



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2023

Summary

- Against quarter one in 2022, the Group's current quarter revenue improved by 16.2% coming from higher volumes in both Motor Trading and Auto Parts Manufacturing Divisions as carmakers increased production to fulfil remaining of the Penjana bookings by 31 March 2023.
- Contributions from both our associates and joint venture were also higher by 137.6% and 33.6% respectively.
- As a result, PBT for the quarter closed at RM93.6million, RM25.6 million or 37.5% higher than the corresponding quarter's operating PBT in 2022 of RM68.1 million, after excluding the one-off gains recognised during the quarter.

Results

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2023 RM mil	2022 RM mil	Change %	2023 RM mil	2022 RM mil	Change %
Revenue	555.8	478.5	16.2	555.8	478.5	16.2
Profit before tax	93.6	98.5	(4.9)	93.6	98.5	(4.9)
<i>On going business</i>	93.6	68.1	37.5	93.6	68.1	37.5
<i>One-off gains from disposals~</i>	--	30.4	(100.0)	--	30.4	(100.0)
Profit / (loss) for the period	88.9	95.9	(7.4)	88.9	95.9	(7.4)
<i>Continuing operations</i>	88.9	91.9	(3.3)	88.9	91.9	(3.3)
<i>Discontinued operation</i>	(0.0)	4.0	(100.0)	(0.0)	4.0	(100.0)
Profit attributable to the equity holders of the Company	80.0	89.3	(10.4)	80.0	89.3	(10.4)
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	20.5	22.9	(10.5)	20.5	22.9	(10.5)
<i>Continuing operations</i>	20.5	21.8	(6.2)	20.5	21.8	(6.2)
<i>Discontinued operation</i>	-	1.0	(100.0)	-	1.0	(100.0)
Proposed / Declared dividend per share	--	--	--	--	--	--
	As at 31 Mar 2023 RM mil	As at 31 Dec 2022 RM mil		~ The one-off gains from disposals are net of incidental costs.		
Equity attributable to the equity holders of the Company	2,052.4	2,054.5	(0.1)			
	RM	RM				
Net assets per share	5.25	5.26	(0.1)			

Performance of sales by operations

	Q1'23 vs Q4'22	Q1'23 vs Q1'22	YTD Mar'23 vs YTD Mar'22
Total Industry Volume (TIV) **	- 5.6	+ 20.4	+ 20.4
Total Industry Production (TIP) **	+ 2.5	+ 28.7	+ 28.7
Total Group's Vehicles Sales	- 20.6	+ 14.8	+ 14.8
Subsidiaries			
DMSB : Daihatsu & Hino trucks	- 39.2	- 34.7	- 34.7
DMMS : Perodua vehicles	- 20.2	+ 20.0	+ 20.0
FAHB : Volvo & Volkswagen vehicles	- 11.6	+ 0.7	+ 0.7
HASB	+ 4.3	+ 7.0	+ 7.0
OMI	- 8.5	+ 14.1	+ 14.1
Service throughputs	- 0.1	+ 19.2	+ 19.2
Joint Venture			
AHSB	+ 13.8	+ 73.3	+ 73.3
Associated companies			
Perodua vehicles	- 9.4	+ 29.3	+ 29.3
Hino trucks and buses	- 14.7	- 12.8	- 12.8

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 invoiced sales, except for HASB, OMI and AHSB which are based on sales values

** Source : Malaysian Automotive Association (MAA) 2023 and 2022

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2023

Group Financial Performance

First quarter ended 31 March 2023 compared with first quarter ended 31 March 2022

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-23 RM'000	Quarter ended 31-Mar-22 RM'000	Change		Quarter ended 31-Mar-23 RM'000	Quarter ended 31-Mar-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	555,792	478,511	77,281	16.2	93,644	98,488	(4,844)	(4.9)
Business segments:								
Motor Trading	476,784	408,671	68,113	16.7	11,983	10,607	1,376	13.0
Auto Parts Manufacturing	78,372	69,299	9,073	13.1	7,565	4,879	2,686	55.1
One-off gains from disposals~					--	30,407	(30,407)	(100.0)
Share of results of a joint venture					7,338	3,089	4,249	137.6
Share of results of associates					67,980	50,875	17,105	33.6
Others	636	541	95	17.6	(1,222)	(1,369)	147	10.7
Total From Discontinued Operation	--	--	--	--	(2)	4,049	(4,051)	(100.0)
Business segments:								
Auto Parts Manufacturing	--	--	--	--	(2)	37	(39)	(105.4)
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 RM555.8 million in revenue, higher than the corresponding quarter in 2022 by RM77.3 million or 16.2%. The higher revenue came from both our Motor Trading and Auto Parts Manufacturing Divisions.

