ended 31-Mar-22 RM'000	Quarter ended 31-Dec-21 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	478,511	558,921	(80,410)	(14.4)	98,488	137,131	(38,643)	(28.2)
<u>Business segments:</u>								
Motor Trading	408,671	482,019	(73,348)	(15.2)	10,607	23,692	(13,085)	(55.2)
Auto Parts Manufacturing	69,299	76,357	(7,058)	(9.2)	4,879	6,442	(1,563)	(24.3)
One-off gains from disposals~					30,407	--	30,407	100.0
Share of results of a joint venture					3,089	5,021	(1,932)	(38.5)
Share of associates' results					50,875	103,183	(52,308)	(50.7)
Others	541	545	(4)	(0.7)	(1,369)	(1,207)	(162)	(13.4)
Total From Discontinued Operation	--	--	--	--	4,049	(35)	4,084	11,668.6
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	37	(35)	72	205.7
One-off gains from disposals~					4,012	--	4,012	100.0

~ The one-off gains from disposals are net of incidental costs.

Group

Against preceding quarter, the Group's revenue was RM80.4 million or 14.4% lower as vehicle supply in quarter one was generally lower post-year end partly due to the shorter working month in February. Some carmakers' productions were also affected by, among others, semiconductor chips shortages and logistic issues. With the lower revenue, PBT for the Group likewise registered a reduction of RM38.6 million or 28.2% as compared to the preceding quarter.

Similar trend is seen in the Group's share of the joint venture and associates' results with a decrease of RM1.9 million or 38.5%, and RM52.3 million or 50.7% respectively, against the preceding quarter.

PROSPECTS

The Malaysian economy continues with its recovery trend by registering successive quarterly growth since Q4 2021. Latest release from Bank Negara Malaysia reported Malaysia registered a real GDP growth of 5.0% in Q1 2022 after posting a 3.6% growth in Q4 last year. Further relaxation on the COVID-19 guidelines enabled the economy to open up, leading to expansion in private consumption mainly driven by recovery in the labour market and growth in the external demand for commodities.

Similar trends were recorded in the automotive sector and the Group, with the Total Industry Volume (TIV) and sales volume growing annually by 7.8% and 1.9% respectively, in Q1 2022. Despite the better performances, there are underlying concerns moving forward, with the shortage of chips & components, and delay in containerised shipments of components still clouding the industry. Nevertheless, we remain cautiously optimistic that our results in the coming quarter is expected to be better given the current high unfulfilled order banks and the sales push towards the end of the Sales Tax holiday period on 30 June 2022.

The Group's strong financial standing with positive cash position and low borrowings is expected to insulate the Group from the threats of material price increase and recent appreciation of the US dollar. The multi-brands represented within the Group particularly Perodua, is expected to assist in cushioning the impact of the forex appreciation from foreign marques. In addition, to protect our margin, we will continue to operate efficiently by ensuring that cost management is optimised and business productivity is further improved.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2022 - unaudited

		Current Quarter Ended 31/03/2022 RM'000	Comparative Quarter Ended 31/03/2021 RM'000	3 months Cumulative To Date 31/03/2022 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2021 RM'000
	Note				
Continuing operations					
Revenue	14	478,511	418,307	478,511	418,307
Cost of sales		<u>(438,448)</u>	<u>(382,664)</u>	<u>(438,448)</u>	<u>(382,664)</u>
Gross profit		40,063	35,643	40,063	35,643
Other income		41,102	6,864	41,102	6,864
Administrative and other expenses		(23,306)	(22,389)	(23,306)	(22,389)
Selling and marketing expenses		(14,354)	(13,208)	(14,354)	(13,208)
Finance costs		(149)	(100)	(149)	(100)
Interest income		1,168	929	1,168	929
Share of results of a joint venture, net of tax		3,089	4,128	3,089	4,128
Share of results of associates, net of tax		<u>50,875</u>	<u>43,171</u>	<u>50,875</u>	<u>43,171</u>
Profit before tax	14	<u>98,488</u>	<u>55,038</u>	<u>98,488</u>	<u>55,038</u>
Income tax expense	18	<u>(6,589)</u>	<u>(2,285)</u>	<u>(6,589)</u>	<u>(2,285)</u>
Profit from continuing operations		<u>91,899</u>	<u>52,753</u>	<u>91,899</u>	<u>52,753</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>4,049</u>	<u>(35)</u>	<u>4,049</u>	<u>(35)</u>
Profit for the period		<u>95,948</u>	<u>52,718</u>	<u>95,948</u>	<u>52,718</u>
Profit for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		85,235	47,067	85,235	47,067
- Discontinued operation		<u>4,049</u>	<u>(35)</u>	<u>4,049</u>	<u>(35)</u>
		<u>89,284</u>	<u>47,032</u>	<u>89,284</u>	<u>47,032</u>
Non-controlling interests from:					
- Continuing operations		6,664	5,686	6,664	5,686
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>6,664</u>	<u>5,686</u>	<u>6,664</u>	<u>5,686</u>
Profit for the period		<u>95,948</u>	<u>52,718</u>	<u>95,948</u>	<u>52,718</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 2022 - unaudited

