

Interim Report
UMS Holdings Berhad
(Company No. 74125-V)
(Incorporated in Malaysia)
and its subsidiaries

Condensed Consolidated Statement of Comprehensive Income for the 9 month period ended 30 June 2020
(unaudited)

Note	3 month period ended 30 June			9 month period ended 30 June	
	2020 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
	Current quarter	Previous Quarter ended 31.3.2020	Current quarter	9 months cumulative to date	9 months cumulative to date
Revenue	9,590	13,704	15,690	41,914	51,547
Cost of sales	(6,991)	(7,591)	(9,185)	(27,296)	(32,332)
Gross profit	2,599	6,113	6,505	14,618	19,215
Operating expenses	(4,919)	(5,419)	(5,583)	(15,633)	(18,098)
Other operating income	753	421	246	2,112	1,346
Operating profit	(1,567)	1,115	1,168	1,097	2,463
Financing costs	-	-	-	-	-
Interest income	15	26	28	66	105
Share of profit of associates	(80)	203	91	227	301
(Loss)/Profit before taxation	(1,632)	1,344	1,287	1,390	2,869
Tax expense	B5 427	(323)	(556)	(207)	(1,255)
(Loss)/Profit for the period	(1,205)	1,021	731	1,183	1,614
Other comprehensive income net of tax	(524)	(133)	(513)	(963)	(503)
Total comprehensive income for the period	(1,729)	888	218	220	1,111
Profit attributable to:					
Owners of the Parent	(1,214)	1,021	725	1,170	1,601
Non-controlling interest	9	-	6	13	13
	(1,205)	1,021	731	1,183	1,614
Total comprehensive income attributable to:					
Owners of the Parent	(1,738)	888	212	207	1,098
Non-controlling interest	9	-	6	13	13
	(1,729)	888	218	220	1,111
Basic earnings per ordinary share (sen)	B13 -2.98	2.51	1.78	2.88	3.93
Diluted earnings per ordinary share (sen)	-2.98	2.51	1.78	2.88	3.93

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Report
UMS Holdings Berhad
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Condensed Consolidated Statement of Financial Position as at 30 June 2020
 (unaudited)

	As at 30 June 2020	As at 30 September 2019
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	34,966	35,571
Right-of-use asset	4,647	4,677
Investment Property	29,584	29,584
Investments in associates	12,231	12,653
Other investments	9,297	14,089
Goodwill on consolidation	1,046	1,046
	91,771	97,620
Current assets		
Inventories	33,854	34,191
Trade and other receivables	18,466	19,408
Tax recoverable	-	-
Fixed deposits with licensed bank	1,825	1,825
Cash & cash equivalents	18,091	14,796
	72,236	70,220
Total assets	164,007	167,840
Equity		
Share capital	42,654	42,654
Reserves	116,150	120,012
	158,804	162,666
Total equity attributable to the shareholders of the Company	158,804	162,666
Minority interest	793	780
Total equity	159,597	163,446
Non-current liabilities		
Borrowings	-	-
Deferred tax liabilities	1,392	1,439
	1,392	1,439
Current liabilities		
Trade and other payables	7,676	6,616
Dividend payable	-	-
Borrowings	-	-
Taxation	(4,658)	(3,661)
	3,018	2,955
Total equity and liabilities	164,007	167,840
Net assets per share (RM)	3.90	4.00

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

Interim Report
UMS Holdings Berhad
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Condensed Consolidated Statement of Changes in Equity for the 9 month ended 30 June 2020
(unaudited)