Included in quarter one 2022's PBT was a non-operating gain of RM30.4 million from the disposal of a piece of leasehold land with factory buildings located at Bandar Serendah, Selangor. Excluding this non-operating gain, the Group PBT for current quarter was higher at RM93.6 million with an increase of RM25.6 million or 37.5% coming mainly from both high vehicle sales and production volume.

Similarly, the higher volumes were reflected in the share of results in joint venture with an increase of RM4.2 million or 137.6% to close at RM7.3 million. The share of joint venture results was also inclusive of a share of lump sum costs recovery of approximately RM1.9 million received from certain OEMs.

The share of associates' results likewise increased substantially with RM17.1 million or 33.6% higher as compared to the same quarter last year as the carmakers increased production volume to meet the remaining of the Penjana bookings by 31 March 2023.

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

Motor Trading

The Division closed the quarter with RM476.8 million in revenue, an increase of RM68.1 million or 16.7% against the corresponding quarter primarily driven by high vehicle sales volume especially in Perodua and Volvo as the carmakers ramped up production to fulfil the large number of bookings by 31 March 2023. With that the Group's Perodua vehicle sales increased by 20.0% against the corresponding quarter, whilst vehicle sales of Volvo also increased by 13.1%. The Group's aftersales revenue and margins likewise continue its upward trend with service throughputs volume increase by 19.2% as compared to the corresponding quarter. Sales of commercial vehicles however declined as customers reassessed their procurement plan in view of the uncertainties ahead in 2023.

In line with the higher revenue, the Division recorded higher PBT of RM12.0 million, RM1.4 million or 13.0% higher than the corresponding quarter in 2022.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM78.4 million for the quarter under review which is RM9.1 million or 13.1% higher than the corresponding quarter. The increase was coming from higher production volume pulled by all the car makers to fulfil outstanding bookings.

PBT for the quarter likewise was higher to close at RM7.6 million, RM2.7 million or 55.1% higher as compared to the corresponding quarter coming from the aforesaid higher revenue and some lump sum costs recovery from certain OEMs.

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2023

First quarter ended 31 March 2023 against previous quarter ended 31 December 2022

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-23 RM'000	Quarter ended 31-Dec-22 RM'000	Change		Quarter ended 31-Mar-23 RM'000	Quarter ended 31-Dec-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	555,792	650,918	(95,126)	(14.6)	93,644	71,978	21,666	30.1
Business segments:								
Motor Trading	476,784	566,138	(89,354)	(15.8)	11,983	19,758	(7,775)	(39.4)
Auto Parts Manufacturing	78,372	84,200	(5,828)	(6.9)	7,565	3,103	4,462	143.8
Share of results of a joint venture					7,338	4,217	3,121	74.0
Share of associates' results					67,980	46,385	21,595	46.6
Others	636	580	56	9.7	(1,222)	(1,485)	263	17.7
Total From Discontinued Operation	--	--	--	--	(2)	291	(293)	(100.7)
Business segments:								
Auto Parts Manufacturing	--	--	--	--	(2)	291	(293)	(100.7)

Group

Against the preceding quarter, the Group's revenue was however lower by RM95.1 million or 14.6% to close the quarter at RM555.8 million, reflecting generally lower demand in quarter one post-year end and partly also due to the shorter working month in February 2023.

Despite the lower revenue, operating PBT for the Group in the current quarter closed higher at RM93.6 million, RM21.7 million or 30.1% higher than the preceding quarter. The higher contribution came from higher sales volume in our Auto Parts Manufacturing Division, as well as higher share of the joint venture and associates' results with an increase of RM3.1 million and RM21.6 million respectively.

