

**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 2022**  
(unaudited)

Note	3 month period ended 30 June			9 month period ended 30 June	
	2022	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
	Current quarter	Previous Quarter ended 31.3.2022	Current quarter	9 months cumulative to date	9 months cumulative to date
<b>Revenue</b>	19,821	17,345	13,937	54,788	49,505
Cost of sales	(13,828)	(11,306)	(9,254)	(36,703)	(32,633)
<b>Gross profit</b>	<b>5,993</b>	<b>6,039</b>	<b>4,683</b>	<b>18,085</b>	<b>16,872</b>
Operating expenses	(5,238)	(5,315)	(5,975)	(15,953)	(17,055)
Other operating income	335	355	174	1,279	5,309
Financing costs	-	-	-	-	-
Interest income	94	110	93	305	168
Share of profit of associates	417	141	250	950	605
<b>Profit/(Loss) before taxation</b>	<b>1,601</b>	<b>1,330</b>	<b>(775)</b>	<b>4,666</b>	<b>5,899</b>
Tax expense	(301)	(386)	89	(1,029)	(1,761)
<b>Profit/(Loss) for the period</b>	<b>1,300</b>	<b>944</b>	<b>(686)</b>	<b>3,637</b>	<b>4,138</b>
Other comprehensive income net of tax	(74)	37	(108)	(37)	(39)
<b>Total comprehensive income for the period</b>	<b>1,226</b>	<b>981</b>	<b>(794)</b>	<b>3,600</b>	<b>4,099</b>
<b>Profit attributable to:</b>					
Onwers of the Parent	1,290	939	(696)	3,600	4,109
Non-controlling interest	10	5	10	37	29
	<b>1,300</b>	<b>944</b>	<b>(686)</b>	<b>3,637</b>	<b>4,138</b>
<b>Total comprehensive income attributable to:</b>					
Onwers of the Parent	1,216	976	(804)	3,563	4,070
Non-controlling interest	10	5	10	37	29
	<b>1,226</b>	<b>981</b>	<b>(794)</b>	<b>3,600</b>	<b>4,099</b>
Basic earnings per ordinary share (sen)	3.17	2.31	-1.71	8.85	10.10
Diluted earnings per ordinary share (sen)	3.17	2.31	-1.71	8.85	10.10

The condensed consolidated income statement 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 30 June 2022**  
 (unaudited)

	As at 30 June 2022	As at 30 September 2021
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	32,657	32,869
Right-of-use asset	4,358	4,472
Investment Property	18,100	18,100
Investments in associates	16,534	16,234
Other investments	9,162	9,325
Goodwill on consolidation	1,046	1,046
	81,857	82,046
<b>Current assets</b>		
Inventories	28,061	31,702
Trade and other receivables	22,157	16,183
Tax recoverable	-	-
Fixed deposits with licensed bank	20,122	19,845
Cash & cash equivalents	17,122	16,746
	87,462	84,476
<b>Total assets</b>	<b>169,319</b>	<b>166,522</b>
<b>Equity</b>		
Share capital	42,654	42,654
Reserves	122,809	121,687
	165,463	164,341
Total equity attributable to the shareholders of the Company	165,463	164,341
Minority interest	760	723
Total equity	166,223	165,064
<b>Non-current liabilities</b>		
Borrowings	-	-
Deferred tax liabilities	808	961
	808	961
<b>Current liabilities</b>		
Trade and other payables	5,970	5,065
Dividend payable	-	-
Borrowings	-	-
Taxation	(3,682)	(4,568)
	2,288	497
<b>Total equity and liabilities</b>	<b>169,319</b>	<b>166,522</b>
Net assets per share (RM)	4.07	4.04

