

MBM RESOURCES BERHAD
(284496-V)

QUARTERLY ANNOUNCEMENT
for the fourth quarter ended 31/12/2008

Highlights

- Considerable slowdown in vehicle sales during the quarter amidst weaker consumer sentiment and tighter loan approvals.
- Ringgit weakness had a negative impact on overall margins.
- However, a strong first half performance compensated for the weak last quarter resulting in improved performance on a 12 month basis.
- The Group's expansion plans during the year were well in advance and when commissioned this year will further reinforce our competitive position.
- The Board has declared a second interim dividend of 6 sen in addition to the first interim dividend of 6 sen and special dividend of 6 sen declared in Aug 2008. The total dividends declared for the year amounted to 18 sen per share.

Results

	3 months ended 31 Dec			12 months ended 31 Dec		
	2008 RM mil	2007 RM mil	Change %	2008 RM mil	2007 RM mil	Change %
Revenue	260.9	271.9	(4.0)	1,150.6	1,080.9	6.4
Net profit for the period	<u>21.5</u>	<u>26.8</u>	(19.9)	<u>138.2</u>	<u>126.8</u>	8.9
Net profit attributable to equity holders of the Company	<u>16.7</u>	<u>22.6</u>	(26.3)	<u>117.4</u>	<u>110.5</u>	6.2
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings per share	6.90	9.40	(26.6)	48.48	45.88	5.7
	As at 31.12.2008 <u>RM mil</u>	As at 31.12.2007 <u>RM mil</u> restated				
Shareholders' funds	851.3	765.9	11.1			
	<u>RM</u>	<u>RM</u>				
Net assets per share	3.52	3.16	11.1			

Overview

The Malaysian motor total industry volume (TIV) of sales by registration declined in the fourth quarter of 2008 by 8.3% compared against the same period of 2007, and 22.2% compared against the preceding quarter.

For the year ended 31 December 2008, sales by registration recorded a 12.5% growth over the same period of 2007.

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for the fourth quarter ended 31/12/2008

Group Financial Performance

Fourth quarter ended 31 Dec 2008 compared with fourth quarter ended 31 Dec 2007

Group revenue declined by 4.0% to RM260.9 million. Operating profit declined by 37.9% to RM9.3 million, whilst share of associated companies declined by 32.8% to RM10.2 million. Net profit attributable to equity holders declined by 26.3% to RM16.7 million.

The group's net cash position (after total borrowings) improved to RM88.0 million as at 31 December 2008 compared with RM65.6 million as at 31 December 2007.

Fourth quarter ended 31 Dec 2008 against previous quarter ended 30 Sep 2008

Group revenue dropped by 17.1% whilst operating profit and share of associated companies declined by 58.7% and 49.6% respectively. Net profit attributable to equity holders declined by 48.1%.

The group's net cash position (after total borrowings) fell to RM88.0 million as at 31 December 2008 compared with RM108.7 million as at the end of 30 Sep 2008.

Net assets per share rose to RM3.52 as at the end of December 2008 from RM3.16 as at preceding financial year end.

Group Business Performance

Performance of sales by operations

% Changes *	Q4'08 vs Q4'07	YTD Dec'08 vs YTD Dec'07
<i>Subsidiaries</i>		
Daihatsu trucks	- 4.6	+ 7.9
DMMS Perodua vehicles	- 12.7	- 1.8
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 19.2	+ 14.3
OMI	+ 9.6	+ 23.3
WCC	+ 80.5	+ 63.7
SVBW	+ 15.2	+ 29.4
<i>Associated companies</i>		
Perodua vehicles	+ 1.3	+ 3.8
Hino vehicles	+ 9.2	+ 28.6

* All changes based on vehicle unit sales, except for OMI, WCC and SVBW which are based on sales value

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for the fourth quarter ended 31/12/2008**

Group Business Performance (Contd.)

