

MBM RESOURCES BERHAD
(284496-V)

QUARTERLY ANNOUNCEMENT
for the fourth quarter ended 31/12/2009

Highlights

- The recovery in the auto industry in the 3rd quarter of 2009 followed through for the rest of the year with 4th quarter total industry volume (TIV) expanding 17.6% year-on-year.
- Federal Auto commenced the Volkswagen dealership business and obtained an additional Mitsubishi outlet in Petaling Jaya.
- Perodua launched its all new model, Alza, in November and was met with encouraging response. This also had a positive impact on Daihatsu Malaysia as a dealer.
- The Yen exchange rate moderated, resulting in better operating margins for the Group.
- The manufacturing division improved on better volumes and efficiency gains.

Results

	3 months ended			12 months ended		
	31 Dec			31 Dec		
	2009	2008	Change	2009	2008	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	323.8	270.3	19.8	1,187.2	1,203.0	(1.3)
Net profit for the period	<u>25.6</u>	<u>21.2</u>	20.3	<u>79.1</u>	<u>137.9</u>	(42.7)
Net profit attributable to equity holders of the Company	<u>22.5</u>	<u>16.5</u>	36.6	<u>68.3</u>	<u>117.1</u>	(41.7)
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings per share	9.31	6.81	36.6	28.22	48.39	(41.7)
	As at	As at				
	31 Dec 2009	31 Dec 2008				
	<u>RM mil</u>	<u>RM mil</u>				
Shareholders' funds	896.1	849.1	5.5			
	<u>RM</u>	<u>RM</u>				
Net assets per share	3.70	3.51	5.5			

Overview

The Malaysian motor TIV of sales by registration improved in the fourth quarter of 2009 by 17.6% compared against the same period of 2008. However, it declined by 5.4% over the preceding quarter.

Overall, the TIV for the 12 months' sales by registration declined 2.0% compared to the same period of 2008.

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for the fourth quarter ended 31/12/2009

Group Financial Performance

Fourth quarter ended 31 Dec 2009 compared with fourth quarter ended 31 Dec 2008

Group revenue improved by 19.8% to RM323.8 million. Profit from operations improved by 30.7% to RM11.4 million, whilst share of results of associated companies improved by 70.0% to RM17.3 million. Net profit attributable to equity holders improved by 36.6% to RM22.5 million.

The group's net cash position (after total borrowings) improved to RM116.8 million as at 31 December 2009 compared with RM91.9 million as at 31 December 2008.

Fourth quarter ended 31 Dec 2009 against previous quarter ended 30 Sep 2009

Group revenue improved by 2.1%. Profit from operations improved by 1.2% but share of associated companies declined by 11.8%. Net profit attributable to equity holders improved marginally by 0.1%.

The group's net cash position (after total borrowings) improved to RM116.8 million as at 31 December 2009 compared with RM104.2 million as at the end of 30 September 2009.

Net assets per share improved to RM3.70 as at the end of December 2009 from RM3.61 as at end of September 2009. Net assets as at 31 December 2008 was RM3.51 per share.

Group Business Performance

Performance of sales by operations

% Changes *	Q4'09	Q4'09	YTD Dec'09
	vs	vs	vs
	Q3'09	Q4'08	YTD Dec'08
<i>Subsidiaries</i>			
Daihatsu trucks	- 3.2	- 7.9	- 22.9
DMMS Perodua vehicles	+ 8.9	+ 33.5	+ 2.8
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 33.7	+ 107.6	+ 12.4
OMI	- 7.5	+ 11.9	+ 9.1
WCC	+ 3.3	+ 8.1	+ 12.1
SVBW	+ 8.1	+ 16.4	+ 13.5
<i>Associated companies</i>			
Perodua vehicles	- 6.1	+ 14.0	- 2.9
Hino trucks	+ 23.0	+ 32.3	- 5.7

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

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for the fourth quarter ended 31/12/2009**

Group Business Performance (Contd.)

The Group's recent investments have placed it well to capitalise on the improved trading environment. The Volkswagen dealership under Federal Auto Group commenced its first new operation in Petaling Jaya in December.

The manufacturing operations benefited from improved volumes and efficiency gains resulting from ongoing production improvements and investments in mechanisation.

The Japanese Yen moderated during the quarter, easing pressure on margins from trucks sales as well as contributions from associates.

Prospects

The Group will continue to invest in new dealerships under Federal Auto and Daihatsu Malaysia. We also expect the positive contributions from our associates to continue.

Assuming a stable Yen exchange rate, the full impact of new model launches and new dealerships on the Group's profitability will be positively felt this year.

Additionally the expansion of the manufacturing subsidiaries' operation capacities coupled with more stable raw material costs will benefit the Group during 2010.