The condensed consolidated balance sheet 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 9 month ended 30 June 2022**  
(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 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 changes in financial assets at fair value through other comprehensive income	-	-	-	(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)
<b>At 30 September 2021</b>	<b>42,654</b>	<b>890</b>	<b>1,290</b>	<b>479</b>	<b>119,028</b>	<b>164,341</b>	<b>723</b>	<b>165,064</b>
<b>At 1 October 2021</b>	<b>42,654</b>	<b>890</b>	<b>1,290</b>	<b>479</b>	<b>119,028</b>	<b>164,341</b>	<b>723</b>	<b>165,064</b>
Profit for the period	-	-	-	-	3,600	3,600	37	3,637
Other comprehensive income								
Fair value changes in financial assets-for-sale financial assets through other comprehensive income	-	-	-	(440)	-	(440)	-	(440)
Exchange translation differences	-	-	403	-	-	403	-	403
Total other comprehensive income	-	-	403	(440)	-	(37)	-	(37)
Total comprehensive income	-	-	403	(440)	3,600	3,563	37	3,600
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)
<b>At 30 June 2022</b>	<b>42,654</b>	<b>890</b>	<b>1,693</b>	<b>39</b>	<b>120,187</b>	<b>165,463</b>	<b>760</b>	<b>166,223</b>

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 9 month period ended 30 June 2022**  
(unaudited)

	For the 9 month period ended 30 June 2022 RM'000	For the 9 month period ended 30 June 2021 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	4,666	5,899
<b>Adjustment for non-cash items:</b>		
- Non-cash items and non-operating items	625	(2,452)
<b>Operating profit before changes in working capital</b>	5,291	3,447
<b>Changes in working capital:</b>		
- Inventories	3,641	(509)
- Trade and other receivables	(5,974)	(320)
- Trade and other payables	905	681
<b>Cash generated from operations</b>	3,863	3,299
- Income taxes paid	(296)	(1,140)
- Real property gain tax paid	-	(1,106)
- Interest paid	-	-
<b>Net cash generated from operating activities</b>	3,567	1,053
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(798)	(236)
Proceeds from disposal of property, plant and equipment	(286)	14,385
Proceeds from sales of other investment	-	-
Purchase of other investment	(277)	(282)
Interest received	305	168
Dividend received	277	282
<b>Net cash flow used in investing activities</b>	(779)	14,317
<b>Cash flows from financing activities</b>		
Repayment of hire purchase liabilities	-	-
Drawdown/(Repayment) of Bills payable & banker acceptance	-	-
Dividend paid	(2,441)	(2,441)
Repayment of term loan	-	-
<b>Net cash flow used in financing activities</b>	(2,441)	(2,441)
Net increase in cash and cash equivalents	347	12,929
<b>Cash and cash equivalents at beginning of period</b>	36,591	23,327
<b>Effects of changes in exchange rate</b>	306	(396)
<b>Cash and cash equivalents at 30 June</b>	37,244	35,860

Cash and cash equivalents comprise the following balance sheet amounts:

Cash and bank balances	17,122	16,383
Fixed deposit	20,122	19,477
	37,244	35,860

The condensed consolidated cash flow statement 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 30 June 2022**

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**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 June 30, 2022 are as follows:

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**A Notes to Interim Financial Report on Consolidated Results For the Period Ended 30 June 2022**

	WEST MALAYSIA				EAST MALAYSIA		SINGAPORE	TOTAL
	Northern RM'000	Southern RM'000	Eastern RM'000	Central RM'000	Sarawak RM'000		RM'000	RM'000
Segment Revenue	0	4,483	3,764	47,840	4,780		2,704	63,571
Elimination								(8,783)
Consolidated Revenue								<u>54,788</u>
Profit/(Loss) before Taxation and Minority Interest	(7)	371	164	3,637	502		(318)	4,349
Elimination								(633)
Share of profit Of associated Companies								950
								<u>4,666</u>
Total assets	1,492	7,876	6,667	168,092	7,673		11,873	203,673
Elimination								(34,354)
								<u>169,319</u>
Total Liabilities	(11)	175	292	29,212	(64)		314	29,918
Elimination								(26,822)
								<u>3,096</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.