	Current Quarter Ended 31/03/2022 RM'000	Comparative Quarter Ended 31/03/2021 RM'000	3 months Cumulative To Date 31/03/2022 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2021 RM'000
Profit for the period	95,948	52,718	95,948	52,718
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	66	(14)	66	(14)
Share of foreign currency translation reserve of foreign operations of associates	5	(11)	5	(11)
Net gain / (loss) on cash flow hedges and revaluation of an associate	--	(386)	--	(386)
Other comprehensive income / (loss) for the period, net of tax	71	(411)	71	(411)
Total comprehensive income for the period	96,019	52,307	96,019	52,307
Total comprehensive income attributable to:				
Equity holders of the Company from:				
- Continuing operations	85,299	46,696	85,299	46,696
- Discontinued operation	4,049	(35)	4,049	(35)
	89,348	46,661	89,348	46,661
Non-controlling interests from:				
- Continuing operations	6,671	5,646	6,671	5,646
- Discontinued operation	--	--	--	--
	6,671	5,646	6,671	5,646
Total comprehensive income for the period	96,019	52,307	96,019	52,307
Earnings / (loss) per ordinary share				
Basic and diluted from:				
- Continuing operations	21.81	12.04	21.81	12.04
- Discontinued operation	1.04	(0.01)	1.04	(0.01)
23	22.85	12.03	22.85	12.03

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 2022 - unaudited

	Note	As at end of Current Quarter 31/03/2022 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		180,637	181,269
Right-of-use assets		2,187	2,165
Investment properties		91,036	91,483
Prepaid land lease payments		30,616	30,735
Investment in a joint venture		85,476	82,387
Investment in associates		1,467,467	1,416,521
Other investments		2,280	2,280
Deferred tax assets		1,878	1,878
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,862,681</u>	<u>1,809,822</u>
Current Assets			
Inventories		100,697	93,548
Trade & other receivables and prepaid expenses		168,033	160,598
Tax recoverable		4,408	5,484
Cash and bank balances		251,548	260,940
		524,686	520,570
Assets classified as held for sale		810	30,645
Total Current Assets		<u>525,496</u>	<u>551,215</u>
TOTAL ASSETS	14	<u>2,388,177</u>	<u>2,361,037</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 2022 - unaudited

		As at end of Current Quarter 31/03/2022 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2021 RM'000
	Note	<u> </u>	<u> </u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,557,053</u>	<u>1,526,338</u>
Equity attributable to the equity holders of the Company		1,948,704	1,917,989
Non-controlling interests		<u>276,940</u>	<u>270,273</u>
Total Equity		<u>2,225,644</u>	<u>2,188,262</u>
Non-Current Liabilities			
Deferred tax liabilities		5,046	5,046
Provision for retirement benefits		2,710	2,609
Lease liabilities - non-current portion		<u>894</u>	<u>709</u>
Total Non-Current Liabilities		<u>8,650</u>	<u>8,364</u>
Current Liabilities			
Short term borrowings	20	21,425	23,326
Trade & other payables and accrued expenses		129,846	137,986
Amount owing to holding company		41	61
Lease liabilities - current portion		1,254	1,456
Tax liabilities		<u>1,317</u>	<u>1,582</u>
Total Current Liabilities		<u>153,883</u>	<u>164,411</u>
Total Liabilities	14	<u>162,533</u>	<u>172,775</u>
TOTAL EQUITY AND LIABILITIES		<u>2,388,177</u>	<u>2,361,037</u>
Net assets per share (RM)		4.99	4.91