	Attributable to owners of the Parent					Total	Non-controlling interest	Total
	Share capital	Revaluation reserve-non distributable	Exchange translation reserve-non distributable	Fair value adjustment reserve-non distributable	Retained profits-distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance At 1 October 2018 as previously reported	42,654	3,528	1,112	827	115,269	163,390	816	164,206
Adjustment from adoption of MFRS 9	-	-	-	-	(189)	(189)	(2)	(191)
	42,654	3,528	1,112	827	115,080	163,201	814	164,015
Profit for the period	-	-	-	-	3,015	3,015	16	3,031
Other comprehensive income								
Fair value change in available -for-sale financial assets	-	-	-	511	-	511	-	511
Exchange translation differences	-	-	8	-	-	8	-	8
Total other comprehensive income	-	-	8	511	-	519	-	519
Total comprehensive income	-	-	8	511	3,015	3,534	16	3,550
Transfer (from)/to		(2,638)			2,638	-	-	-
Transactions with owners								
Dividend for year ended 30 September 2019	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
Total transactions with owners	-	-	-	-	(4,069)	(4,069)	(50)	(4,119)
At 30 September 2019	42,654	890	1,120	1,338	116,664	162,666	780	163,446
At 1 October 2019	42,654	890	1,120	1,338	116,664	162,666	780	163,446
Profit for the period	-	-	-	-	1,170	1,170	13	1,183
Other comprehensive income								
Fair value change in available -for-sale financial assets	-	-	-	(128)	-	(128)	-	(128)
Exchange translation differences	-	-	(835)	-	-	(835)	-	(835)
Total other comprehensive income	-	-	(835)	(128)	-	(963)	-	(963)
Total comprehensive income	-	-	(835)	(128)	1,170	207	13	220
Transactions with owners								
Dividend for year ended 30 September 2019	-	-	-	-	(4,069)	(4,069)	-	(4,069)
Total transactions with owners	-	-	-	-	(4,069)	(4,069)	-	(4,069)
At 30 June 2020	42,654	890	285	1,210	113,765	158,804	793	159,597

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UMS Holdings Berhad
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Condensed Consolidated Statement of Cashflows for the 9 month period ended 30 June 2020
(unaudited)

	For the 9 month period ended 30 June 2020 RM'000	For the 9 month period ended 30 June 2019 RM'000
Cash flows from operating activities		
Profit before taxation	1,390	2,869
Adjustment for non-cash items:		
- Non-cash items and non-operating items	1,493	751
Operating profit before changes in working capital	2,883	3,620
Changes in working capital:		
- Inventories	337	(574)
- Trade and other receivables	942	5,047
- Trade and other payables	1,060	(2,504)
Cash generated from operations	5,222	5,589
- Income taxes paid	(1,251)	(2,876)
- Interest paid	-	-
Net cash generated from operating activities	3,971	2,713
Cash flows from investing activities		
Purchase of property, plant and equipment	(566)	(2,793)
Proceeds from disposal of property, plant and equipment	48	166
Proceeds from sales of other investment	4,999	-
Purchase of other investment	(558)	(523)
Interest received	66	105
Dividend received	558	523
Net cash flow used in investing activities	4,547	(2,522)
Cash flows from financing activities		
Repayment of hire purchase liabilities	-	-
Drawdown/(Repayment) of Bills payable & banker acceptance	-	-
Dividend paid	(4,069)	(4,069)
Repayment of term loan	-	-
Net cash flow used in financing activities	(4,069)	(4,069)
Net increase/(decrease) in cash and cash equivalents	4,449	(3,878)
Cash and cash equivalents at beginning of period	16,621	20,002
Effects of changes in exchange rate	(1,154)	(794)
Cash and cash equivalents at 30 June	19,916	15,330

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	18,091	12,919
Fixed deposit	1,825	2,411
	19,916	15,330

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 September 2019 and the accompanying explanatory notes attached to the interim financial statements.

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A Notes to Interim Financial Report on Consolidated Results For the Period Ended 30 June 2020

A1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting and with IAS 34, Interim Financial Reporting and should be read in conjunction with the Group's audited financial statements for the year ended 30 September 2019.

On 1 October 2019, the Company adopted the following Amendments to published standards mandatory for annual financial periods beginning on or after 1 October 2019:

Standards/Amendments

MFRS 16 – Leases

IC Interpretation 23 – Uncertainty over Income Tax Treatments

Amendments to MFRS 9 – Prepayment Features with Negative Compensation

Annual Improvements to MFRS Standards 2015 – 2018 Cycle:

- Amendments to MFRS 3 – Business Combinations
- Amendments to MFRS 112 – Income Taxes
- Amendments to MFRS 128 – Long Term Interest in Associates and Joint Ventures

Amendments to MFRS 119 – Plan Amendment, Curtailment or Settlement

A2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2019 was not subject to any qualifications.

