



QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2022

Summary

- Against the corresponding quarter, the Group's current quarter revenue has improved significantly by 169.4% coming from high volume in both Motor Trading and Auto Parts Manufacturing Divisions. The corresponding quarter was also a low base quarter due to the MCO 3.0 full lockdown in place till mid-August 2021.
- Contributions from our associates and joint venture entity were also higher at 853.3% and 1,479.4% respectively.
- Consequently, the Group recognised PBT from Continuing Operations of RM74.0 million.

Results

	Quarter ended 30 Sep			Year to date ended 30 Sep		
	2022 RM mil	2021 RM mil	Change %	2022 RM mil	2021 RM mil	Change %
Revenue	621.2	230.6	169.4	1,656.7	969.7	70.8
Profit before tax	74.0	(4.2)	1,878.5	251.4	73.7	241.1
On going business	74.0	(4.2)	1,878.5	221.0	73.7	199.8
One-off gains from disposals~	--	--	--	30.4	--	100.0
Profit / (loss) for the period	68.7	(5.1)	1,453.5	246.2	67.4	265.0
Continuing operations	68.2	(5.0)	1,451.8	233.5	67.6	245.6
Discontinued operation	0.6	(0.0)	1,700.0	12.7	(0.1)	10,754.6
Profit attributable to the equity holders of the Company	60.8	(5.3)	1,257.9	224.1	58.4	283.7
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	15.6	(1.3)	1,260.4	57.3	14.9	283.8
Continuing operations	15.4	(1.3)	1,258.6	54.1	15.0	261.4
Discontinued operation	0.1	(0.0)	1,500.0	3.2	(0.0)	10,900.0
Proposed / Declared dividend per share	--	--	--	16.0	5.0	220.0
Interim	--	--	--	6.0	5.0	20.0
Special	--	--	--	10.0	--	100.0
	As at 30 Sep 2022 RM mil	As at 31 Dec 2021 RM mil		~ The one-off gains from disposals are net of incidental costs.		
Equity attributable to the equity holders of the Company	1,998.1	1,918.0	4.2			
	RM	RM				
Net assets per share	5.11	4.91	4.2			

Performance of sales by operations

% Changes *	Q3'22	Q3'22	YTD Sep'22
	vs Q2'22	vs Q3'21	vs YTD Sep'21
Total Industry Volume (TIV) **	+ 8.1	+ 166.2	+ 62.1
Total Industry Production (TIP) **	+ 16.5	+ 204.3	+ 67.4
Total Group's Vehicles Sales	+ 19.3	+ 206.9	+ 66.9
<u>Subsidiaries</u>			
DMSB : Daihatsu & Hino trucks	+ 19.4	+ 11.8	+ 29.5
DMMS : Perodua vehicles	+ 24.6	+ 259.1	+ 68.3
FAHB : Volvo & Volkswagen vehicles	- 26.4	+ 98.2	+ 92.1
HASB	+ 15.5	+ 190.1	+ 67.6
OMI	+ 31.0	+ 226.3	+ 79.8
Service throughputs	+ 4.2	+ 63.4	+ 30.0
<u>Joint Venture</u>			
AHSB	+ 26.2	+ 283.0	+ 82.5
<u>Associated companies</u>			
Perodua vehicles	+ 7.3	+ 250.1	+ 64.9
Hino trucks and buses	+ 22.2	+ 130.6	+ 47.5

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
FAHB : Federal Auto Holdings Berhad
HASB : Hiroto Acoustics Sdn Bhd
OMI : Oriental Metal Industries (M) Sdn Bhd
AHSB : Autoliv Hiroto 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 third quarter ended 30 September 2022

Group Financial Performance

Third quarter ended 30 September 2022 compared with third quarter ended 30 September 2021

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-22 RM'000	Quarter ended 30-Sep-21 RM'000	Change		Quarter ended 30-Sep-22 RM'000	Quarter ended 30-Sep-21 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	621,166	230,558	390,608	169.4	73,950	(4,158)	78,108	1,878.5
<u>Business segments:</u>								
Motor Trading	529,056	201,602	327,454	162.4	16,835	4,579	12,256	267.7
Auto Parts Manufacturing	91,547	28,497	63,050	221.3	6,219	(1,348)	7,567	561.4
Share of results of a joint venture					5,070	321	4,749	1,479.4
Share of results of associates					46,719	(6,202)	52,921	853.3
Others	563	459	104	22.7	(893)	(1,508)	615	40.8
Total From Discontinued Operation	--	--	--	--	560	(35)	595	1,700.0
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	560	(35)	595	1,700.0

Group

The Group closed the current quarter with RM621.2 million in revenue, significantly higher than the corresponding quarter in 2021 by RM390.6 million or 169.4%. The much higher performance came from both our Motor Trading and Auto Parts Manufacturing Divisions.

