

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

Condensed Consolidated Statement of Comprehensive Income for the 6 month period ended 31 March 2022
(unaudited)

Note	3 month period ended 31 March			6 month period ended 31 March	
	2022	2021	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
	Current quarter	Previous Quarter ended 31.12.2021	Current quarter	6 months cumulative to date	6 months cumulative to date
Revenue	17,345	17,622	16,577	34,967	35,568
Cost of sales	(11,306)	(11,569)	(10,985)	(22,875)	(23,379)
Gross profit	6,039	6,053	5,592	12,092	12,189
Operating expenses	(5,315)	(5,400)	(5,941)	(10,715)	(11,080)
Other operating income	355	589	4,811	944	5,135
Operating profit	1,079	1,242	4,462	2,321	6,244
Financing costs	-	-	-	-	-
Interest income	110	101	68	211	75
Share of profit of associates	141	392	231	533	355
Profit before taxation	1,330	1,735	4,761	3,065	6,674
Tax expense	B5 (386)	(342)	(1,374)	(728)	(1,850)
Profit for the period	944	1,393	3,387	2,337	4,824
Other comprehensive income net of tax	37	103	(34)	37	69
Total comprehensive income for the period	981	1,496	3,353	2,374	4,893
Profits attributable to:					
Owners of the Parent	939	1,387	3,379	2,326	4,805
Non-controlling interest	5	6	8	11	19
	944	1,393	3,387	2,337	4,824
Total comprehensive income attributable to:					
Owners of the Parent	976	1,490	3,345	2,363	4,874
Non-controlling interest	5	6	8	11	19
	981	1,496	3,353	2,374	4,893
Basic earnings per ordinary share (sen)	B13 2.31	3.41	8.30	5.72	11.81
Diluted earnings per ordinary share (sen)	2.31	3.41	8.30	5.72	11.81

N/A – Not applicable

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2021 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 31 March 2022
(unaudited)

	As at 31 March 2022	As at 30 September 2021
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	32,760	32,869
Prepaid lease payments	4,360	4,472
Investment Property	18,100	18,100
Investments in associates	16,549	16,234
Other investments	9,308	9,325
Goodwill on consolidation	1,046	1,046
	<u>82,123</u>	<u>82,046</u>
Current assets		
Inventories	28,546	31,702
Trade and other receivables	21,284	16,183
Fixed deposits with licensed bank	20,029	19,845
Cash & cash equivalents	14,946	16,746
	<u>84,805</u>	<u>84,476</u>
Total assets	<u>166,928</u>	<u>166,522</u>
Equity		
Share capital	42,654	42,654
Reserves	121,609	121,687
	<u>164,263</u>	<u>164,341</u>
Total equity attributable to the shareholders of the Company	164,263	164,341
Minority interest	734	723
Total equity	<u>164,997</u>	<u>165,064</u>
Non-current liabilities		
Borrowings	-	-
Deferred tax liabilities	859	961
	<u>859</u>	<u>961</u>
Current liabilities		
Trade and other payables	5,069	5,065
Dividend payable	-	-
Borrowings	-	-
Taxation	(3,997)	(4,568)
	<u>1,072</u>	<u>497</u>
Total equity and liabilities	<u>166,928</u>	<u>166,522</u>
Net assets per share (RM)	4.04	4.04

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2021 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 6 month ended 31 March 2022
(unaudited)

	Attributable to owners of the Parent					Total RM'000	Non-controlling interest RM'000	Total RM'000
	Share capital RM'000	Revaluation reserve-non distributable RM'000	Exchange translation reserve-non distributable RM'000	Fair value adjustment reserve-non distributable RM'000	Retained profits- distributable RM'000			
Balance At 1 October 2020	42,654	890	1,142	871	117,114	162,671	751	163,422
Profit for the year	-	-	-	-	4,355	4,355	22	4,377
Other comprehensive income								
Fair value change in available -for-sale financial assets	-	-	-	(392)	-	(392)	-	(392)
Exchange translation differences	-	-	148	-	-	148	-	148
Total other comprehensive income	-	-	148	(392)	-	(244)	-	(244)
Total comprehensive income	-	-	148	(392)	4,355	4,111	22	4,133
Transactions with owners								
Dividend for year ended 30 September 2020	-	-	-	-	(2,441)	(2,441)	(50)	(2,491)
Total transactions with owners	-	-	-	-	(2,441)	(2,441)	(50)	(2,491)
At 30 September 2021	42,654	890	1,290	479	119,028	164,341	723	165,064
At 1 October 2021	42,654	890	1,290	479	119,028	164,341	723	165,064
Profit for the period	-	-	-	-	2,326	2,326	11	2,337
Other comprehensive income								
Fair value change in available -for-sale financial assets	-	-	-	(294)	-	(294)	-	(294)
Exchange translation differences	-	-	331	-	-	331	-	331
Total other comprehensive income	-	-	331	(294)	-	37	-	37
Total comprehensive income	-	-	331	(294)	2,326	2,363	11	2,374
Transactions with owners								
Dividend for year ended 30 September 2021	-	-	-	-	(2,441)	(2,441)	-	(2,441)
Total transactions with owners	-	-	-	-	(2,441)	(2,441)	-	(2,441)
At 31 March 2022	42,654	890	1,621	185	118,913	164,263	734	164,997