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**A Notes to Interim Financial Report on Consolidated Results For the Period Ended 30 June 2022**

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**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	
	30/6/2022	30/6/2021		30/6/2022	30/6/2021	
Revenue	19,821	13,937	5,884/42.22	54,788	49,505	5,283/10.67
Profit/(Loss) Before Interest and Tax	1,507	(868)	2,375/273.62	4,361	5,731	(1,370)/(23.91)
Profit/(Loss) Before Tax	1,601	(775)	2,376/306.58	4,666	5,899	(1,233)/(20.90)
Profit/(Loss) After Tax	1,300	(686)	1,986/289.50	3,637	4,138	(501)/(12.11)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,290	(696)	1,986/285.34	3,600	4,109	(509)/(12.39)

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 increased by RM5,283,000 or 10.67% to RM54,788,000 from RM49,505,000 and the profit before tax has decreased by RM1,233,000 or 20.90% to RM4,666,000 from RM5,899,000 mainly due to decrease in other income arising from gain on sale of property of RM3,750,000 in the quarter ended 30.6.2021.

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

	For the cumulative 9 months ended 30.6.2022 R M'000	For the cumulative 9 months ended 30.6.2021 RM'000	Increase/(Decrease) RM'000	%
Revenue by segment				
West Malaysia-Region				
Northern	0	0	0	0
Southern	4,483	3,973	510	12.84
Eastern	3,764	4,075	(311)	(7.63)
Central	39,057	33,956	5,101	15.02



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

East Malaysia	4,780	4,782	(2)	(0.04)
Sarawak				
Overseas	2,704	2,719	(15)	(0.55)
Singapore				
	<u>54,788</u>	<u>49,505</u>	<u>5,283</u>	10.67

The main increase in revenue by segment is from the Central Region which is due to the overall improvement in the market conditions as compare to previous 9 months quarter ended 30.6.2021 which is still under the MCO regime.

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 increased by RM5,884,000 or 42.22% to RM19,821,000 from RM13,937,000 and the profit before tax has increased by RM2,376,000 or 306.58% to RM1,601,000 from –RM775,000 mainly due to increase in revenue.

The revenue by segment is as follows:-

Revenue by segment	3 months ended		3 months ended		Increase/(Decrease)	
	30.6.2022	RM'000	30.6.2021	RM'000	RM'000	%
West Malaysia-Region						
Northern		0		0	0	0
Southern		1,455		1,098	357	32.51
Eastern		1,361		1,261	100	7.93
Central		14,601		9,192	5,409	58.84
East Malaysia						
Sarawak		1,872		1,513	359	23.73
Overseas						
Singapore		532		873	(341)	(39.06)
		<u>19,821</u>		<u>13,937</u>	<u>5,884</u>	42.22

The main increase in revenue by segment is from the Central Region mainly due to overall improvement in the market conditions as compare to previous quarter ended 30.6.2021 which is still under the MCO regime.

## 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 30/6/2022	Immediate Preceding Quarter 31/3/2022	Changes (RM'000 / %)
Revenue	19,821	17,345	2,476/14.28
Profit Before Interest and Tax	1,507	1,220	287/23.52
Profit Before Tax	1,601	1,330	271/20.38
Profit After Tax	1,300	944	356/37.71
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	1,290	939	351/37.38

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 increased by RM2,476,000 or 14.28% to RM19,821,000 from RM17,345,000.

The profit before tax has increased by RM271,000 or 20.38% to RM1,601,000.00 from RM1,330,000 mainly due to increase in revenue and share of associated profit.

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

Revenue by segment	3 months ended 30.6.2022	3 months ended 31.3.2022	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
West Malaysia-Region				
Northern	0	0	0	0
Southern	1,455	1,433	22	1.54
Eastern	1,361	1,092	269	24.63
Central	14,601	12,865	1,736	13.49
East Malaysia				
Sarawak	1,872	1,303	569	43.67
Oversea				
Singapore	532	652	(120)	(18.40)
	<u>19,821</u>	<u>17,345</u>	<u>2,476</u>	14.28

The main increase in revenue in the Central region mainly due to overall improvement in the market conditions.