The Group PBT likewise closed much higher at RM74.0 million, RM78.1 million and 1878.5% higher mainly due to high vehicle sales volume as carmakers were maximising their production volume to fulfil the extensive bookings received up to 30th June 2022. The corresponding quarter in 2021 was also a low base quarter with the MCO 3.0 full lockdown implemented since 1st June 2021 and only lifted by mid-August 2021. The same can be seen in the much higher share of associates' and joint venture results at 853.3% and 1479.4% respectively.

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

Motor Trading

The Division closed the quarter with RM529.1 million in revenue, an increase of RM327.5 million or 162.4% against the corresponding quarter coming mainly from high vehicle sales volume as the various production challenges faced by carmakers and suppliers in 1st half 2022 have eased slightly and carmakers worked towards maximising their production volume to fulfil the extensive bookings received up to 30th June 2022, coupled with the low base effect in the corresponding quarter in 2021 with the MCO 3.0 full lockdown implemented on 1st June 2021 and only lifted by mid-August 2021. The Group's vehicle supply from Perodua also increase substantially in current quarter. The continuous improvement in aftersales revenue likewise boosted the Division's performance for the quarter.

With the higher revenue, the Division recorded an improved PBT of RM16.8 million, RM12.3 million or 267.7% higher than the corresponding quarter in 2021. Further, better control of vehicle sales and aftersales service margins also contributed significantly to the improved bottom line.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM91.5 million for the quarter under review which is RM63.1 million or 221.3% higher against the corresponding quarter. As mentioned above, the increase was coming from higher production volume pulled by the car makers to meet increase demand.

Consequently PBT for the quarter was also higher at RM6.2 million, RM7.6 million or 561.4% higher as compared to the corresponding quarter.

QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2022

Third quarter ended 30 September 2022 against previous quarter ended 30 June 2022

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-22 RM'000	Quarter ended 30-Jun-22 RM'000	Change		Quarter ended 30-Sep-22 RM'000	Quarter ended 30-Jun-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	621,166	557,018	64,148	11.5	73,950	78,932	(4,982)	(6.3)
<u>Business segments:</u>								
Motor Trading	529,056	485,399	43,657	9.0	16,835	17,171	(336)	(2.0)
Auto Parts Manufacturing	91,547	71,062	20,485	28.8	6,219	4,939	1,280	25.9
Share of results of a joint venture					5,070	3,602	1,468	40.8
Share of associates' results					46,719	54,344	(7,625)	(14.0)
Others	563	557	6	1.1	(893)	(1,124)	231	20.6
Total From Discontinued Operation	--	--	--	--	560	8,070	(7,510)	(93.1)
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	560	(40)	600	1,500.0
One-off gains from disposals~					--	8,110	(8,110)	(100.0)

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

Group

Against preceding quarter, the Group's revenue was likewise higher at RM621.2 million, RM64.1 million or 11.5% higher for the same reasons highlighted earlier.

Operating PBT for the Group however registered a decrease of RM5.0 million or 6.3% as compared to the preceding quarter's operating PBT due to slight shortfall from Motor Trading Division and lower share of our Associates' results.

The Group's share of the joint venture's results still presented an increase of RM1.5 million or 40.8% to close at RM5.1 million against the preceding quarter.

Motor Trading

Against the preceding quarter, the Division's revenue was higher by RM43.7 million or 9% driven mainly by higher supply from Perodua and higher aftersales. Our Volkswagen supply and sales volume has also been consistent. Operating PBT was however slightly lower by RM0.3 million or 2.0% to close at RM16.8 million. This is due to slightly lower stock supply from Volvo for the quarter as compared to the preceding quarter although we expect the volume from Volvo will be fully compensated and much higher in the next quarter.

PROSPECTS

In light of the strong Third Quarter 2022 performance, the Group foresees this trend to continue into the next quarter, backed by high outstanding orders collected prior to the expiry of the SST exemption period on 30 June 2022, and the commitment given by the major OEMs to fulfil these orders before the 31 March deadline next year. The introduction of new models as well as the year-end promotion by the OEMs, is expected to further boost the demand for vehicles in the coming quarter.