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

Interim Report
UMS Holdings Berhad
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Condensed Consolidated Statement of Cashflows for the 6 month period ended 31 March 2022
(unaudited)

	For the 6 month period ended 31 March 2022 RM'000	For the 6 month period ended 31 March 2021 RM'000
Cash flows from operating activities		
Profit before taxation	3,065	6,674
Adjustment for non-cash items:		
- Non-cash items and non-operating items	239	(2,910)
Operating profit before changes in working capital	3,304	3,764
Changes in working capital:		
- Inventories	3,156	1,479
- Trade and other receivables	(5,285)	(2,268)
- Trade and other payables	4	(1,057)
Cash generated from operations	1,179	1,918
- Income taxes paid	(259)	(1,656)
- Capital gain tax paid	-	(1,106)
Net cash inflows generated from operating activities	920	(844)
Cash flows from investing activities		
Purchase of property, plant and equipment	(526)	(64)
Proceeds from disposal of property, plant and equipment	232	14,274
Purchase of other investment	(277)	(282)
Interest received	(211)	(75)
Dividend received	277	282
Net cash outflows from investing activities	(505)	14,135
Cash flows from financing activity		
Repayment of hire purchase liabilities	-	-
Dramndown/(Repayment) of bills payable & banker acceptance	-	-
Dividend paid	(2,441)	(2,441)
Repayment of term loan	-	-
Net cash outflows used in financing activities	(2,441)	(2,441)
Net decrease in cash and cash equivalents	(2,026)	10,850
Cash and cash equivalents at beginning of year	36,591	23,327
Effects of changes in exchange rate	410	180
Cash and cash equivalents at 31 March	34,975	34,357

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	14,946	19,163
Bank overdraft	-	-
Fixed deposit	20,029	15,194
	34,975	34,357

The condensed consolidated statement of cashflows should be read in conjunction with the audited financial statements for the year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2022

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 2021.

On 1 October 2021, the Company adopted the following Amendments to published standards mandatory for annual financial periods beginning on or after 1 October 2021:

Standards/Amendments

Amendments to MFRS 7, MFRS 9, MFRS 16 and MFRS 139 –
Interest Rate Benchmark Reform, Phase 2

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

There is no material impact to the financial statements.

A2 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2021 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.

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 March 31, 2022 are as follows:

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A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2022

	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	3,028	2,403	30,281	2,908	40,792
Elimination						(5,825)
Consolidated Revenue						<u>34,967</u>
Profit/(Loss) before Taxation and Minority Interest	(5)	277	106	2,343	146	2,756
Elimination						(224)
Share of profit Of associated Companies						533
						<u>3,065</u>
Total assets	1,493	7,705	6,613	166,055	7,605	201,728
Elimination						(34,800)
						<u>166,928</u>
Total Liabilities	(11)	97	296	28,324	223	29,491
Elimination						(27,560)
						<u>1,931</u>

A9 Material events subsequent to the end of the interim period

On 20 January 2022, 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 7 March 2022, 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.