It had been a volatile year for the motor industry. The operating environment in the first three quarters of the year was faced with the twin challenges of sharp rise in component costs and fuel prices. However, these rises were reversed in the final quarter of the year as the world economy slowed significantly. This was compounded by the weaker Ringgit, which had a significant impact on the Group's cost of imports.

Commercial vehicle sales were beneficiaries of the growth in the Malaysian economy during the year. The Group's exposure in the sector is represented by Daihatsu and Hino, where they maintained their leadership in the respective market segments.

Perodua enjoyed a market share of 30.5% of TIV, its 3rd year of being the market leader. The fuel price increase in the early part of the year helped boost sales as demand shifted to compact cars for their fuel efficiency.

Federal Auto recorded overall growth in vehicle sales helped by the additional marques under its stable.

The manufacturing division recorded substantial increases in revenue on expanded capacities and supply for major popular car models. The increased output resulted in improved operating efficiencies which partially cushioned the rise in raw material costs.

Prospects

There are growing signs of weaker consumption spending amidst a slowing economy. As overall vehicle sales are expected to decline (the Malaysian Automotive Association forecasts a 12.4% drop for the year) the Group looks to improve its market share in the respective segments. The continued Ringgit weakness will also have a negative impact on margins which will be partially cushioned by price adjustments and cost management.

In view of the more challenging operating environment, the Group is unlikely to match its performance of 2008. However, its healthy financial position provides strong foundation for the Group to continue its competitiveness in its market segments.

**Board of Directors
MBM Resources Berhad
24 February 2009**

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the fourth quarter ended 31/12/2008.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Current Quarter Ended 31/12/2008 RM'000	Comparative Quarter Ended 31/12/2007 RM'000	(Unaudited) 12 months Cumulative To Date 31/12/2008 RM'000	(Audited) Comparative 12 months Cumulative To Date 31/12/2007 RM'000
Revenue	260,925	271,851	1,150,612	1,080,910
Cost of Sales	(230,838)	(240,259)	(1,021,292)	(967,149)
Gross Profit	30,087	31,592	129,320	113,761
Other Income	5,062	6,707	23,954	21,222
Administrative and other expenses	(14,016)	(12,863)	(48,136)	(47,081)
Selling and marketing expenses	(11,068)	(9,579)	(31,368)	(30,269)
Profit from operations	10,065	15,857	73,770	57,633
Finance costs	(797)	(935)	(2,844)	(3,975)
Share of results of associates	10,182	15,149	79,384	86,817
Profit before tax	19,450	30,071	150,310	140,475
Income tax expense	2,025	(3,258)	(12,133)	(13,648)
Profit for the period	21,475	26,813	138,177	126,827
Attributable to :				
Equity holders of the Company	16,697	22,649	117,353	110,523
Minority Interests	4,778	4,164	20,824	16,304
	21,475	26,813	138,177	126,827
Earnings per share attributable to equity holders of the Company :	sen	sen	sen	sen
(i) Basic, for the period	6.90	9.40	48.48	45.88
(ii) Diluted, for the period	6.80	9.27	47.80	45.22

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CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As at end of Current Quarter 31/12/2008 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2007 RM'000
		(Restated)
<u>ASSETS</u>		
Non-current Assets		
Property, plant & equipment	122,398	111,652
Investment properties	22,475	13,929
Prepaid land lease payments	43,342	35,783
Associates	505,987	482,475
Jointly controlled entity	54	54
Other investment	--	--
Hire purchase receivables	562	1,576
Goodwill on consolidation	13,961	13,546
	708,779	659,015
Current Assets		
Inventories	146,801	106,365
Trade & other receivables	91,185	106,144
Tax recoverable	8,764	3,959
Due from associate	--	36
Short term investments	133	251
Cash and bank balances	124,856	110,721
	371,739	327,476
Non-current assets classified as held for sale	6,176	14,816
	377,915	342,292
TOTAL ASSETS	1,086,694	1,001,307
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to equity holders of the Company		
Share capital	242,073	242,024
Share premium	30,540	30,469
Revaluation reserve	2,017	--
Retained profits	576,668	493,447
	851,298	765,940
Minority Interests	131,641	120,575
Total Equity	982,939	886,515
Non-current Liabilities		
Long term borrowings	16,936	15,051
Deferred tax liabilities	306	543
Provision for retirement benefits	2,258	1,157
	19,500	16,751
Current Liabilities		
Provision for liabilities	2,816	4,607
Short term borrowings	19,932	30,028
Trade & other payables	59,325	59,054
Due to holding company	190	1,347
Tax payable	1,992	3,005
	84,255	98,041
Total Liabilities	103,755	114,792
TOTAL EQUITY AND LIABILITIES	1,086,694	1,001,307
Net assets per share (RM)	3.52	3.16