Despite the bullish sentiment, we are cautious of the Group's performance given the current headwinds of further appreciation in US dollar and the China's zero covid policy lockdown. The strengthening of US dollar is expected to squeeze margins as cost of materials is envisaged to rise further whilst the China's lockdown will affect the supply of components and parts to certain OEMs in Malaysia. The Group, however foresees the cost management exercise undertaken and the anticipated higher sales volume particularly from Perodua in the fourth quarter, will be able to cushion some of these impacts. Therefore, the Group is confident to close the year with a record-breaking performance.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the nine months ended 30 September 2022 - unaudited

		Current Quarter Ended 30/09/2022 RM'000	Comparative Quarter Ended 30/09/2021 RM'000	9 months Cumulative To Date 30/09/2022 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/09/2021 RM'000
	Note				
Continuing operations					
Revenue	14	621,166	230,558	1,656,695	969,743
Cost of sales		<u>(568,141)</u>	<u>(207,290)</u>	<u>(1,517,733)</u>	<u>(882,617)</u>
Gross profit		53,025	23,268	138,962	87,126
Other income		9,695	5,438	63,268	24,414
Administrative and other expenses		(24,953)	(19,126)	(70,805)	(62,656)
Selling and marketing expenses		(16,939)	(8,626)	(46,887)	(33,260)
Finance costs		(185)	(101)	(531)	(302)
Interest income		1,518	870	3,664	2,696
Share of results of a joint venture, net of tax		5,070	321	11,761	6,075
Share of results of associates, net of tax		<u>46,719</u>	<u>(6,202)</u>	<u>151,938</u>	<u>49,608</u>
Profit / (loss) before tax	14	<u>73,950</u>	<u>(4,158)</u>	<u>251,370</u>	<u>73,701</u>
Income tax expense	18	<u>(5,781)</u>	<u>(885)</u>	<u>(17,843)</u>	<u>(6,135)</u>
Profit / (loss) from continuing operations		<u>68,169</u>	<u>(5,043)</u>	<u>233,527</u>	<u>67,566</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>560</u>	<u>(35)</u>	<u>12,679</u>	<u>(119)</u>
Profit / (loss) for the period		<u>68,729</u>	<u>(5,078)</u>	<u>246,206</u>	<u>67,447</u>
Profit / (loss) for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		60,242	(5,216)	211,463	58,528
- Discontinued operation		<u>560</u>	<u>(35)</u>	<u>12,679</u>	<u>(119)</u>
		<u>60,802</u>	<u>(5,251)</u>	<u>224,142</u>	<u>58,409</u>
Non-controlling interests from:					
- Continuing operations		7,927	173	22,064	9,038
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>7,927</u>	<u>173</u>	<u>22,064</u>	<u>9,038</u>
Profit / (loss) for the period		<u>68,729</u>	<u>(5,078)</u>	<u>246,206</u>	<u>67,447</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 nine months ended 30 September 2022 - unaudited

	Current Quarter Ended 30/09/2022 RM'000	Comparative Quarter Ended 30/09/2021 RM'000	9 months Cumulative To Date 30/09/2022 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/09/2021 RM'000
Profit / (loss) for the period	68,729	(5,078)	246,206	67,447
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	232	(200)	646	(121)
Share of foreign currency translation reserve of foreign operations of associates	(1)	8	11	(2)
Net gain / (loss) on cash flow hedges and revaluation of an associate	--	--	--	47
Other comprehensive income / (loss) for the period, net of tax	231	(192)	657	(76)
Total comprehensive income / (loss) for the period	68,960	(5,270)	246,863	67,371
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company from:				
- Continuing operations	60,450	(5,390)	212,061	58,459
- Discontinued operation	560	(35)	12,679	(119)
	61,010	(5,425)	224,740	58,340
Non-controlling interests from:				
- Continuing operations	7,950	155	22,123	9,031
- Discontinued operation	--	--	--	--
	7,950	155	22,123	9,031
Total comprehensive income / (loss) for the period	68,960	(5,270)	246,863	67,371
Earnings / (loss) per ordinary share				
Basic and diluted from:				
- Continuing operations	15.41	(1.33)	54.10	14.97
- Discontinued operation	0.14	(0.01)	3.24	(0.03)
23	15.55	(1.34)	57.34	14.94