A Notes to Interim Financial Report on Consolidated Results For the Period Ended 31 March 2022

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 (2nd 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	
	31/3/2022	31/3/2021		31/3/2022	31/3/2021	
Revenue	17,345	16,577	768/4.63	34,967	35,568	(601)/(1.69)
Profit Before Interest and Tax	1,220	4,693	(3,473)/(74.00)	2,854	6,599	(3,745)/(56.75)
Profit Before Tax	1,330	4,761	(3,431)/(72.06)	3,065	6,674	(3,609)/(54.08)
Profit After Tax	944	3,387	(2,443)/(72.13)	2,337	4,824	(2,487)/(51.55)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	939	3,379	(2,440)/(72.21)	2,326	4,805	(2,479)/(51.59)

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

The revenue for the group has decrease by RM601,000 or 1.69% to RM34,967,000 from RM35,568,000 and the profit before tax has decrease by RM3,609,000 or 54.08% to RM3,065,000 from RM6,674,000 mainly to decrease in other income arising from gain on sale of property of RM3,750,000 in the quarter ended 31.3.2021.

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

	For the cumulative 6 months ended 31.3.2022 R M'000	For the cumulative 6 months ended 31.3.2021 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	0	0	0	0
Southern	3,028	2,875	153	5.32
Eastern	2,403	2,814	(411)	(14.61)
Central	24,456	24,764	(308)	(1.24)

East Malaysia

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

Sarawak	2,908	3,269	(361)	(11.04)
Overseas				
Singapore	2,172	1,846	326	17.66
	<u>34,967</u>	<u>35,568</u>	<u>(601)</u>	<u>(1.69)</u>

The decrease in revenue by segment from the Central Region is due to a project sale of RM1,351,195 for the quarter ended 31.3.2022 as compared to RM2,186,000 for the quarter ended 31.3.2021. As for the Eastern and Sarawak regions, the decrease is mainly due to the current market conditions.

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

The revenue for the quarter under review has increase by RM768,000 or 4.63% to RM17,345,000 from RM16,577,000 and the profit before tax has decrease by RM3,431,000 or 72.06% to RM1,330,000 from RM4,761,000 mainly due to decrease in other income arising from gain on sale of property of RM3,750,000.

The revenue by segment is as follows:-

Revenue by segment	3 months ended	3 months ended	Increase/(Decrease)	
	31.3.2022	31.3.2021	RM'000	%
West Malaysia-Region				
Northern	0	0	0	0
Southern	1,433	1,136	297	26.14
Eastern	1,092	1,394	(302)	(21.66)
Central	12,865	11,340	1,525	13.45
East Malaysia				
Sarawak	1,303	1,581	(278)	(17.58)
Oversea				
Singapore	652	1,126	(474)	(42.10)
	<u>17,345</u>	<u>16,577</u>	<u>768</u>	<u>4.63</u>

The main increase in revenue by segment is from the Central Region mainly due to a project sale of RM1,351,195 for the current quarter ended 31.3.2022 and compared to RM0 corresponding quarter ended 31.3.2021.

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

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 31/3/2022	Immediate Preceding Quarter 31/12/2021	Changes (RM'000 / %)
Revenue	17,345	17,622	(277)/(1.57)
Profit Before Interest and Tax	1,220	1,634	(414)/(25.34)
Profit Before Tax	1,330	1,735	(405)/(23.34)
Profit After Tax	944	1,393	(449)/(32.23)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	939	1,387	(448)/(32.30)

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 decrease by RM277,000 or 1.57% to RM17,345,000 from RM17,622,000.

The profit before tax has decrease by RM405,000 or 23.34% to RM1,330,000.00 from RM1,735,000 mainly due to decrease in revenue, other income and share of associated profit.

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

	3 months ended 31.3.2022	3 months ended 31.12.2021	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	0	0	0	0
Southern	1,433	1,595	(162)	(10.16)
Eastern	1,092	1,311	(219)	(16.70)
East Malaysia				
Central	12,865	11,591	1,274	10.99
Sarawak	1,303	1,605	(302)	(18.82)
Oversea				
Singapore	652	1,520	(868)	(57.11)
	<u>17,345</u>	<u>17,622</u>	<u>(277)</u>	<u>(1.57)</u>

The increase in revenue in the Central region is due to a project sale of RM 1,351,195 in the quarter ended 31.3.2022 as compared to RM0.00 for the quarter ended 31.12.2021.

B3. Current financial year's prospects

In April 2022, the IMF reported the war in Ukraine triggered a crisis and elevated global geopolitical volatility to an unprecedented level since the Iraq war in 2003. This dire situation demands a speedy resolution, failing which, will lead to serious economic damages and a significant downturn to global growth albeit being in the midst of a COVID recovery.