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 2022 - 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 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
3 months ended 31 March 2022 - unaudited								
At 1 January 2022	391,651	2,995	--	(58)	1,523,401	1,917,989	270,273	2,188,262
Dividends distributed to owners of the Company	--	--	--	--	(58,633)	(58,633)	--	(58,633)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	(4)	(4)
Profit for the period	--	--	--	--	89,284	89,284	6,664	95,948
Other comprehensive income for the period	--	59	--	5	--	64	7	71
Total comprehensive income	--	59	--	5	89,284	89,348	6,671	96,019
At 31 March 2022	391,651	3,054	--	(53)	1,554,052	1,948,704	276,940	2,225,644

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 2022 - unaudited

	3 months ended 31/03/2022 RM'000	(Unaudited) 3 months ended 31/03/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	98,488	55,038
- <i>Discontinued operation</i>	4,049	(35)
	<u>102,537</u>	<u>55,003</u>
Adjustments for :		
Share of results of associates	(50,875)	(43,171)
Share of results of a joint venture	(3,089)	(4,128)
Depreciation and amortisation	4,535	4,331
Finance costs	149	100
Gain on disposal of assets classified as held for sale	(35,617)	--
Other non-cash items	(1,113)	(892)
Operating profit before working capital changes	16,527	11,243
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(7,576)	4,990
(Increase) / Decrease in inventories	(7,252)	(16,415)
Increase / (Decrease) in trade & other payables	(8,142)	(5,999)
Net changes in other current assets & liabilities	81	(234)
Income tax refunded	76	2,275
Income tax paid	(5,853)	(3,574)
Net cash from / (used in) operating activities	<u>(12,139)</u>	<u>(7,714)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from a joint venture	--	10,200
Interest income	1,168	929
Purchase of property, plant & equipment	(2,725)	(2,163)
Proceeds from disposal of property, plant & equipment	191	21
Proceeds from disposal of assets classified as held for sale	65,452	--
Net cash from / (used in) investing activities	<u>64,086</u>	<u>8,987</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(58,633)	(23,453)
Dividends paid to non-controlling interests of subsidiaries	(4)	(11)
Finance costs paid	(149)	(100)
Bank borrowings	(2,438)	(209)
Lease payables	(653)	(611)
Net cash from / (used in) financing activities	<u>(61,877)</u>	<u>(24,384)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,930)	(23,111)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>256,603</u>	<u>264,958</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>246,673</u>	<u>241,847</u>
Cash and cash equivalents comprise :		
Cash and bank balances	251,548	246,130
Bank overdrafts	(4,875)	(4,283)
	<u>246,673</u>	<u>241,847</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 2021.

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 2021, except for the adoption of the following new amendments to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that :

Effective for annual periods beginning on or after 1 January 2022

Amendments to:

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

The adoption of these amendments to MFRS did not result in significant change on the accounting policies of the Group and has no significant effect on the financial performance or position of the Group.

At the date of authorisation for issue of this unaudited interim financial statements, the new MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below :

Effective for annual 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
MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Defination of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Llabilities arising from a Single Transaction
MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Standards and Amendments effective date deferred to a date to be announced by MASB

Amendments to:

MFRS 10 and MRFS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

3. Independent Auditors' Report of Preceding Annual Fiancial 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 2021 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 2021.

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 31/03/2022	
	Number of Shares '000	Share Capital RM'000
Ordinary shares As at 1 January 2022 / 31 March 2022	390,887	391,651

8. Dividends paid

A second interim single tier dividend of 5.0 sen per ordinary share amounting to approximately RM19,544,383 and a special single tier dividend of 10.0 sen per ordinary share amounting to approximately RM39,088,765 for the financial year ended 31 December 2021 were paid on 30 March 2022.

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 2022 is as follows :

	RM'000
Approved and contracted for	--
Approved and not contracted for	8,573

12. Significant related party transactions

During the period ended 31 March 2022, the Group and the Company had the following transactions with related parties:

	31/03/2022 RM'000
Group	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	234,592
Sales to Perodua, its subsidiaries and associates	9,099
Purchases from Daihatsu Motor Co., Ltd	211
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	4,140
Company	
Gross dividends from:	
- subsidiaries	13,177
Management fees from subsidiaries	61
Interest income on advances to subsidiaries	689