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2008

	[----- Attributable to equity holders of Company -----]						
	Share Capital RM'000	Non- distributable Share Premium RM'000	Non- distributable Revaluation Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
12 months ended							
31 Dec 2007							
At 1 January 2007							
As previously stated	238,537	25,313	--	397,231	661,081	118,848	779,929
Prior year adjustment	--	--	--	7,060	7,060	426	7,486
At 1 January 2007 (restated)	238,537	25,313	--	404,291	668,141	119,274	787,415
Issue of ordinary shares pursuant to ESOS	3,487	5,156	--	--	8,643	--	8,643
Additional purchase of shares in a subsidiary	--	--	--	--	--	(8,685)	(8,685)
Rights issue of shares in a subsidiary	--	--	--	(259)	(259)	1,362	1,103
Profit for the year	--	--	--	110,523	110,523	16,304	126,827
Dividends distributed to equity holders	--	--	--	(21,108)	(21,108)	--	(21,108)
Dividends paid by subsidiary	--	--	--	--	--	(7,680)	(7,680)
As at 31 Dec 2007	242,024	30,469	--	493,447	765,940	120,575	886,515
12 months ended							
31 Dec 2008							
At 1 January 2008							
As previously stated	242,024	30,469	--	486,387	758,880	120,149	879,029
Prior year adjustment	--	--	--	7,060	7,060	426	7,486
At 1 January 2008 (restated)	242,024	30,469	--	493,447	765,940	120,575	886,515
Issue of ordinary shares pursuant to ESOS	49	70	--	--	119	--	119
Revaluation reserve arising from fair value adjustments in net assets of a subsidiary	--	--	2,855	--	2,855	1,039	3,894
Additional purchase of shares in a subsidiary	--	1	(838)	--	(837)	(448)	(1,285)
Rights issue of shares in a subsidiary	--	--	--	--	--	25	25
Profit for the year	--	--	--	117,353	117,353	20,824	138,177
Dividends distributed to equity holders	--	--	--	(34,132)	(34,132)	--	(34,132)
Dividends paid by subsidiary	--	--	--	--	--	(10,374)	(10,374)
As at 31 Dec 2008	242,073	30,540	2,017	576,668	851,298	131,641	982,939

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

	2008 12 months ended 31/12/2008 RM'000	2007 12 months ended 31/12/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	150,310	140,475
Adjustments for :		
Non-cash Items	(69,675)	(76,379)
Non-operating Items	(6,388)	(1,047)
Operating profit before working capital changes	<u>74,247</u>	<u>63,049</u>
Changes in working capital		
Net changes in current assets	(22,407)	50,180
Net changes in current liabilities	(21,444)	(44,830)
Net cash used in operating activities	<u><u>30,396</u></u>	<u><u>68,399</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investment	34,841	15,892
Other investment	(24,160)	(21,077)
Acquisition of subsidiary	(2,000)	(9,353)
Disposal of a subsidiary	42	--
Disposal of an associate	27,172	--
Acquisition of jointly controlled entity	--	(54)
Net cash generated from investing activities	<u><u>35,895</u></u>	<u><u>(14,592)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(34,132)	(21,108)
Dividends paid to minorities of a subsidiary	(10,374)	(7,680)
Proceeds from exercise of ESOS	119	8,643
Proceeds from issue of shares in a subsidiary to minorities	325	1,103
Bank borrowings	(5,509)	(34,875)
Net cash generated from financing activities	<u><u>(49,571)</u></u>	<u><u>(53,917)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	16,720	(110)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>99,942</u>	<u>100,051</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u><u>116,662</u></u>	<u><u>99,941</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	124,989	110,972
Bank overdrafts	(8,327)	(11,031)
	<u><u>116,662</u></u>	<u><u>99,941</u></u>