Motor Trading

Against the preceding quarter, the Division's revenue is lower by RM89.4 million or 15.8% as we generally received lower vehicle supplies in quarter one especially from Perodua and Volvo. Total Industry Volume (TIV) for the quarter similarly receded by 5.6%. Sales volume in Daihatsu likewise took a beating as customers slowed down on their procurement plan at beginning of the year. Despite lower vehicle sales volume, the Group's performance in aftersales remained consistent.

With the lower revenue, operating PBT was also lower by RM7.8 million or 39.4% to close at RM12.0 million.

Auto Parts Manufacturing

Against the preceding quarter, the Division's revenue was slightly lower by RM5.8 million or 6.9% mainly due to customer and product mix as demands from customer with component purchase requests were lower in the current quarter. In terms of volume, the sales from both our steel wheel/tyre assembly and the NVH products subsidiaries were higher than the preceding quarter by 23.4% and 10% respectively. Consequently, PBT was also higher by RM4.5 million or 143.8%. Further, the earlier mentioned lump sum costs recovery from certain OEMs also boosted the PBT for the Division.

PROSPECTS

The automotive sector continued its strong sales momentum in the 1st quarter of 2023 with a total industry volume of 192,474 units, measuring a growth of 20% from the corresponding period a year ago. The outstanding performance was driven mainly by the fulfillment of backlog orders from the Penjana sales tax exemptions during the period ending on 31 March 2023, and the introduction of new models including electric vehicles. The flow-through demand for automotive parts and components from domestic OEMs was also positive for the industry over this period.

The Group is cautiously optimistic on the outlook given the end of the Penjana sales tax exemption period, increases in prices of materials and new vehicles, a higher interest rate environment and the ongoing disruptions in the supply of semiconductor chips faced by the industry. However, new model launches, especially EVs, are expected to stoke customers' interest in purchasing new vehicles this year. Additionally, Perodua's continuing strong order bank is anticipated to assist in sustaining the Group for the near term. Nevertheless, in view of a mixed outlook, the Group will focus on closer engagements with customers and prospects, more targeted spending, optimized cost management and operational efficiency improvements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2023 - unaudited

		Current Quarter Ended 31/03/2023 RM'000	Comparative Quarter Ended 31/03/2022 RM'000	3 months Cumulative To Date 31/03/2023 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2022 RM'000
	Note				
Continuing operations					
Revenue	14	555,792	478,511	555,792	478,511
Cost of sales		<u>(507,609)</u>	<u>(438,448)</u>	<u>(507,609)</u>	<u>(438,448)</u>
Gross profit		48,183	40,063	48,183	40,063
Other income		11,022	41,102	11,022	41,102
Administrative and other expenses		(25,297)	(23,306)	(25,297)	(23,306)
Selling and marketing expenses		(17,070)	(14,354)	(17,070)	(14,354)
Finance costs		(97)	(149)	(97)	(149)
Interest income		1,585	1,168	1,585	1,168
Share of results of a joint venture, net of tax		7,338	3,089	7,338	3,089
Share of results of associates, net of tax		<u>67,980</u>	<u>50,875</u>	<u>67,980</u>	<u>50,875</u>
Profit before tax	14	<u>93,644</u>	<u>98,488</u>	<u>93,644</u>	<u>98,488</u>
Income tax expense	18	<u>(4,784)</u>	<u>(6,589)</u>	<u>(4,784)</u>	<u>(6,589)</u>
Profit from continuing operations		<u>88,860</u>	<u>91,899</u>	<u>88,860</u>	<u>91,899</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>(2)</u>	<u>4,049</u>	<u>(2)</u>	<u>4,049</u>
Profit for the period		<u>88,858</u>	<u>95,948</u>	<u>88,858</u>	<u>95,948</u>
Profit / (loss) for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		79,958	85,235	79,958	85,235
- Discontinued operation		<u>(2)</u>	<u>4,049</u>	<u>(2)</u>	<u>4,049</u>
		<u>79,956</u>	<u>89,284</u>	<u>79,956</u>	<u>89,284</u>
Non-controlling interests from:					
- Continuing operations		8,902	6,664	8,902	6,664
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>8,902</u>	<u>6,664</u>	<u>8,902</u>	<u>6,664</u>
Profit for the period		<u>88,858</u>	<u>95,948</u>	<u>88,858</u>	<u>95,948</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 2023 - unaudited