A drastic drop in GDP for Ukraine as well as a large contraction in Russia is likely and will trigger contagion negative spillovers to EU and other developing economies, through disruptions in food and energy commodities flows and destabilize markets, global trade and financial systems.

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

Commodity prices have surged in the immediate aftermath of the Russia–Ukraine war in February, especially for oil and gas, coal, wheat, maize, sunflower oil, fertilizers and other strategic metals like aluminum, iron and nickel (to name a few), of which the two warring countries are major and significant exporters. Their shortage and availability had triggered market volatility and spurred record high prices.

The disruptions in food, energy and other resource commodity supplies will subsequently exert inflationary pressures, and create major humanitarian and economic hardships particularly to vulnerable populations in low income nations.

Central banks globally will tighten their monetary policy by increasing interest rates, further dampening the recovery process and exacerbating the inflation woes of emerging markets and developing economies, hitting household and corporate balance sheets, consumption and investment.

Although many countries seem to be recovering from the COVID-19 pandemic, mortalities still remain alarming, especially amongst the unvaccinated. A prolonged lockdown in China’s production hubs will stifle the flow in global supply chain and disrupt production processes in other parts of the world.

It is pertinent that the various geopolitical and geo-economic challenges confronting a global economy in the midst of a recovery from the pandemic must be urgently addressed. The international community should muster concerted policy actions at the international, national and multilateral levels to mitigate a worsening outcome, improve prospects for recovery and prioritize multilateral efforts to end the war in Ukraine soonest.

Against challenging and turbulent headwinds, the IMF in April 2022, estimated global growth in 2022 and 2023 to drop to 3.6 % each from a growth of 6.1% in 2021.

These projections for 2022 comprised a forecast 3.3 % (2022) and 2.4% (2023) for the advanced economies group (5.2%: 2021).

The emerging market and developing economies is expected to grow at 3.8% (2022) and 4.4% (2023) trending downwards from 6.8% in 2021.

Amongst the advanced economies, the US economy is estimated at 3.7% and 2.3 % respectively in 2022 and 2023, down from its performance of 5.7% in 2021.

During the first quarter of 2022, the GDP of the US economy registered a surprising decline of 1.4% against most analysts’ expectations. This decline was mainly attributable to rising COVID Omicron infections at the start of the year, a surging inflation at a rate (7.9% YoY in February) not seen since 1980 as well as the crisis triggered by the Russia Ukraine conflict.

The US Federal Reserve started its monetary tightening policy to curb this trend by increasing interest rates, amidst market expectations and growth concerns from challenging headwinds going forward.

The GDP of EU which grew at 2.8% in 2021 was downgraded to 2.8% and 2.3% in 2022 and 2023 with expectation of being negatively impacted by the war in Ukraine. Other contributing factors include a stuttering COVID19 recovery, rising inflation, energy and food supply disruptions.

Every NATO member countries within the EU, vulnerable to escalation and spillover from the ongoing war will have its economy in 2022 and 2023 downgraded.

Germany’s economy will be downgraded to 2.1% and 2.7% in 2022 and 2023 from 2.8% in 2021.

The French economy which grew at 7.0% in 2021 is expected to slow down to 2.9% and 1.4% in 2022 and 2023 respectively.

Likewise, the Italian economy will shrink to 2.3% and 1.7% in 2022 and 2023 respectively from its 2021 growth of 6.6%.

Outside of EU, the United Kingdom economy will slow down to 3.7% and 1.2 % in 2022 and 2023 from its growth of 7.4% in 2021.

On a macroeconomic level, the downside risks to these estimates, are the spillover effects of the Ukraine war triggering food and energy shortages; supply chain disruptions from intermittent lockdowns in China; widespread rising inflations as well as uneven vaccination rates.

These factors will negatively impact all economies, but those of the emerging and developing nations are most vulnerable.

The WEO forecasts (trended downwards towards 2023) for these emerging groups are Latin Americas (2021:6.8%, 2022:2.5%, 2023:2.5%), the Middle East and Central Asia (2021:5.7%, 2022:4.6%, 2023:3.7%) and Sub Sahara Africa (2021:4.5%, 2022:3.8%, 2023:4.0%).

Within Emerging and Developing Asia subgroup, the major economies of China, India and the ASEAN-5 are expected to be affected differently owing to the different DNA make-up of their economy.