A3 Seasonal or cyclical factors

The principal activities of the company is that of an investment holding company with its subsidiaries mainly dealing with the distribution of mechanical power transmission and material handling products and systems and industrial spare parts. As such the trading nature or operations of these companies does not linked directly to seasonality or cyclicity.

A4 Unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows

There were no unusual nature and amount of items, which affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.

A5 Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period

There were no material changes in estimates during the quarter under review.

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A Notes to Interim Financial Report on Consolidated Results For the Period Ended 30 June 2020

A6 Debts and equity securities

There were no new debts and equity securities issued during the quarter.

A7 Dividends

There were no dividends paid during the quarter under review other than those disclosed in note B12.

A8 Segmental reporting

The segmental analysis for the Group for the financial period ended June 30, 2020 are as follows:

	WEST MALAYSIA		EAST MALAYSIA		SINGAPORE	TOTAL
	Northern RM'000	Southern RM'000	Eastern RM'000	Central RM'000	Sarawak RM'000	RM'000
Segment Revenue	0	3,342	3,356	33,969	4,143	4,943
Elimination						(7,839)
Consolidated Revenue						<u>41,914</u>
Profit/(Loss) before Taxation and Minority Interest	(4)	(13)	36	217	213	1,333
Elimination						(619)
Share of profit Of associated Companies						227
						<u>1,390</u>
Total assets	1,518	7,751	7,077	166,411	8,109	12,739
Elimination						(39,598)
						<u>164,007</u>
Total Liabilities	(7)	175	426	31,769	93	487
Elimination						(27,740)
						<u>5,203</u>

A9 Material events subsequent to the end of the interim period

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A Notes to Interim Financial Report on Consolidated Results For the Period Ended 30 June 2020

1. On 6 January 2020, the Board of Directors announced that the Company intends to seek the approval of its Shareholders in the coming Annual General Meeting to be held on 9 March 2020, to undertake the proposed purchase and/or hold its own shares of up to 10% of its issued and paid-up share capital of the Company in accordance with the Companies Act, 2016. This proposal was approved by its shareholders in its Annual General Meeting.
2. On 18 August 2020, UMS Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Adabi Consumer Industries Sdn Bhd to dispose of all that piece of freehold land measuring approximately 6,750 sq. meters in area held under Geran 205525, Lot No. 18990, Seksyen 20, Bandar Rawang, District of Gombak, State of Selangor with the postal address of Lot 18, Lingkaran Taman Industri Integrasi Rawang 2, Taman Industri Integrasi Rawang, 48000 Rawang Selangor together with a single-storey detached factory with an annexed double-storey office building and with outbuilding inclusive of a guard house and a pump house for a cash consideration of RM14.25 million.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter concerned including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

B1. Financial review for current quarter and financial year to date

The financial review of the group for current quarter and financial year to date is tabled below:-

	Individual Period (3rd quarter)(RM'000)		Changes (Amount(RM'000)/%)	Cumulative Period(RM'000)		Changes (RM'000/%)
	Current Year Quarter	Preceding Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/6/2020	30/6/2019		30/6/2020	30/6/2019	
Revenue	9,590	15,690	(6,100)/(38.88)	41,914	51,547	(9,633)/(18.69)
Operating (Loss)/Profit	(1,567)	1,168	(2,735)/(234.16)	1,097	2,463	(1,366)/(55.46)
(Loss)/Profit Before Interest and Tax	(1,647)	1,259	(2,906)/(230.82)	1,324	2,764	(1,440)/(52.10)
(Loss)/Profit Before Tax	(1,632)	1,287	(2,919)/(226.81)	1,390	2,869	(1,479)/(51.55)
(Loss)/Profit After Tax	(1,205)	731	(1,936)/(264.84)	1,183	1,614	(431)/(26.70)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,214)	725	(1,939)/(267.45)	1,170	1,601	(431)/(26.92)

a) The group's performance for the period-to-date 30 June 2020 against the corresponding period-to-date 30 June 2019 is as follows:

The revenue for the group has decreased by RM9,633,000 or 18.69% to RM41,914,000 from RM51,547,000 mainly due to the slowdown in the world economy and the negative economic impact of the MCOs implementation by the government to mitigate the Covid 19 pandemic since 18.3.2020.

The profit before tax has decrease by RM1,479,000 or 51.55% to RM1,390,000 from RM2,869,000 mainly due to decreased in revenue.