### B3. Current financial year’s prospects

Since IMF World Economic Outlook (WEO) in April this year, the global economy has increasingly become more gloomy and uncertain. During the second quarter of 2022, total global output contracted as a result of downturns in China and lower than anticipated consumer spending in the US. This negative trend triggered several shocks and exacerbated an existing weaker world economy reeling under the impact of the COVID-19 pandemic.

These shocks triggered higher than expected inflation world-wide particularly in the US - EU economies. Coupled with recent outbreaks of COVID-19 variants in China, this had caused further lockdowns and slowdown. Last but not least, the negative spillovers from the prolonging of the Ukraine war also disrupted global economic activities.

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

In its latest July 2022 WEO, the IMF estimated global growth to slow from 6.1% in 2021 to 3.2% in 2022 and 2.9% in 2023 respectively, lower than its April forecast.

The Advanced Economies Group led by the US is expected to grow its economy by 2.5% in 2022 and 1.4% in 2023. The growth projection for the US economy is 2.3% and 1.0% in 2022 and 2023 respectively, mainly caused by a reduced household spending and a tightening of monetary policy.

In its latest estimates end July 2022, the US economy declined by 0.9% in the Q2 period (April-June 2022) after a 1.6% decline in the first quarter of the year. This contraction was contributed by a plethora of factors such as decreases in inventories, residential and non-residential investments and government spending in the federal, state and local levels. Within this second quarter, gross private investments also declined 13.5%.

The principal factor underpinning the current economic woes was the unabated rising inflation with the consumer price index reaching 8.6% in the quarter, the fastest pace since end 1981.

Contributing to the weak economic growth in this first half of 2022 was supply chains disruptions triggered by over demand for goods (but not services) during the COVID-19 pandemic. This was exacerbated by the Ukraine war in February 2022 and China’s strict shutdown measures to combat a resurgence of COVID-19 cases.

In Europe, the economic growth was marked down to 2.6% for 2022 and 1.2% for 2023 respectively. Reflecting this trend are the following forecasts for some major EU component economies;

Germany (2.6%:2022, 1.2%:2023), France (2.3%:2022, 1.0%:2023), Italy (3.0%:2022, 0.7%:2023) and Spain (1.7%:2022, 1.7%:2023).

The downgrades for these major EU economies are arrived at taking into account the devastating effects from the spillovers of the war in Ukraine and a tighter monetary policy.

The Russian economy is projected to contract as a result of sanctions and suffer a negative growth of -6.0% in 2022 and -3.5% in 2023.

The Emerging Market and Developing Economies (EMDE) grouping is projected to achieve a group growth of 3.6% and 3.9% in 2022 and 2023 respectively.

Within the sub-group of Emerging and Developing Asia, the economy of China is estimated to achieve a growth of 3.3% in 2022 and 4.6% in 2023. These projections by the IMF in July 2022 were premised upon China’s economic slowdown, its zero COVID policy triggering further lockdowns and a worsening real estate market situation. The zero COVID policy precipitated strict lockdown measures and disrupted economic activities. This was seen in the lockdown of Shanghai in April 2022, a major global supply chain hub. Its economic activities was brought to a halt for 8 weeks causing supply disruptions beyond its shores. Compared to its first quarter, China’s GDP in the second quarter 2022 contracted by 2.6% (Q-o-Q). The GDP for this whole second quarter period (April-June 2022) grew at 0.4%.

The Indian economy will grow at 7.4% and 6.1% in 2022 and 2023 respectively.

The ASEAN-5 economies of Indonesia, Malaysia, Philippines and Vietnam is envisaged to grow at 5.3% in 2022 and 5.1% in 2023 going forward. These economies together with other members of the RCEP group will mutually benefit from intra and inter trade arrangements with China driving the region’s economy.