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 30 September 2022 - unaudited

	Note	As at end of Current Quarter 30/09/2022 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		176,470	181,269
Right-of-use assets		3,481	2,165
Investment properties		70,012	91,483
Prepaid land lease payments		39,049	30,735
Investment in a joint venture		83,948	82,387
Investment in associates		1,509,419	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>1,887,641</u>	<u>1,809,822</u>
Current Assets			
Inventories		107,576	93,548
Trade & other receivables and prepaid expenses		187,263	160,598
Tax recoverable		4,409	5,484
Cash and bank balances		255,747	260,940
		554,995	520,570
Assets classified as held for sale		<u>20,128</u>	<u>30,645</u>
Total Current Assets		<u>575,123</u>	<u>551,215</u>
TOTAL ASSETS	14	<u><u>2,462,764</u></u>	<u><u>2,361,037</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 30 September 2022 - unaudited

		As at end of Current Quarter 30/09/2022 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2021 RM'000
	Note		
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,606,450</u>	<u>1,526,338</u>
Equity attributable to the equity holders of the Company		1,998,101	1,917,989
Non-controlling interests		<u>283,033</u>	<u>270,273</u>
Total Equity		<u>2,281,134</u>	<u>2,188,262</u>
Non-Current Liabilities			
Deferred tax liabilities		5,046	5,046
Provision for retirement benefits		3,059	2,609
Lease liabilities - non-current portion		<u>1,128</u>	<u>709</u>
Total Non-Current Liabilities		<u>9,233</u>	<u>8,364</u>
Current Liabilities			
Short term borrowings	20	1,509	23,326
Trade & other payables and accrued expenses		164,185	137,986
Amount owing to holding company		65	61
Lease liabilities - current portion		2,202	1,456
Tax liabilities		<u>4,436</u>	<u>1,582</u>
Total Current Liabilities		<u>172,397</u>	<u>164,411</u>
Total Liabilities	14	<u>181,630</u>	<u>172,775</u>
TOTAL EQUITY AND LIABILITIES		<u>2,462,764</u>	<u>2,361,037</u>
Net assets per share (RM)		5.11	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 nine months ended 30 September 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				
9 months ended 30 September 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	--	--	--	--	(78,178)	(78,178)	--	(78,178)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	(8,812)	(8,812)
Profit for the period	--	--	--	--	58,409	58,409	9,038	67,447
Other comprehensive income for the period	--	(110)	42	(1)	--	(69)	(7)	(76)
Total comprehensive income	--	(110)	42	(1)	58,409	58,340	9,031	67,371
At 30 September 2021	<u>391,651</u>	<u>2,867</u>	<u>--</u>	<u>764</u>	<u>1,410,587</u>	<u>1,805,869</u>	<u>277,205</u>	<u>2,083,074</u>
9 months ended 30 September 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	--	--	--	--	(144,628)	(144,628)	--	(144,628)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	(9,347)	(9,347)
Liquidation of a subsidiary	--	--	--	--	--	--	(15)	(15)
Profit for the period	--	--	--	--	224,142	224,142	22,064	246,206
Other comprehensive income for the period	--	588	--	10	--	598	58	656
Total comprehensive income	--	588	--	10	224,142	224,740	22,122	246,862
At 30 September 2022	<u>391,651</u>	<u>3,583</u>	<u>--</u>	<u>(48)</u>	<u>1,602,915</u>	<u>1,998,101</u>	<u>283,033</u>	<u>2,281,134</u>

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 nine months ended 30 September 2022 - unaudited