The group's revenue by segment is as follows:-

Revenue by segment	For the cumulative 9 months ended 30.6.2020	For the cumulative 9 months ended 30.6.2019	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
West Malaysia-Region				
Northern	0	0	0	0
Southern	3,342	4,472	(1,130)	(25.27)
Eastern	3,356	4,550	(1,194)	(26.24)
Central	26,685	35,007	(8,322)	(23.77)

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

East Malaysia				
Sarawak	4,143	5,181	(1,038)	(20.03)
Overseas				
Singapore	4,388	2,337	2,051	87.76
	<u>41,914</u>	<u>51,547</u>	<u>(9,633)</u>	<u>(18.69)</u>

The main decrease in revenue by segment is from the Central Region with reasons as mentioned above.

b)The group’s performance for the quarter under review against the corresponding quarter of the previous financial period is tabled below:-

	For the quarter Ended 30.6.2020	For the quarter Ended 30.6.2019	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	0	0	0	0
Southern	812	1,436	(624)	(43.45)
Eastern	956	1,393	(437)	(31.37)
Central	5,947	10,497	(4,550)	(43.35)
East Malaysia				
Sarawak	1,236	1,750	(514)	(29.37)
Singapore	639	614	25	4.07
	<u>9,590</u>	<u>15,690</u>	<u>(6,100)</u>	<u>(38.88)</u>

The revenue for the group has decreased from RM15,690,000 to RM9,590,000, a drop of RM6,100,000 or 38.88% mainly due to the slowdown on world economy and the negative impact of the MCOs implementation by the government due to Covid 19 since 18.3.2020..

The profit before tax has decrease by –RM2,919,000 or -226.81% to -RM1,632,000 from RM1,287,000 mainly due to the decrease in revenue.

B2. Financial review for current quarter compared with immediate preceding quarter

The financial review for the current quarter compared with immediate preceding quarter is tabled as below:-

	Current Quarter 30/6/2020	Immediate Preceding Quarter 31/3/2020	Changes (RM'000 / %)
Revenue	9,590	13,704	(4,114)/(30.02)

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

Operating (Loss)/ Profit	(1,567)	1,115	(2,682)/(240.53)
(Loss)/Profit Before Interest and Tax	(1,647)	1,318	(2,965)/(224.96)
(Loss)/Profit Before Tax	(1,632)	1,344	(2,976)/(221.43)
(Loss)/Profit After Tax	(1,205)	1,021	(2,226)/(218.02)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	(1,214)	1,021	(2,235)/(218.90)

c) The group’s performance for the quarter under review against the preceding quarter of the year is as follows:-

The revenue for the group has decreased by RM4,114,000 or 30.02% to RM9,590,000 from RM13,704,000 mainly due to the slowdown in the world economy and the negative impact of the MCOs implementation by the government due to Covid 19 since 18.3.2020.

The profit before tax has decreased by –RM2,976,000 or -221.43% to -RM1632,000.00 from RM1,344,000 mainly due the decreased in revenue,

The group’s revenue by segment is as follows:-

	3 months ended 30.6.2020	3 months ended 31.3.2020	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	0	0	0	0
Southern	812	1,183	(371)	(31.36)
Eastern	956	1,032	(76)	(7.36)
Central	5,947	9,068	(3,121)	(34.42)
East Malaysia				
Sarawak	1,236	1,430	(194)	(13.57)
Oversea				
Singapore	639	991	(352)	(35.52)
	<u>9,590</u>	<u>13,704</u>	<u>(4,114)</u>	<u>(30.02)</u>

The main decrease in revenue by segment are from the Singapore and Central regions as mentioned above.

B3. Current financial year’s prospects

In their June world economic outlook, the IMF and World Bank commented that the global outlook for the economy in 2020 remains lethargic with uncertainty in recovery within the near term.

According to the IMF World Economic Outlook (WEO) in June 2020, the global economy is projected to slow down to -4.9%, much worse than the previous forecast of -3% in April 2020.

The current global COVID 19 pandemic had a more adverse negative impact than expected, therefore the global economic recovery is projected to be more gradual and slower than the previously forecasted.

The IMF reported that the margin of uncertainty of the June 2020 forecast of -4.9% GDP growth is higher than usual, due to assumptions made on the severity of the fallout arising from the pandemic spreading across the global economic landscape.