China, with its zero COVID policy and intermittent lockdowns, its manufacturing powerhouse status and being the largest importer of crude oil and gas, many types of minerals is forecasted to have its economy paired down from 8.1% in 2021 to 4.4% in 2022 and 5.1% in 2023 respectively.

For the first quarter of 2022 China announced a GDP growth of 4.8% on the back of resurgent COVID 19 Omicron infections.

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

India's economy, another large energy dependent economy will have its growth dip from 8.8% in 2021 to 8.2% and 6.9% in 2022 and 2023 respectively

Within 2022, the complete formalization of the RCEP between ASEAN, China, Japan, South Korea, Australia and New Zealand will transform this grouping into the world's largest trading block.

The RCEP member nations and in particular the ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam) are expected to perform creditably in 2022 and 2023 as compared to 2021.

These ASEAN nations are expected to benefit and reap windfalls from the surge in demand for their commodities such as oil and gas, palm oil, rubber, timber as well as relocation of manufacturing facilities from China especially for E&E components and products.

The IMF estimated the ASEAN-5 group to achieve a growth of 5.3% and 5.9% in 2022 and 2023 respectively, upwards from its growth of 3.4% in 2021

Aside from the human toll, the war will inflict dire and far reaching consequences, impeding global economic growth and bolstering a trend of increasing inflation rates across the world.

The volatility of geo-economic and geopolitical dynamics arising from the Ukraine war, and the COVID-19 induced disruptions in supply chains centers in China, will spur shortages of manufactured goods, food, energy, agro and non-agro commodities triggering an uncontrolled inflation and probably a global recession.

The relocation of the manufacturing of E&E components and related items away from hubs in China to South East Asia may augur well for this region especially the ASEAN-5 countries and RCEP trade block members.

The world's 2 largest producers of crude and refined palm oil, Malaysia and Indonesia, will benefit from windfalls of rising prices of averaging RM6000 per ton of refined palm oil and other agro-based commodities as well as Brent crude price above USD100 per barrel.

In March 2022, Bank Negara Malaysia (BNM) revised its forecast slightly downwards for 2022 Malaysia GDP growth to 5.30%-6.30% from its previous estimates of 5.5%-6.5%, premised upon prevailing uncertainties of the global macroeconomic environment as well as the war in Ukraine.

In the current year, BNM expects the economy for Malaysia to continue its trajectory and momentum driven by domestic and external sectors. These GDP growth drivers includes continuing increase in external demand for our manufactured goods, agro-based commodities, Brent crude averaging USD100 per barrel and the easing of containment measures towards an endemic phase in May 2022.

Other considerations entail improvement in labor market conditions as well as the reopening of international borders.

The domestic market will be driven by consumer spending, on top of a milder resurgent Omicron infections and the relaxation of mitigation measures by most countries.

The implementation of an endemic phase in May 2022 and easing of restrictions are expected to further boost household and consumer spending, enhance mobility and travel. To further boost economic activities in 2022, the government will continue implementation of investment projects earmarked in Budget 2022 and other proactive stimulus measures.

Malaysia 's Consumer Price Index (CPI) rose by 2.2% YoY in March 2022. This increase was driven by a 4.0% YoY increase in food and non-alcoholic beverages with a major portion attributable increase in food which rose to 4.3%

Global demand for Malaysia's resource based commodities, electrical and electronic (E&E) products and other manufactured items is expected to drive its exports growth.

BNM's growth projection for Malaysia's total exports for 2022 is 10.9% as compared to 26% in 2021.

For seven months consecutively up to February 2022, exports accounted for the country's YoY growth at 16.8% represented by manufactured goods (14.2% YoY), agriculture (38.70% YoY), and mining (30.70% YoY).

During this same period, total imports rose to +1.80% YoY for February 2022 generating a positive trade balance of RM19.8b. However this trend may not be sustainable and will moderate in the coming months due to a high base effect from robust external demand in 2021 and the anticipated downside risks emanating from the Russia –Ukraine conflicts.

The risks factors (downside and upside) affecting the global and domestic outlook and economic performance for the period going forward are highlighted as follows:

- The ongoing war between Russia and Ukraine if not resolved as soon as possible will cause unprecedented negative impact to the global economy. The resultant food, energy and commodities shortages will lead to rising inflation worldwide.

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

Exacerbation of the inflationary trend will be caused by disruptions of the global supply chain of commodities and manufactured goods with China’s zero COVID policy and further lockdowns.