Individually IMF forecasts for 2022 and 2023 of some of the ASEAN-RCEP economies are as follows:

Malaysia	(5.1%:2022, 4.7%:2023),
Indonesia	(5.3%:2022, 5.2%:2023),
Philippines	(6.7%:2022, 5.0%:2023),
Thailand	(2.8%:2022, 4.0%:2023),
Vietnam	(7.0%:2022, 6.7%:2023),
Cambodia	(5.1%:2022, 6.2%:2023),
Lao PDR	(2.2%:2022, 3.1%:2023),
Myanmar	(1.6%:2022, 3.0%:2023).

### Global Inflation

The COVID-19 pandemic impacted adversely on lives and livelihood globally. Inflation soared to 6.6% in advanced economies and 9.5% in emerging market and developing economies in 1H2022.

In the US, the consumer price index (CPI) rose by 9.1% in June 2022 as compared to 2021. The United Kingdom’s CPI similarly rose by 9.1% in May, the highest inflation rates for these two countries in 40 years. Within the Euro area, inflation reached an all-time historical high of 8.6% in June.

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

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Likewise within the Emerging Market and Developing Economies (EMDE), its second quarter 2022 inflation was estimated to reach 9.8%.

Across the board, these rising inflationary trend is a result of higher energy and food prices, supply chain disruptions globally. The rebalancing of demand skewed towards services due to relaxation of containment measures in many countries also drove up headline inflation. Anticipating a rising trend of long term inflation in the US, the central banks of most advanced economies began to tighten their monetary measures and raising policy interest rates. The EMDE countries followed suit and increased their interest rates more aggressively than in previous cycles. These measures will lead to increase in borrowing costs, such as mortgage rates and tighter financial requirements which in turn will precipitate declines in equity prices, business activities and economic growth. Simultaneously, the winding down of public support packages to mitigate impact of COVID19 will also exacerbate this dire situation.

According to the IMF, the current priority of all policy makers is to devise and enact policy measures to arrest inflation in the face of rising prices affecting the livelihoods of the populace worldwide.

### MALAYSIA

Against an uncertain and challenging global economic environment, the World Bank (June 2022 economic monitor) as well as the IMF (July 2022 WEO report) projected Malaysia’s momentum of economic recovery will continue to move forward towards end of 2022. This trajectory was made after factoring in the contraction of 5.5% in 2020 (YoY) of the economy; actions on expedited mandated vaccinations and easing of MCO measures, and the economy recovery of 3.3% growth (YoY) in 2021.

The IMF July 2022 World Economic Outlook (WEO) forecasts Malaysia’s economy to expand to 5.1% for the full year 2022 (2021: 3.1%) and 4.7% in 2023 moving forward.

Earlier in May 2022, Bank Negara Malaysia (BNM) announced that the economy is on track to achieve its forecast growth of 5.3% to 6.3% in 2022.

In its latest announcement on 12<sup>th</sup> August 2022, Bank Negara Malaysia (BNM) declared Malaysia’s GDP grew at 8.9% in the second quarter of 2022 (1Q 2022:5.0%).

Growth for the first half 1H2022 is 6.9% and is expected to expand further for the remaining 2022 going forward. BNM maintains its May GDP growth forecast of 5.3%-6.3% for 2022

This growth was impelled by a robust rebound (particularly in April 2022-May 2022) in domestic and household consumption; a strong external demand and improved pricing for our agro-based commodities (palm oil, rubber, timber), E&E manufactured items, LNG, crude oil and the reopening of international borders upon relaxation containment measures towards Covid-19 endemic status.

Private consumption growth is projected at 8.5%, the fastest since 2008. Other measures that also augment this recovery include continued policy support (mainly to vulnerable groups) and gradual improvement to employment and income prospects.