In economies where the infection rate show signs of declining, the slower recovery path may be due to the continuing enforcement of social distancing extended into the second half of 2020.

Greater damage to the global supply chain resulting from the unexpectedly larger hit to economic activities during the lockdown period in the first half of 2020, is also a contributing factor to this negative forecast. Another contributing factor to this uncertainty is the effect on the productivity of those surviving businesses that strictly adhered to stringent standard operating procedures of work safety and hygiene.

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

For those economies that are still battling to control infection rates, an extended lockdown will exert further pressure and toll on their economic activities.

On a global scale, the COVID 19 pandemic which erupted in China in Dec 2019, is still rampaging across many countries, inflicting an unprecedented damage to the world economy.

Growth in the advanced economy group is projected at -8.0%, much worse than the -6.1% predicted in April 2020. This is attributed to a more severe hit to most economies in the first half of 2020 arising from more widespread and longer lockdowns. Expectation of a recovery in second half of 2020 should be more gradual as the contagion remains unabated.

The members of the advanced economies are expected to experience deep downturns. For example, there is no indication that the pandemic in the US, with its 5 million plus infections, show any signs of flattening of its infection curve on a national basis. Unemployment rates in June 2020 is at a high of 11.1% whereas its second quarter growth is projected at an annual rate of -32.9 %.

For 2020, the GDP of the US is projected at a negative growth -8.0 % followed by Japan (-5.8%); United Kingdom (-10.2%); Germany (-7.8%) France (-12.5%); Italy and Spain (-12.8%).

Going forward to 2021, this advanced economy group is projected to recover to achieve growth of 4.8%.

Amongst the emerging market and developing economies, the impact to the respective economies by this pandemic was closer to the scenario projected by IMF in April 2020. Reflecting weaker external demand, the overall growth in this grouping is forecasted at -3.0 % for the year 2020, 2 percentage points below the April 2020 forecast.

For the first time, all the individual economies of the emerging market and developing economies group experienced a synchronized negative growth.

The evolution and epidemiological pattern of this pandemic and the effectiveness of containment strategies and measures undertaken by the governments of this grouping; the vulnerability of different sectors of the economy being affected (tourism and oil industries); and lastly the reliance on external financial flows; will determine the varying recovery rates and growth patterns of these economies.

The first country to show signs of a recovery is China (where the infection rate is currently under control) after a sharp contraction of -6.8% in first quarter 2020. During the second quarter 2020, the Chinese economy rebounded to a growth of 3.2% and is projected to grow at 1.0% for the entire 2020; underpinned partially by effective epidemic control, supportive government initiatives and an orderly resumption of its manufacturing and domestic economy. This rebound is underpinned and driven by factors such as a pent up demand, a catch up to the production loss in the first quarter, a surge in medical products export, and a financial stimulus in China and other major economies that resuscitated demand for Chinese goods.

The Indian economy is expected to contract by 4.5%, exacerbated by a longer lockdown period due to increasing infections that will hinder an earlier recovery.

In Latin America, two of its largest economies, Brazil and Mexico, are still battling to control their rising infection rates. Hence the growth of Brazil and Mexico is projected to contract by 9.1% and 10.5% respectively.

For the major oil producing nations of Russia, Saudi Arabia and Nigeria, the combination of prevailing low crude oil prices and the devastating effects of the pandemic will trigger a sharp downturn in their GDP's. These growth rates are: Russia (-6.6%), Saudi Arabia (-6.8%) and Nigeria (-5.4%).

The ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam) regional group is projected to register a negative growth of -2.0% for the year 2020 and rebounding to 6.6% in 2021.

Meanwhile in June 2020, the IMF revised downwards its 2020 GDP forecast for Malaysia to -3.8% from its previous estimate of -1.7%. Owing to the COVID 19 pandemic having a broader and deeper negative effect on the global economy, the export orientated economy of Malaysia will be impacted in the first half of 2020.

In its economic report in April 2020, the Bank Negara Malaysia projected an unpredictable and highly challenging global environment for the second half of its 2020 economy, amidst the Covid 19 pandemic.