- The escalation of the Ukraine war spilling over to the EU into a Russia NATO war.
- Potential armed conflicts in the South China Sea and the Taiwan Straits between China and USA and its collective West.
- The official formation of RCEP in 2022 transforming it into the world’s largest trading block will provide growth opportunities to the Asian and global economy. A slowdown in the China economy will affect its trading partners’ (especially ASEAN) growth forecasts.
- The government to monitor the risk of higher inflation (domestic as well as imported) to ease the burden of Malaysians; in particular to cushion the impact of price increase of basic necessities for those in the lower income bracket.
- Sustained prices of Malaysia export commodities (for example crude oil at USD 100 per barrel and refined palm oil at RM6000 per ton) provide the capability to finance and implement projects in Budget 2022.
- Resurgent global outbreak of Covid-19 stifling recovery efforts by the government to stimulate the local economy with its easing of restrictions in May 2022.
- Any instability in local political environment with negative impact on investments and domestic consumption.
- Global climate changes causing natural disasters resulting in human and economic losses. Prolonged droughts like El Nino and floods affecting oil palm, rubber and other agro based output.

The Board will continue to monitor and assess domestic and international events such as the current war in Ukraine that may adversely impact the economy and the group’s performance.

Against the spectre of higher costs and rising inflation, it is the Board’s priority to devise sound strategies and strong financial fundamentals with the ability to weather any headwinds going forward.

We will strive to produce a profitable outcome for the group as well as to protect, preserve and enhance shareholders’ value and interests.

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	
	2021	2021	2022	2021
	RM’000	RM’000	RM’000	RM’000
Current Malaysian Tax	(437)	(322)	(830)	(852)
(Under)/overprovision in prior years	0	0	0	0
	<u>(437)</u>	<u>(322)</u>	<u>(830)</u>	<u>(852)</u>
Real property gain tax	0	(1,106)	0	(1,106)
Deferred taxation	51	54	102	108
	<u>(386)</u>	<u>(1,374)</u>	<u>(728)</u>	<u>(1,850)</u>
	=====	=====	=====	=====

The current tax rates for the current period ended 31 March 2022 and 2021 were 24% and 24%.

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

B6. Notes to the Statement of Comprehensive Income

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

	3 months ended		Cumulative months ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	(110)	(68)	(211)	(75)
Other income including investment Income	(268)	(1,037)	(769)	(1,361)
Gain on disposal of property, plant and equipment	(87)	(3,774)	(175)	(3,774)
Interest expense	0	0	0	0
Depreciation and amortization	400	620	843	973
Foreign exchange (gain)/loss	(36)	(53)	12	(86)

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 31 March 2022.

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:

	31.3.2021	30.9.2021
	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	9,258	9,275
	<u>9,308</u>	<u>9,325</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 31 March 2022 are as follows:

	31.3.2022		30.9.2021	
	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 31.3.2022 as compared with the corresponding period in the immediate preceding year as at 31 December 2021 as tabled below:-

	As at 2nd quarter ended 2022					
	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 1st quarter ended 2022					
	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

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

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

	31.3.2022 RM'000	30.9.2021 RM'000
Proposed: Single tier Final dividend of 6sen	0	2,441

A final dividend of 6sen amounting to RM2,441,000 for the financial year ended 30.9.2021 was paid on 29.3.2022.

B13 Trade and other receivables

	31.3.2022 RM'000	30.9.2021 RM'000
Trade receivables	20,386	16,176
Loss allowance	(662)	(731)
	<u>19,724</u>	<u>15,445</u>
Other receivables, deposit & prepayment	1,560	738
	<u>21,284</u>	<u>16,183</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	
	31.3.2022 RM'000	30.9.2021 RM'000
Opening loss allowance as at 1 October	731	528
Provided during the period/year	0	723
Reversal	(69)	(520)
	<u>662</u>	<u>731</u>
Closing loss allowance	662	731

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

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	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to Ordinary shareholders	939	3,379	2,326	4,805
Weighted average Number of shares In issued.	40,690	40,690	40,690	40,690
Basic earnings per Ordinary share(sen)	2.31	8.30	5.72	11.81
Diluted earnings per share (sen)	2.31	8.30	5.72	11.81

UMS Holdings Berhad

Company No. 74125 – V
(Incorporated in Malaysia)

Interim Financial Report
31 March 2022