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Notes to the Financial Information
for the fourth quarter ended 31 December 2008

(1) Accounting policies

The interim financial report is unaudited and is prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

The accounting policies and method of computation adopted are consistent with those adopted in the most recent audited financial statement for the year ended 31 December 2007, except for the following new and revised FRS in Malaysia which were issued on 1 July 2007 and adopted by the Group and the Company, where applicable, effective for the financial period beginning 1 January 2008 :

FRS 107 : Cash Flow Statements
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 119 : Employee Benefits
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The adoption of the above new and revised FRS have no significant impact on the financial statements of the Group and of the Company except for the following :

FRS 112 : Income Taxes has removed the relevant provisions in FRS112₂₀₀₄ which explicitly prohibit the recognition of deferred tax on reinvestment allowance or other allowances in excess of capital allowance. The adoption of the revised FRS 112 has resulted in the Group changing its accounting policy to recognise deferred tax asset on unused investment tax allowances ("ITA") and reinvestment allowances ("RA"), to the extent that it is probable that future taxable profit will be available against which the unused ITA and RA can be utilised. This change in accounting policy has been accounted for retrospectively and effects of these changes are shown as prior year adjustments as follow :

Prior Year Adjustments

	Group	
	2008 RM'000	2007 RM'000
Effects on retained profits:		
At 1 January, as previously stated	486,387	397,231
Effect of change in accounting policy	7,060	7,060
	<u>493,447</u>	<u>404,291</u>
Effects on minority interests:		
At 1 January, as previously stated	120,149	118,848
Effect of change in accounting policy	426	426
	<u>120,575</u>	<u>119,274</u>

Effects on profit for the year:

There are no effects on the net profit for the year as a result of the change in accounting policy.

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Notes to the Financial Information (Contd.)

Restatement of Comparatives

	As previously stated RM'000	Prior year adjustments RM'000	As restated RM'000
Balance sheets at 31 December 2007			
Group			
Associates	474,989	7,486	482,475
Retained profits	486,387	7,060	493,447
Minority interests	120,149	426	120,575
Statement of changes in equity at 31 December 2007			
Group			
Retained profits	486,387	7,060	493,447
Minority interests	120,149	426	120,575
Total Equity	879,029	7,486	886,515

Income statements

There are no effects on the net profits which require restatement of comparatives.

(2) Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group and of the Company for the year ended 31 December 2007 was not qualified.

(3) Seasonal and Cyclical Factors

The main activity of the Group is in the distributorship of motor vehicles and is therefore dependent on the economy of the country.

(4) Exceptional Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period under review.

(5) Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

(6) Dividends Paid

The company did not pay any dividend during the quarter.

(7) Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period under review except for the issuance of ordinary shares pursuant to the Company's ESOS.

Notes to the Financial Information (Contd.)

Debt and Equity Securities (Contd.)

Employee Share Options Scheme ("ESOS")

During the quarter ended 31 December 2008 pursuant to the Company's ESOS, the issued and paid-up capital of the Company remain unchanged as there were no option shares exercised. The number of unexercised share options as at 31 December 2008 was 3,435,000.

(8) Subsequent Material Events

There was no material event or transaction during the period from 31 December 2008 to the date of this announcement which affects substantially the results of the operations of the Group and of the Company for the quarter ended 31 December 2008 in respect of which this announcement is made.