In its quarterly economic report for 2Q2020 on 14 August, Bank Negara Malaysia announced the GDP for Malaysia contracted by 17.1% in the second quarter of 2020 (1Q2020: 0.7%) due to the imposition of movement control order (MCO) during the quarter to arrest the contagion effect of the Covid 19 pandemic.

All sectors of the economy registered negative growth with the exception of the agriculture sector, which recorded growth of 7.2%. The service sector contracted by 17.4% whilst manufacturing declined 17.9%. Other components of the GDP such as the construction sector recorded the largest decline of 44.5%, followed by mining and quarrying (-20%), manufacturing

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

(-18.3%), and services (-16.2%).

During this quarter domestic demand, private consumption and investment declined by 18.7%, 18.5% and 26.4% respectively. Public sector consumption grew by 2.3% while exports and imports dropped 21.7% and 19.7% respectively. Based on the performance of the economy of the current quarter and the expectations of the quarters going forward, Bank Negara Malaysia revised its 2020 GDP forecast ranging from -3.5% to -5.5% and rebounding to a growth range of 5.5% to 8.0% in 2021 going forward.

The unpredictable trajectory and severity of global infections and the varying degree of containment measures to curb them by individual countries; inevitably will have a negative impact on their respective economies. Furthermore, prolonged tightening of global financial conditions generally do not augur well for the real economy.

In February 2020, the Malaysian government has implemented a series of initiatives to contain and mitigate the spread of infections and to cushion the impact of their effects on the people’s health, safety, livelihood, income and jobs.

The measures undertaken by the Malaysian government to address the COVID 19 pandemic are as follows:

1. Aggressive identification and contact tracing of members of cluster outbreaks, testing, and quarantine and hospitalization of suspected and positive cases.

2. Sequential implementation of a regime of control orders such as Mandatory Control Order (MCO), Enhanced Movement Control (EMCO) Conditional Movement Control Order (CMCO) and Recovery Control Movement Order (RCMO) and accompanied by standard operating procedures and guidelines (SOPs) to educate and enforce mask wearing, social distancing, personal hygiene, restricted geographical mobility and cross border travel for businesses, institutions, religious places of worship and individuals. The objective is to reduce community spreading of infections and to flatten the infection curve.

The MCO and its subsequent Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) will cover a period from March 18 to August 31 2020.

3. In order to stabilize and moderate the adverse impact of this lockdown affecting the survival of businesses and the people’s livelihood, the government had prepared a number of economic and financial stimulus packages totaling RM20 billion in February 2020 to provide immediate tax breaks and cash aids to these affected businesses and households. Another RM620 million was also added in March 2020 to provide an immediate lifeline to all eligible employees, employers and companies.

- Out of this additional RM620 million allocation, RM120 million was utilized to subsidize a monthly payment of between RM600 to RM1,200 to each employee earning RM4,000 and below for a duration of 3 months from April 2020 to June 2020 followed by another monthly payment of RM600 to each employee for another 3 months from July 2020 to September 2020.
- The balance of RM500 million from this additional allocation was to be utilized to provide a discount on electricity bills for the household, commercial, industrial and agriculture sectors from April 1 to Sept 30 2020.
- Commercial banks initiated support packages such as emergency loans and reconfiguration of existing loans to a more flexible, reduced-interest loan installments for the SMEs.
- In order to support the commercial banks, Bank Negara lowered their statutory reserve ratio from 3% to 2%, thereby releasing an additional liquidity of RM30 billion into the banking system effective 20 March 2020. This will relieve cash-strapped businesses from cash flow problems resulting from the sharp slowdown inflicted by COVID 19 pandemic.
- An additional reduction of overnight policy rate was enacted by Bank Negara in early March, the second reduction in 2020, to stimulate liquidity in the system.
- As part of the Government’s comprehensive strategy to weather this COVID 19 crisis, the Malaysian Inland Revenue Board (LHDN) issued guidelines for businesses and individuals to apply for relief funds.
- Other measures undertaken by the LHDN include service tax exemption for hotel and related service sector, tax deduction for expenses incurred by companies on expenses incurred on disposable personal protection and related equipment.
- Starting from April 2020, in order to ease the burden of cash flow arising from tax payment obligations, the LHDN relaxed its payment schedule by the deferment of monthly tax installments ranging from 3 to 6 months for SMEs and those in the tourist industry.