	9 months ended 30/09/2022	(Unaudited) 9 months ended 30/09/2021
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	251,370	73,701
- <i>Discontinued operation</i>	12,679	(119)
	<u>264,049</u>	<u>73,582</u>
Adjustments for :		
Share of results of associates	(151,938)	(49,608)
Share of results of a joint venture	(11,761)	(6,075)
Depreciation and amortisation	13,944	13,159
Finance costs	531	302
Gain on disposal of assets classified as held for sale	(44,771)	--
Other non-cash items	(3,568)	(2,466)
	<u>66,486</u>	<u>28,894</u>
Operating profit before working capital changes	66,486	28,894
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(26,856)	45,028
(Increase) / Decrease in inventories	(14,157)	(76,070)
Increase / (Decrease) in trade & other payables	26,199	(28,297)
Net changes in other current assets & liabilities	450	(201)
Income tax refunded	1,057	2,275
Income tax paid	(14,970)	(10,357)
	<u>38,209</u>	<u>(38,728)</u>
Net cash from / (used in) operating activities	<u>38,209</u>	<u>(38,728)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	59,696	54,532
Dividends received from a joint venture	10,200	10,200
Interest income	3,664	2,696
Purchase of property, plant & equipment	(5,080)	(5,439)
Purchase of prepaid land lease payments	(8,712)	--
Proceeds from disposal of property, plant & equipment	236	98
Proceeds from disposal of assets classified as held for sale	75,417	--
	<u>135,421</u>	<u>62,087</u>
Net cash from / (used in) investing activities	<u>135,421</u>	<u>62,087</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(144,628)	(78,178)
Dividends paid to non-controlling interests of subsidiaries	(9,347)	(8,812)
Distribution of surplus on liquidation of a subsidiary	(15)	--
Finance costs paid	(531)	(302)
Bank borrowings	(18,988)	18,521
Lease payables	(2,486)	(1,642)
	<u>(175,995)</u>	<u>(70,413)</u>
Net cash from / (used in) financing activities	<u>(175,995)</u>	<u>(70,413)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,365)	(47,054)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	256,603	264,958
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	254,238	217,904
Cash and cash equivalents comprise :		
Cash and bank balances	255,747	222,254
Bank overdrafts	(1,509)	(4,350)
	<u>254,238</u>	<u>217,904</u>

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 30/09/2022	
	Number of Shares '000	Share Capital RM'000
Ordinary shares As at 1 January 2022 / 30 September 2022	390,887	391,651

8. Dividends paid

A first interim single tier dividend of 6.0 sen per ordinary share amounting to approximately RM23,453,259 and a special single tier dividend of 10.0 sen per ordinary share amounting to approximately RM39,088,765 for the financial year ending 31 December 2022 were paid on 30 September 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 30 September 2022 is as follows :

	RM'000
Approved and contracted for	--
Approved and not contracted for	12,372

12. Significant related party transactions

During the period ended 30 September 2022, the Group and the Company had the following transactions with related parties:

	30/09/2022 RM'000
Group	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	825,412
Sales to Perodua, its subsidiaries and associates	26,975
Purchases from Daihatsu Motor Co., Ltd	1,221
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	27,684
Company	
Gross dividends from:	
- subsidiaries	48,981
- associates	46,446
Management fees from subsidiaries	183
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 30 September 2022

	Motor	Auto Parts Manufacturing		All others	Group
	Trading	Continuing	Discontinued		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,423,126	231,908	--	1,661	1,656,695
Results for reportable segments	43,202	46,037	12,679	(4,701)	97,217
Share of results of a jointly venture	--	11,761	--	--	11,761
Share of results of associates	145,156	6,782	--	--	151,938
Interest income	1,707	642	--	1,315	3,664
Finance costs	(296)	(235)	--	--	(531)
Profit/(loss) before tax for reportable segment	189,769	64,987	12,679	(3,386)	264,049
Depreciation and amortisation	(7,980)	(4,690)	--	(1,274)	(13,944)
Other significant non-cash items					
- Gain on disposal of property, plant and equipment	186	39	--	--	225
- Gain on disposal of assets classified as held for sale	--	31,374	13,397	--	44,771
- Allowance for slow-moving inventories	(130)	--	--	--	(130)
- Allowance for expected credit losses	(191)	--	--	--	(191)
Capital expenditure	1,158	12,634	--	--	13,792
Segment assets	535,250	191,948	1,489	140,710	869,397
Jointly controlled entity	--	61,049	--	22,899	83,948
Investment in associates	1,444,303	65,116	--	--	1,509,419
Segment liabilities	(111,053)	(65,734)	(576)	(4,267)	(181,630)