	Current Quarter Ended 31/03/2023 RM'000	Comparative Quarter Ended 31/03/2022 RM'000	3 months Cumulative To Date 31/03/2023 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2022 RM'000
Note				
Profit for the period	88,858	95,948	88,858	95,948
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	42	66	42	66
Share of foreign currency translation reserve of foreign operations of associates	(1)	5	(1)	5
Other comprehensive income / (loss) for the period, net of tax	41	71	41	71
Total comprehensive income / (loss) for the period	<u>88,899</u>	<u>96,019</u>	<u>88,899</u>	<u>96,019</u>
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company from:				
- Continuing operations	79,995	85,299	79,995	85,299
- Discontinued operation	(2)	4,049	(2)	4,049
	<u>79,993</u>	<u>89,348</u>	<u>79,993</u>	<u>89,348</u>
Non-controlling interests from:				
- Continuing operations	8,906	6,671	8,906	6,671
- Discontinued operation	--	--	--	--
	<u>8,906</u>	<u>6,671</u>	<u>8,906</u>	<u>6,671</u>
Total comprehensive income / (loss) for the period	<u>88,899</u>	<u>96,019</u>	<u>88,899</u>	<u>96,019</u>
Earnings / (loss) per ordinary share	sen	sen	sen	sen
Basic and diluted from:				
- Continuing operations	20.46	21.81	20.46	21.81
- Discontinued operation	-	1.04	-	1.04
	<u>20.46</u>	<u>22.85</u>	<u>20.46</u>	<u>22.85</u>
23				

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 2023 - unaudited

	Note	As at end of Current Quarter 31/03/2023 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		172,891	174,481
Right-of-use assets		3,054	3,797
Investment properties		69,085	69,539
Prepaid land lease payments		38,761	38,905
Investment in a joint venture		95,504	88,165
Investment in associates		1,593,617	1,525,596
Other investments		2,280	2,280
Deferred tax assets		3,169	3,169
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,979,465</u>	<u>1,907,036</u>
Current Assets			
Inventories		129,822	115,649
Trade & other receivables and prepaid expenses		188,397	198,999
Tax recoverable		2,408	2,015
Cash and bank balances		210,222	284,764
		530,849	601,427
Assets classified as held for sale		20,128	20,128
Total Current Assets		<u>550,977</u>	<u>621,555</u>
TOTAL ASSETS	14	<u><u>2,530,442</u></u>	<u><u>2,528,591</u></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 2023 - unaudited

		As at end of Current Quarter 31/03/2023 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2022 RM'000
	Note	<u> </u>	<u> </u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,660,792</u>	<u>1,662,885</u>
Equity attributable to the equity holders of the Company		2,052,443	2,054,536
Non-controlling interests		<u>296,100</u>	<u>287,194</u>
Total Equity		<u>2,348,543</u>	<u>2,341,730</u>
Non-Current Liabilities			
Deferred tax liabilities		3,900	3,900
Provision for retirement benefits		2,243	2,112
Lease liabilities - non-current portion		<u>906</u>	<u>1,339</u>
Total Non-Current Liabilities		<u>7,049</u>	<u>7,351</u>
Current Liabilities			
Short term borrowings	20	15,019	--
Trade & other payables and accrued expenses		152,363	171,235
Amount owing to holding company		14	34
Lease liabilities - current portion		2,109	2,396
Tax liabilities		<u>5,345</u>	<u>5,845</u>
Total Current Liabilities		<u>174,850</u>	<u>179,510</u>
Total Liabilities	14	<u>181,899</u>	<u>186,861</u>
TOTAL EQUITY AND LIABILITIES		<u>2,530,442</u>	<u>2,528,591</u>
Net assets per share (RM)		5.25	5.26

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 2023 - unaudited

Note	Share capital RM'000	Fair value reserve RM'000	/--- Non-distributable reserve ---/ Foreign currency translation reserve RM'000	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
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
3 months ended 31 March 2023 - unaudited							
At 1 January 2023	391,651	3,762	(1)	1,659,124	2,054,536	287,194	2,341,730
Dividends distributed to owners of the Company	--	--	--	(82,086)	(82,086)	--	(82,086)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--
Profit for the period	--	--	--	79,956	79,956	8,902	88,858
Other comprehensive income for the period	--	38	(1)	--	37	4	41
Total comprehensive income	--	38	(1)	79,956	79,993	8,906	88,899
At 31 March 2023	391,651	3,800	(2)	1,656,994	2,052,443	296,100	2,348,543