4. By August 2020, the government will table a Bill for Parliament’s approval, proposing a more comprehensive and enlarged COVID 19 Fund of RM45 billion. The Bill, once passed will be effective retrospectively and in force from Feb 27 2020 to Dec 31 2020.

This Bill will also cover the four economic stimulus packages announced by the government since the onset of the epidemic in Feb 27 2020.

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- A total of RM16.8 billion of this COVID19 Fund will be utilized for wage subsidy, job retention, workers hiring and training assistance initiatives.
- Other portions of this RM45 billion COVID 19 Fund will be utilized for a broad array of initiatives such as Bantuan Prihatin Nasional (RM11.2billion), small scale projects (RM4 billion) skills and training (RM2 billion), PENJANA SME financing (RM2 billion) and Prihatin SME grant (RM1.9 billion).
- Other major programs earmarked for disbursement by the COVID 19 Fund will include microcredit loans (RM1billion), special allowances for frontliners (RM1billion), Penjana national fund (RM600million), e-Penjana (RM520 million), Bantuan Sara Hidup (RM300 million) and finally higher education student assistance (RM600 million).

With the COVID 19 pandemic still raging on, the global outlook for the economy for the second half of 2020 remains unpredictable and murky, as a large number of advanced and emerging countries are still battling against the rise of infections. The major risks to a possible stabilization and recovery of the world economy in second half 2020 and 2021 going forward are listed below.

- No indication of any improvement in the reduction of infections in major advanced economies, especially in the USA, the world largest economy with 5 million infected cases as at August.
- With cold weather and the arrival of flu season in latter part of the year, there is anxiety over a second or third wave of infections in the Northern hemisphere.
- For countries that managed to flatten the curve like China, Taiwan, Hong Kong, Japan, Korea and some European nations, there is fear of a resurgence once lockdown and other precautionary measures like social distancing, mask wearing and hygiene practices are relaxed too soon to reactivate business activities.
- There is yet no clinically approved, affordable vaccine that has been discovered within the next few months.
- Increased geopolitical tensions between the US-led group of allies and China in the trade, technology and ideology leading to a prolonged cold war and the decoupling of global supply chains.
- The ratcheting of tensions by the Trump administration between USA and China for the COVID19 pandemic during his re-election campaign permanently harming bilateral relations and global stability.
- The flexing of military might between the world 2 biggest economies in South China Sea potentially igniting into a military conflict.
- Oil prices still hovering below USD45 per barrel will be detrimental to the recovery of oil producing nation and global economy.
- Continuation of low prices and weak demand for Malaysian crude palm oil and other resource based commodities.
- A slow response by any company to re-strategize their business model and adjust to the new normal.

For the remaining second half of 2020 and 2021 going forward, the world and as well as Malaysia will be still grappling with this COVID 19 pandemic and its ramifications until a clinically approved vaccine is found. Meanwhile the Group and its Board must stay vigilant to respond proactively to risks affecting the viability of the group.

The business environment in the second half will remain challenging and unpredictable. Meanwhile, keeping a healthy balance sheet with a fluid and positive cash flow is a priority to insulate the Group in these uncertain times. The group should constantly stay focus to increase productivity and trim unnecessary expenditure.

B4. Variance of actual profit from profit forecast

This note is not applicable as there is no profit forecast made.

B5. Taxation

Taxation consists of the following :

	Individual quarter		Accumulated quarter	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current Malaysian Tax	411	(594)	(254)	(1,367)
(Under)/overprovision in prior years	0	0	0	0

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

	411	(594)	(254)	(1,367)
Deferred taxation	16	38	47	112
	<u>427</u>	<u>(556)</u>	<u>(207)</u>	<u>(1,255)</u>
	=====	=====	=====	=====

The current tax rates for the current period ended 30 June 2020 and 2019 were 24% and 24%.

B6. Notes to the Statement of Comprehensive Income

Profit for the period is arrived at after charging/(crediting):

	3 months ended		Cumulative months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	(15)	(28)	(66)	(105)
Other income including investment				
Income	(749)	(208)	(2,090)	(1,346)
Gain on disposal of property, plant				
and equipment	(4)	(38)	(22)	0
Interest expense	0	0	0	0
Depreciation and amortization	661	521	1,530	963
Foreign exchange (gain)/loss	143	90	161	(17)

Other than the above, there were no provision for and write off of receivables and inventories, no gain or loss on disposal of quoted or unquoted investments and derivatives, impairment of assets and exceptional items included in the results for the current period ended 30 June 2020.