There was a robust export growth in June 2022 at 38.8% (May 2022: 30.4%) to RM146.2 billion (a historical high) propelled by strong demand for the array of the country exports, especially manufactured items and commodities. BNM projected export growth are expected to be driven by continued demand for semiconductors, albeit a slower global growth.

The 1<sup>st</sup> July 2022 report of the S&P Global Malaysia Manufacturing PMI adjusted their purchasing managers’ index (PMI) upwards to 50.4 in June from 50.1 in May 2022.

From the historical correlation of official statistics and the PMI, the latest index reflected the modest growth in Malaysia’s industrial production and GDP in the second quarter of 2022.

Likewise, MIDF Research maintained its forecast of Malaysia’s Industrial Production Index (IPI) growth for 2022 at 4.3% underpinned by growing domestic consumption and sustained external demand for E&E and other manufactured goods.

### Sectoral Performance

In the 12<sup>th</sup> August 2Q2022 report, BNM highlighted the major drivers of the 8.9% economic growth are the services and the manufacturing sectors.

The service sector grew by 12.0% in this quarter compared to 6.5 % in 1Q2022, driven by higher consumer spending for goods and services and relaxation of borders.

Manufacturing contributed to 9.2% (2Q2021: 6.6%) underpinned by strong demand for semiconductors and consumer related goods.

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The agricultural sector has a negative growth of -2.4% during this quarter as compared to 0.1% in 1Q2022 owing to contraction of livestock and other agro based production, labor shortages and increasing raw materials costs albeit a stable external demand and price of CPO.

In the mining sector, there was higher output of oil and increased gas production from new gas field. Growth was recorded at -0.5% for this quarter against -1.1% in 1Q 2022.

Lastly the construction sector turned around in 2Q2022 with revitalization of activities in large non- residential and small scale projects. A growth of 2.4% was recorded against -6.2% in 1Q2022.

### Inflation

A growing inflationary trend in Malaysia remained a concern. According to its latest announcement, Bank Negara Malaysia (BNM) said during this current quarter, headline inflation and core inflation increased to 2.8% and 2.5% respectively (1Q 2022: 2.2% and 1.7% respectively). This trend was caused by higher spending on food taken outside homes as well as higher expenses on maintenance and repairs of personal transport.

After considering factors such as higher price pressures, spillovers from the Ukraine conflict, adverse weather affecting food production, a stronger dollar as well as improving domestic consumption, BNM maintained its forecast for headline inflation at 2.2%-3.2% range as projected previously.

### Summary

The Ukraine war with its ramifications on inflation, commodity supply shortages spiking energy and food prices, industrial supply chain disruptions as well as geopolitical developments are alarming trends hampering global recovery for 2022 and 2023. Managing headline inflation will be the greatest challenge to all governments during this tumultuous period.

The risks factors (downside and upside) influencing the baseline scenarios on the growth estimates of the IMF WEO July 2022 and the BNM 2Q2022 report for the period going forward are highlighted as follows:

- The prolonging of the Ukraine conflict stifling growth of a global economy with food, energy and commodities shortages and leading to spiraling inflation towards the winter season in the Northern Hemisphere. A sharper degree of projected slowdown in China, unabated increasing inflation in the US and the slowing of growth in India are risks determining further downgrades of the economic growth to the all economies.
- Geopolitical and geo-economic conflicts in the South China Sea, the Taiwan Straits and elsewhere between China and USA and its collective West causing global instability.
- The implementation of multilateral trade activities within RCEP in 2022 will provide growth impetus to the Asian and global economy. On the contrary, a sharper slowdown in the Chinese economy will affect the economic performance of its major trading partners' (especially ASEAN) and warranting a further downgrading of its growth forecasts according to IMF.
- The Malaysian government will continue to monitor global megatrends that may affect its own estimates of growth and inflation (domestic as well as imported). Presently its estimated inflation of 2.2%-3.2% remains unchanged. Prices of basic necessities such as food, fuel, energy and transportation are constantly monitored and subsidies will be adjusted according to the changing scenarios.
- Sustained prices of Malaysia export commodities (for example crude oil at USD 100 per barrel and refined palm oil at RM6000 per ton) will continue to provide the revenue stream to finance and implement projects earmarked in Budget 2022.
- Resurgent global and local outbreaks of Covid-19 and the Omicron variants stifling recovery.
- Any instability in local political environment with negative impacts on foreign investments and domestic consumption.