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 2023 - unaudited

	3 months ended 31/03/2023 RM'000	(Unaudited) 3 months ended 31/03/2022 RM'000
	Note	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	93,644	98,488
- <i>Discontinued operation</i>	(2)	4,049
	<u>93,642</u>	<u>102,537</u>
Adjustments for :		
Share of results of associates	(67,980)	(50,875)
Share of results of a joint venture	(7,338)	(3,089)
Depreciation and amortisation	4,927	4,535
Finance costs	97	149
Gain on disposal of assets classified as held for sale	--	(35,617)
Other non-cash items	55	244
Other non-operating items	(1,747)	(1,357)
Operating profit before working capital changes	21,656	16,527
Changes in working capital		
(Increase) / Decrease in trade & other receivables	10,548	(7,576)
(Increase) / Decrease in inventories	(14,172)	(7,252)
Increase / (Decrease) in trade & other payables	(18,872)	(8,142)
Net changes in other current assets & liabilities	111	81
Income tax refunded	--	76
Income tax paid	(5,678)	(5,853)
Net cash from / (used in) operating activities	<u>(6,407)</u>	<u>(12,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,590	1,168
Purchase of property, plant & equipment	(1,976)	(2,725)
Proceeds from disposal of property, plant & equipment	185	191
Proceeds from disposal of assets classified as held for sale	--	65,452
Net cash from / (used in) investing activities	<u>(201)</u>	<u>64,086</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(82,086)	(58,633)
Dividends paid to non-controlling interests of subsidiaries	--	(4)
Finance costs paid	(97)	(149)
Bank borrowings	14,222	(2,438)
Lease payables	(770)	(653)
Net cash from / (used in) financing activities	<u>(68,731)</u>	<u>(61,877)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,339)	(9,930)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>284,764</u>	<u>256,603</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>209,425</u>	<u>246,673</u>
Cash and cash equivalents comprise :		
Cash and bank balances	210,222	251,548
Bank overdrafts	(797)	(4,875)
	<u>209,425</u>	<u>246,673</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 2022.

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 2022, 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 2023

MFRS 17	Insurance Contracts
Amendments to:	
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS 17 and MFRS 9 Comparative Information
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these amendments to MFRSs did not result in significant changes in 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 2024

Amendments to:	
MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 101	Non-current Liabilities with Covenants

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

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

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 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 2022 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 2022.

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 31/3/2023	
	Number of Shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2023 / 31 March 2023	390,887	391,651

8. Dividends paid

A second interim single tier dividend of 6.0 sen per ordinary share amounting to approximately RM23,453,259 and a special single tier dividend of 15.0 sen per ordinary share amounting to approximately RM58,633,148 for the financial year ended 31 December 2022 were paid on 21 March 2023.

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 2023 is as follows :

	<u>RM'000</u>
Approved and contracted for	20,475
Approved and not contracted for	<u>23,312</u>

12. Significant related party transactions

During the period ended 31 March 2023, the Group and the Company had the following transactions with related parties:

	<u>31/03/2023</u> RM'000
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	301,820
Sales to Perodua, its subsidiaries and associates	11,129
Purchases from Daihatsu Motor Co., Ltd	459
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	<u>9,764</u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	16,472
- associates	--
Management fees from subsidiaries	<u>45</u>

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 2023

	Motor Trading	Auto Parts Manufacturing		All others	Group
	RM'000	Continuing	Discontinued		
Revenues from external customers	476,784	78,372	--	636	555,792
Results for reportable segments	11,163	7,250	(7)	(1,575)	16,831
Share of results of a jointly venture	--	7,338	--	--	7,338
Share of results of associates	67,961	19	--	--	67,980
Interest income	863	369	5	353	1,590
Finance costs	(43)	(54)	--	--	(97)
Profit/(loss) before tax for reportable segment	79,944	14,922	(2)	(1,222)	93,642
Depreciation and amortisation	(2,854)	(1,647)	--	(426)	(4,927)
Other significant non-cash items					
- Property, plant and equipment written off	(1)	--	--	--	(1)
- Allowance for expected credit losses	(34)	--	--	(20)	(54)
Capital expenditure	1,111	856	--	9	1,976
Segment assets	552,956	177,063	247	111,055	841,321
Jointly controlled entity	--	72,605	--	22,899	95,504
Investment in associates	1,527,585	66,032	--	--	1,593,617
Segment liabilities	(128,839)	(48,484)	(49)	(4,527)	(181,899)