B7. Purchase and sale of quoted securities

There were no purchase or sale of quoted securities for the financial period concerned.

Details of other investments to date are as follows:

	30.6.2020	30.9.2019
	RM'000	RM'000
Financial assets at fair value through profit and loss (FVTPL)		
Unquoted shares at cost	50	50
Financial assets at fair value through other comprehensive income(FVTPL)		
Wholesale Funds	9,247	14,039
	<u>9,297</u>	<u>14,089</u>
	=====	=====

B8. Status of corporate proposals

To date, there are no corporate proposals announcement.

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

B9. Group borrowings and debt securities

The Group’s borrowings as at 30 June 2020 are as follows:

	30.6.2020		30.9.2019	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Long term loan	0	0	0	0
Hire purchase creditors	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====
Short term loan:-				
Term loan	0	0	0	0
Trust receipt	0	0	0	0
Banker acceptance	0	0	0	0
Letter of credit	0	0	0	0
Bills payable	0	0	0	0
Hire purchase payables	0	0	0	0
Bank overdraft	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	=====	=====	=====	=====

There is no material changes to the Group’s borrowings as at the current year-to-date at 30.6.2020 as compared with the corresponding period in the immediate preceding year as at 31 March 2020 as tabled below:-

	As at 3rd quarter ended 2020					
	Long Term		Short Term		Total borrowings	
	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination
Secured	0	0	0	0	0	0
Unsecured	0	0	0	0	0	0
	As at 2nd quarter ended 2020					
	Long Term		Short Term		Total borrowings	
	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination	S\$'000 denomination	RM'000 denomination
Secured	0	0	0	0	0	0

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

Unsecured	0	0	0	0	0	0
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B10. Financial instruments with off balance sheet risks

There were no financial instruments with off balance sheet risks during the current quarter.

B11. Material litigation

Neither UMS nor its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors of UMS are not aware of any proceedings pending or threatened against UMS or its subsidiary companies or any facts likely to give rise to any proceedings which might materially affect the position and business of the UMS Group.

B12. Dividend

	30.6.2020 RM'000	30.9.2019 RM'000
Proposed: Single tier Final dividend of 6% & Single tier Special dividend of 4%	0	0

A final dividend of 6sen amounting to RM2,441,000 and a special dividend of 4sen amounting to RM1,627,000 for the financial year ended 30.9.2019 was paid on 27.3.2020.

B13 Trade and other receivables

	30.6.2020 RM'000	30.9.2019 RM'000
Trade receivables	17,436	18,852
Loss allowance	(530)	(524)
	<u>16,906</u>	<u>18,328</u>
Other receivables, deposit & prepayment	1,560	1,080
	<u>18,466</u>	<u>19,408</u>

Trade receivables are non-interest bearing and generally are on 30 to 120 days for current period and previous year.

The Group's trade receivables loss allowance at the reporting date and the movement of loss allowance is as follows:

	Group	
	30.6.2020 RM'000	30.9.2019 RM'000
Opening loss allowance as at 30 September 2018-MFRS 139	0	510

Additional Information Required by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirement

Amount restated through opening retained profits	0	191
Opening loss allowance as at 1 October 2019/ 2018-MFRS 139	524	701
Provided during the period/year	36	204
Reversal	(30)	(381)
Closing loss allowance	530	524

Loss allowance provided individually on trade receivables at the reporting date relates to those that are in significant financial difficulties and have defaulted on payments.

B14. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter and for the cumulative quarter is based on the following:

	3 months ended		Cumulative months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net (Loss)/ profit attributable to Ordinary shareholders	(1,214)	725	1,170	1,601
Weighted average Number of shares In issued.	40,690	40,690	40,690	40,690
Basic earnings per Ordinary share(sen)	(2.98)	1.78	2.88	3.93
Diluted earnings per share (sen)	(2.98)	1.78	2.88	3.93

UMS Holdings Berhad

Company No. 74125 – V
(Incorporated in Malaysia)

Interim Financial Report
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