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- The resolve and cooperation of major economies to tackle global climate changes, natural disasters and epidemics. Failure to do so will result in human and economic losses. Prolonged droughts like El Nino and floods stifling food harvests, oil palm, rubber and other agro based output.

Owing to the growing uncertain dynamics of the external environment, the Board will monitor and assess domestic and international events closely as they unfold. Any further deterioration of geo-economic and geopolitical dynamics may likely impact the economy and the group’s performance.

The Group’s prime objective is to navigate through any challenges to remain profitable as well as preserving and enhancing 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	
	2022	2021	2022	2021
	RM’000	RM’000	RM’000	RM’000
Current Malaysian Tax	(352)	35	(1,182)	(817)
(Under)/overprovision in prior years	0	0	0	0
	<u>(352)</u>	<u>35</u>	<u>(1,182)</u>	<u>(817)</u>
Real property gain tax	0	0	0	(1,106)
Deferred taxation	51	54	153	162
	<u>(301)</u>	<u>89</u>	<u>(1,029)</u>	<u>(1,761)</u>
	=====	=====	=====	=====

The current tax rates for the current period ended 30 June 2022 and 2021 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	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	(RM’000)	(RM’000)	(RM’000)	(RM’000)
Interest income	(94)	(93)	(305)	(168)
Other income including investment				
Income	(285)	(91)	(1,054)	(1,452)
Gain on disposal of property, plant				
and equipment	(50)	(83)	(225)	( 3,857)
Interest expense	0	0	0	0
Depreciation and amortization	409	450	1,252	1,423
Foreign exchange (gain)/loss	(105)	37	(93)	37

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 2022.

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### 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:

	30.6.2022 RM'000	30.9.2021 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	9,112	9,275
	<u>9,162</u>	<u>9,325</u>
	=====	=====

### B8. Status of corporate proposals

To date, there are no corporate proposals announcement.

### B9. Group borrowings and debt securities

The Group's borrowings as at 30 June 2022 are as follows:

	30.6.2022		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 30.6.2022 as compared with the corresponding period in the immediate preceding year as at 31.3. 2022 as tabled below:-

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

	As at 3rd 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
<b>Secured</b>	0	0	0	0	0	0
<b>Unsecured</b>	0	0	0	0	0	0
	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
<b>Secured</b>	0	0	0	0	0	0
<b>Unsecured</b>	0	0	0	0	0	0

**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**

	30.6.2022 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.



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

### B13 Trade and other receivables

	30.6.2022	30.9.2021
	RM'000	RM'000
Trade receivables	21,111	16,176
Loss allowance	(611)	(731)
	<u>20,500</u>	<u>15,445</u>
Other receivables, deposit & prepayment	1,657	738
	<u>22,157</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	
	30.6.2022	30.9.2021
	RM'000	RM'000
Opening loss allowance as at 1 October	731	528
Provided during the period/year	0	723
Reversal	(120)	(520)
	<u>611</u>	<u>731</u>
Closing loss allowance	611	731

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	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net profit attributable to				
Ordinary shareholders	1,290	(696)	3,600	4,109
Weighted average				
Number of shares				
In issued.	40,690	40,690	40,690	40,690

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

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Basic earnings per				
Ordinary share(sen)	3.17	(1.71)	8.85	10.10
Diluted earnings per share (sen)	3.17	(1.71)	8.85	10.10

# **UMS Holdings Berhad**

Company No. 74125 – V  
(Incorporated in Malaysia)

Interim Financial Report  
30 June 2022