(9) Changes in Composition of the Group

Issue of ordinary shares in a subsidiary

During the quarter, the Company has entered into a Shareholders' Agreement with Teknikhas Holdings Sdn. Bhd. ("THSB"), Meridian Residence Sdn. Bhd. ("MRSB") and Inai Benua Sdn. Bhd. ("IBSB") for the purpose of developing Lot 15 and the surrounding land into a high-rise commercial office block with showrooms on the ground floor for owner occupation, rent or sale.

IBSB, the joint-venture company for the purpose of this development, have increased its issued and paid-up capital from RM2 (2 ordinary shares of RM1 each) to RM1,000,000 (1,000,000 ordinary shares of RM1 each) and the additional shares were subscribed by the Company, THSB and MRSB in their proportion of 70%, 20% and 10% respectively. The Company subscribed for an additional of 699,998 ordinary shares of RM1 each.

With the completion of new issuance of shares by IBSB and subscriptions by respective shareholders, the Group's equity interest in IBSB was decreased from 100% (2 ordinary shares of RM1 each) to 70% (700,000 ordinary shares of RM1 each).

(10) Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2008 is as follows :

	<u>RM'000</u>
Approved and contracted for	14,278
	<u> </u>

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Notes to the Financial Information (Contd.)

(11) Significant Related Party Transactions

During the period ended 31 December 2008, the Group and the Company had the following transactions with related parties :

	Period ended 31/12/2008 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	205,099
Purchases from a subsidiary of Perodua	507,760
Sales to subsidiaries of Perodua	(53,548)
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	19,204
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	770
Technical fee payable	54
Development expenses	111
<hr/>	
<u>Company</u>	
Gross dividends from:	
- subsidiaries	33,605
- associates	28,240
Management fees from:	
- subsidiaries	216
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* Includes all subsidiaries and associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

(12) Review of Performance

The review of performance by operations is furnished in the Main Section of the announcement.

(13) Current Year Prospect

The overview of current year prospect is furnished in the Main Section of the announcement.

(14) Variance from Profit Forecast and Profit Guarantee

The Group and the Company did not issue any profit forecast or profit guarantee for the year.

(15) Profit or Loss on Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments or properties for the current quarter.

(16) Quoted Investments

There were no sales or purchases of quoted securities for the current quarter.

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Notes to the Financial Information (Contd.)

(17) Segment Reporting

The Group's operating businesses are organised into three major business segments :

	Period ended 31/12/2008		Period ended 31/12/2007	
	Segment Revenue RM'000	Segment Results RM'000	Segment Revenue RM'000	Segment Results RM'000
Marketing and distribution of motor vehicles, and other related activities	1,018,817	57,717	987,612	53,094
Manufacturing of automotive parts, trucks, and vehicles body building and other related activities	132,797	16,361	94,097	7,880
Investment holding	63,698	67,820	60,490	57,169
	<u>1,215,312</u>	<u>141,898</u>	<u>1,142,199</u>	<u>118,143</u>
Eliminations	(64,700)	(70,972)	(61,289)	(64,485)
	<u>1,150,612</u>	<u>70,926</u>	<u>1,080,910</u>	<u>53,658</u>
Share of results of associates	--	79,384	--	86,817
	<u>1,150,612</u>	<u>150,310</u>	<u>1,080,910</u>	<u>140,475</u>
Revenue / Profit before tax	<u>1,150,612</u>	<u>150,310</u>	<u>1,080,910</u>	<u>140,475</u>

(18) Taxation

	Current Quarter 31/12/2008 RM'000	Year to date 31/12/2008 RM'000
Current year's provision		
Add/(Less) :	3,831	17,989
Overprovision in prior years	(5,882)	(5,882)
	<u>(2,051)</u>	<u>12,107</u>
Deferred taxation	26	26
	<u>(2,025)</u>	<u>12,133</u>
Income tax expense	<u>(2,025)</u>	<u>12,133</u>

A reconciliation of the statutory income tax rate at 26% to the effective income tax rate of the Group for the current quarter and for the year-to-date are as follows :