Period ended 30 September 2021

	Motor	Auto Parts Manufacturing		All others	Group
	Trading	Continuing	Discontinued		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	838,165	130,254	--	1,324	969,743
Results for reportable segments	17,332	3,726	(119)	(5,434)	15,505
Share of results of a joint venture	--	6,075	--	--	6,075
Share of results of associates	50,259	(651)	--	--	49,608
Interest income	1,399	496	--	801	2,696
Finance costs	(101)	(201)	--	--	(302)
Profit/(loss) before tax for reportable segment	68,889	9,445	(119)	(4,633)	73,582
Depreciation and amortisation	(7,626)	(3,642)	--	(1,891)	(13,159)
Other significant non-cash items					
- Pproperty, plant and equipment written off	(16)	--	--	--	(16)
- Allowance for slow moving inventories	(415)	--	--	--	(415)
- Allowance for doubtful debts no longer required	153	--	--	--	153
Capital expenditure	2,517	2,877	--	45	5,439
Segment assets	534,161	124,796	19,737	136,699	815,393
Jointly controlled entity	--	54,467	--	22,899	77,366
Investment in associates	1,270,850	59,724	--	--	1,330,574
Segment liabilities	(100,034)	(33,449)	(74)	(6,702)	(140,259)

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 30/09/2022 RM'000	Period ended 30/09/2021 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,655,034	968,419
All others	1,661	1,324
Elimination of discontinued operation	--	--
Revenue, as reported	<u>1,656,695</u>	<u>969,743</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	103,736	22,532
All others	(3,386)	(4,633)
Share of results of jointly controlled entity	11,761	6,075
Share of results of associates	151,938	49,608
Elimination of discontinued operation	(12,679)	119
Profit before tax, as reported	<u>251,370</u>	<u>73,701</u>
<u>Assets</u>		
Total assets for Group's reportable segments	728,687	678,694
All others	140,710	136,699
Jointly controlled entity	83,948	77,366
Investment in associates	1,509,419	1,330,574
Total assets, as reported	<u>2,462,764</u>	<u>2,223,333</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	177,363	133,557
All others	4,267	6,702
Total liabilities, as reported	<u>181,630</u>	<u>140,259</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 9 months ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Other income	603	1	14,087	21
Administrative and other expenses	(43)	(36)	(1,408)	(140)
Interest income	-	-	-	-
Profit / (loss) before tax	560	(35)	12,679	(119)
Income tax expense	-	-	-	-
Profit / (loss) from discontinued operation	<u>560</u>	<u>(35)</u>	<u>12,679</u>	<u>(119)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	(463)	(123)
Net cash from investing activities	14,652	-
Net cash from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	<u>14,189</u>	<u>(123)</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 30/09/2022 RM'000	Year to date 30/09/2022 RM'000
Current year's provision	5,781	15,014
Add : Effect of real property gains tax	--	2,829
Add : Under/(Over) provision in prior years	--	--
	<u>5,781</u>	<u>17,843</u>
Deferred taxation	--	--
Income tax expense	<u><u>5,781</u></u>	<u><u>17,843</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 30/09/2022 %	Year to date 30/09/2022 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(15.2)	(14.5)
Adjustment for tax applicable to share of results of a joint venture	(1.6)	(1.1)
Expenses not deductible for tax purpose / (Income not subject to tax)	0.6	(1.3)
	<u>7.8</u>	<u>7.1</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	1,509	--
Unsecured	--	--
Total	<u><u>1,509</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.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
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	60,242	(5,216)	211,463	58,528
- Discontinued operation	560	(35)	12,679	(119)
	60,802	(5,251)	224,142	58,409
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	15.41	(1.33)	54.10	14.97
- Discontinued operation	0.14	(0.01)	3.24	(0.03)
	15.55	(1.34)	57.34	14.94

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 9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,518	870	3,664	2,696
b) Interest expense	(185)	(101)	(531)	(302)
c) Depreciation and amortisation	(4,656)	(4,496)	(13,944)	(13,159)
d) Property, plant and equipment written off	--	(16)	--	(16)
e) Gain on disposal of property, plant and equipment	15	23	225	48
f) Gain on disposal of assets classified as held for sale	--	--	44,771	--
g) Allowance for slow-moving inventories	(17)	(363)	(130)	(415)
h) Allowance for expected credit loss	--	--	(191)	--
i) Allowance for expected credit loss no longer required	--	153	--	153
j) Realised gain / (loss) on foreign exchange	(14)	(59)	(21)	(41)

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 30 September 2022.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 24 November 2022.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR

DATED : 24 NOVEMBER 2022

For further information, please contact Ms Annie Chin, Group Chief Financial Officer at Tel : +603-2273 8803
Our Quarterly Announcement for the third quarter ended 30 September 2022 can be downloaded from the internet at www.bursamalaysia.com or www.mbmr.com.my