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 2022

	Motor Trading	Auto Parts Manufacturing		All others	Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000
Revenues from external customers	408,671	69,299	--	541	478,511
Results for reportable segments	10,060	35,213	4,049	(1,768)	47,554
Share of results of a jointly venture	--	3,089	--	--	3,089
Share of results of associates	49,595	1,280	--	--	50,875
Interest income	640	128	--	400	1,168
Finance costs	(93)	(55)	--	(1)	(149)
Profit/(loss) before tax for reportable segment	60,202	39,655	4,049	(1,369)	102,537
Depreciation and amortisation	(2,764)	(1,346)	--	(425)	(4,535)
Other significant non-cash items					
- Gain on disposal of property, plant and equipment	188	--	--	--	188
- Gain on disposal of assets classified as held for sale	--	31,374	4,243	--	35,617
- Allowance for slow-moving inventories	(103)	--	--	--	(103)
- Allowance for expected credit losses	(141)	--	--	--	(141)
Capital expenditure	204	2,521	--	--	2,725
Segment assets	517,122	173,649	6,642	137,821	835,234
Jointly controlled entity	--	62,577	--	22,899	85,476
Investment in associates	1,404,323	63,144	--	--	1,467,467
Segment liabilities	(110,239)	(48,483)	315	(4,126)	(162,533)

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 joint 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)

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 31/03/2022 RM'000	Period ended 31/03/2021 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	477,970	417,876
All others	541	431
Elimination of discontinued operation	--	--
Revenue, as reported	<u>478,511</u>	<u>418,307</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	49,942	9,665
All others	(1,369)	(1,961)
Share of results of jointly controlled entity	3,089	4,128
Share of results of associates	50,875	43,171
Elimination of discontinued operation	(4,049)	35
Profit before tax, as reported	<u>98,488</u>	<u>55,038</u>
<u>Assets</u>		
Total assets for Group's reportable segments	697,413	683,349
All others	137,821	138,911
Jointly controlled entity	85,476	75,419
Investment in associates	1,467,467	1,378,334
Total assets, as reported	<u>2,388,177</u>	<u>2,276,013</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	158,407	137,613
All others	4,126	6,864
Total liabilities, as reported	<u>162,533</u>	<u>144,477</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 2021.

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	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Other income	4,324	18	4,324	18
Administrative and other expenses	(275)	(53)	(275)	(53)
Interest income	-	-	-	-
Loss before tax	4,049	(35)	4,049	(35)
Income tax expense	-	-	-	-
Loss from discontinued operation	<u>4,049</u>	<u>(35)</u>	<u>4,049</u>	<u>(35)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	(37)	(74)
Net cash from investing activities	4,452	-
Net cash from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	<u>4,415</u>	<u>(74)</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 31/03/2022 RM'000	Year to date 31/03/2022 RM'000
Current year's provision	3,760	3,760
Add : Effect of real property gains tax	2,829	2,829
Add : Under/(Over) provision in prior years	--	--
	<u>6,589</u>	<u>6,589</u>
Deferred taxation	--	--
Income tax expense	<u><u>6,589</u></u>	<u><u>6,589</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 31/03/2022 %	Year to date 31/03/2022 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(12.4)	(12.4)
Adjustment for tax applicable to share of results of a joint venture	(0.8)	(0.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	(4.2)	(4.2)
	<u>6.6</u>	<u>6.6</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	21,425	--
Unsecured	--	--
Total	<u><u>21,425</u></u>	<u><u>--</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 6.0 sen per ordinary share amounting to approximately RM23,453,259 in respect of the financial year ended 31 December 2021, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 1 June 2022, will be paid on 30 June 2022 to shareholders whose names appear in the Record of Depositors of the Company on 16 June 2022.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 3 months ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
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	85,235	47,067	85,235	47,067
- Discontinued operation	4,049	(35)	4,049	(35)
	89,284	47,032	89,284	47,032
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	21.81	12.04	21.81	12.04
- Discontinued operation	1.04	(0.01)	1.04	(0.01)
	22.85	12.03	22.85	12.03

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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,168	929	1,168	929
b) Interest expense	(149)	(100)	(149)	(100)
c) Depreciation and amortisation	(4,535)	(4,331)	(4,535)	(4,331)
d) Gain on disposal of property, plant and equipment	188	15	188	15
e) Gain on disposal of assets classified as held for sale	35,617	--	35,617	--
f) Allowance for slow-moving inventories	(103)	(52)	(103)	(52)
g) Allowance for expected credit loss	(141)	--	(141)	--
h) Realised gain / (loss) on foreign exchange	1	17	1	17

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 December 2021.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 25 May 2022.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 25 MAY 2022

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 2022 can be downloaded from the internet at www.bursamalaysia.com or www.mbmr.com.my