	Current Quarter 31/12/2008 %	Year to date 31/12/2008 %
Statutory income tax rate in Malaysia	26.0	26.0
Income subject to tax rate of 20%	--	(0.1)
Income not subject to tax	(1.5)	(1.8)
Expenses not deductible for tax purpose	22.2	2.4
Utilisation of previously unrecognised tax losses	(3.4)	(0.9)
Overprovision of income tax in prior year	(63.5)	(8.3)
Overprovision of deferred tax in prior year	(1.7)	(0.2)
	<u>(21.9)</u>	<u>17.1</u>

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Notes to the Financial Information (Contd.)

(19) Earnings Per Share (EPS)

	Quarter		Year-to-date	
	3 months ended		12 months ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (RM'000)	16,697	22,649	117,353	110,523
Weighted average number of ordinary shares in issue ('000)	242,064	240,908	242,064	240,908
Basic EPS (sen)	6.90	9.40	48.48	45.88
Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (RM'000)	16,697	22,649	117,353	110,523
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	245,499	244,392	245,499	244,392
Diluted EPS (sen)	6.80	9.27	47.80	45.22

	No of Ordinary Shares of RM 1.00 each	
	31 Dec 2008	31 Dec 2007
Weighted average number of ordinary shares	242,064,025	240,907,796
Adjustment for assumed exercise of ESOS	3,435,000	3,484,000
Adjusted weighted average number of ordinary shares in issue and issuable	245,499,025	244,391,796

(20) Corporate Proposals

Subsequent to the third quarter 2008 announcement made on 6 November 2008, there were no further corporate proposals being made or undertaken by the Group and the Company, other than as disclosed in Note 9.

The Group also announced that its 70% owned subsidiary Inai Benua Sdn Bhd and 86% owned subsidiary Federal Auto Holdings Bhd had entered into a Joint Venture Agreement for the purpose of developing Lot 15. This announcement is dated 14 January 2009.

(21) Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period :-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	19,478	16,936
Unsecured	454	--
Total	19,932	16,936

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(284496-V)**

Notes to the Financial Information (Contd.)

(22) Financial Instruments with Off Balance Sheet Risk

As at the date of this announcement, the Group has the following foreign currency contract outstanding:

Currency	Contracted Amounts	Equivalent in RM	Expiry Date
Yen	78,410,890	3,119,531	23 Feb 2009 - 26 Feb 2009

- (i) The foreign currency contract is a forward contract of short term nature. There are no financial instruments with off balance sheet risk, and the Group does not calculate the difference between the contracted rates and the spot rates and therefore does not take up the difference in the income statement.
- (ii) The foreign currency contracts are entered into to hedge the Group's purchases denominated in foreign currency. The contracted rates will be used to convert the Malaysian Ringgit to foreign currency.
- (iii) Forward foreign exchange contracts are used to firm the exchange rate for payments in foreign currency. The maturity period for each contract depends on the payments date agreed with the suppliers. The hedging immunises the Group from market or other risks such that the values of the underlying liabilities are fixed. Besides a small fee, there are no other cash requirements for these contracts.

(23) Material Litigations

There is no material litigation as at the date of this reporting.

(24) Contingent Liabilities

As at the date of issue of this quarterly report, there were no material changes in the contingent liabilities as disclosed in the audited financial statements for the year ended 31 December 2007.

(25) Dividend

The Board is pleased to declare a second interim dividend of 6.0 sen per share tax exempted amounting to approximately RM14,524,360 for the year ending 31 December 2008 (1st Interim 2008 - gross dividend of 6.0 sen per share less taxation 26%, plus a Special Dividend of 6.0 sen (3.0 sen less 26% tax and 3.0 sen tax exempted) for the year ending 31 December 2008).

**BY ORDER OF THE BOARD
MBM RESOURCES BERHAD**

**SHAHRIZAT OTHMAN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 24 FEBRUARY 2009**