Period ended 31 March 2022

	Motor Trading	Auto Parts Manufacturing		All others	Group
	RM'000	Continuing	Discontinued		
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 joint 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					
- 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)	(47,853)	(315)	(4,126)	(162,533)

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 31/03/2023 RM'000	Period ended 31/03/2022 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	555,156	477,970
All others	636	541
Elimination of discontinued operation	--	--
Revenue, as reported	<u>555,792</u>	<u>478,511</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	19,546	49,942
All others	(1,222)	(1,369)
Share of results of jointly controlled entity	7,338	3,089
Share of results of associates	67,980	50,875
Elimination of discontinued operation	2	(4,049)
Profit before tax, as reported	<u>93,644</u>	<u>98,488</u>
<u>Assets</u>		
Total assets for Group's reportable segments	730,266	697,413
All others	111,055	137,821
Jointly controlled entity	95,504	85,476
Investment in associates	1,593,617	1,467,467
Total assets, as reported	<u>2,530,442</u>	<u>2,388,177</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	177,372	158,407
All others	4,527	4,126
Total liabilities, as reported	<u>181,899</u>	<u>162,533</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 2022.

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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross loss	-	-	-	-
Other income	-	4,324	-	4,324
Administrative and other expenses	(7)	(275)	(7)	(275)
Interest income	5	-	5	-
Profit / (loss) before tax	(2)	4,049	(2)	4,049
Income tax expense	-	-	-	-
Profit / (loss) from discontinued operation	<u>(2)</u>	<u>4,049</u>	<u>(2)</u>	<u>4,049</u>

Net cash flows of discontinued operation:

Net cash used in operating activities	(63)	(37)
Net cash from investing activities	-	4,452
Net cash from financing activities	-	-
Net Increase / (decrease) in cash and cash equivalents	<u>(63)</u>	<u>4,415</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 31/03/2023 RM'000	Year to date 31/03/2023 RM'000
Current year's provision	4,784	4,784
Add : Under/(Over) provision in prior years	--	--
	4,784	4,784
Deferred taxation	--	--
Income tax expense	<u>4,784</u>	<u>4,784</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 31/03/2023 %	Year to date 31/03/2023 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(17.4)	(17.4)
Adjustment for tax applicable to share of results of a joint venture	(1.9)	(1.9)
Expenses not deductible for tax purpose / (Income not subject to tax)	0.4	0.4
	<u>5.1</u>	<u>5.1</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	15,019	--
Unsecured	--	--
Total	<u>15,019</u>	<u>--</u>

21. Material litigations

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

22. Dividend

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 2022, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 1 June 2023, will be paid on 30 June 2023 to shareholders whose names appear in the Record of Depositors of the Company on 19 June 2023.

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 3 months ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
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	79,958	85,235	79,958	85,235
- Discontinued operation	(2)	4,049	(2)	4,049
	79,956	89,284	79,956	89,284
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	20.46	21.81	20.46	21.81
- Discontinued operation	--	1.04	--	1.04
	20.46	22.85	20.46	22.85

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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,585	1,168	1,585	1,168
b) Interest expense	(97)	(149)	(97)	(149)
c) Depreciation and amortisation	(4,927)	(4,535)	(4,927)	(4,535)
d) Property, plant and equipment written off	(1)	--	(1)	--
e) Gain on disposal of property, plant and equipment	157	188	157	188
f) Gain on disposal of assets classified as held for sale	--	35,617	--	35,617
g) Allowance for slow-moving inventories	--	(103)	--	(103)
h) Allowance for expected credit loss	(54)	(141)	(54)	(141)
i) Realised gain / (loss) on foreign exchange	(21)	1	(21)	1

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 2023.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 25 May 2023.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 25 MAY 2023

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 2023 can be downloaded from the internet at
www.bursamalaysia.com or www.mbmr.com.my