**Board of Directors
MBM Resources Berhad
11 February 2010**

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the fourth quarter ended 31/12/2009.
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Current Quarter Ended 31/12/2009 RM'000	Comparative Quarter Ended 31/12/2008 RM'000	12 months Cumulative To Date 31/12/2009 RM'000	(Audited) Comparative 12 months Cumulative To Date 31/12/2008 RM'000
		As restated		As restated
Revenue	323,832	270,319	1,187,186	1,203,044
Cost of Sales	(288,699)	(240,316)	(1,076,014)	(1,073,808)
Gross Profit	35,133	30,003	111,172	129,236
Other Income	6,123	4,803	16,771	21,361
Administrative and other expenses	(13,468)	(14,869)	(52,694)	(48,989)
Selling and marketing expenses	(16,437)	(11,254)	(36,825)	(31,554)
Profit from operations	11,351	8,683	38,424	70,054
Finance costs	(580)	(460)	(2,206)	(2,507)
Interest income	312	629	1,846	2,963
Share of results of associates	17,305	10,182	54,127	79,384
Profit before tax	28,388	19,034	92,191	149,894
Income tax expense	(2,837)	2,207	(13,092)	(11,951)
Profit for the period	25,551	21,241	79,099	137,943
Attributable to :				
Equity holders of the Company	22,525	16,488	68,324	117,144
Minority Interests	3,026	4,753	10,775	20,799
	25,551	21,241	79,099	137,943
Earnings per share attributable to equity holders of the Company :	sen	sen	sen	sen
Basic, for the period	9.31	6.81	28.22	48.39

Note :

No disclosure was made for fully diluted EPS as the effect of dilution on the EPS after taking into account the assumed conversion of outstanding share options was anti-dilutive.

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CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As at end of Current Quarter 31/12/2009 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2008 RM'000
ASSETS		
Non-current Assets		
Property, plant & equipment	135,201	122,391
Investment properties	21,560	22,475
Prepaid land lease payments	43,246	43,348
Investment in associates	540,811	505,987
Jointly controlled entity	54	54
Other investment	--	--
Hire purchase receivables	--	832
Goodwill on consolidation	14,799	14,799
Total non-current assets	755,671	709,886
Current Assets		
Inventories	104,220	142,743
Trade & other receivables and prepaid expenses	126,383	82,003
Tax recoverable	3,539	8,537
Short term investments	--	134
Cash and bank balances	147,441	127,657
	381,583	361,074
Non-current assets classified as held for sale	6,103	6,103
Total current assets	387,686	367,177
TOTAL ASSETS	1,143,357	1,077,063
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	242,073	242,073
Share premium	31,016	30,539
Retained earnings	622,996	576,459
	896,085	849,071
Minority Interests	136,749	130,577
Total Equity	1,032,834	979,648
Non-current and Deferred Liabilities		
Long term borrowings	20,243	16,916
Deferred tax liabilities	637	637
Provision for retirement benefits	2,406	2,143
Hire purchase payables - non-current portion	85	181
Total non-current and deferred liabilities	23,371	19,877
Current Liabilities		
Provision for liabilities	2,534	2,862
Short term borrowings	10,079	18,354
Trade & other payables and accrued expenses	73,092	54,391
Amount owing to holding company	204	190
Tax liabilities	1,038	1,441
Hire purchase payables - current portion	205	300
Total current liabilities	87,152	77,538
Total Liabilities	110,523	97,415
TOTAL EQUITY AND LIABILITIES	1,143,357	1,077,063
Net assets per share (RM)	3.70	3.51

**MBM RESOURCES BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2009**

[----- Attributable to equity holders of the Company -----]

	Share Capital RM'000	Non- distributable Reserves * RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
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
Additional purchase of shares in a subsidiary	--	--	--	--	(748)	(748)
Additional purchase of shares in a subsidiary by minorities	--	--	--	--	325	325
Total recognised income and expense - Profit for the period	--	--	117,144	117,144	20,799	137,943
Dividends distributed to equity holders	--	--	(34,132)	(34,132)	--	(34,132)
Dividends paid by subsidiaries	--	--	--	--	(10,374)	(10,374)
As at 31 Dec 2008	<u>242,073</u>	<u>30,539</u>	<u>576,459</u>	<u>849,071</u>	<u>130,577</u>	<u>979,648</u>
12 months ended 31 Dec 2009						
At 1 January 2009	242,073	30,539	576,459	849,071	130,577	979,648
Issue of ordinary shares pursuant to ESOS	--	--	--	--	--	--
Total recognised income and expense - Profit for the period	--	--	68,324	68,324	10,775	79,099
Share of revaluation surplus arising from fair value adjustments of assets in an associated company	--	477	--	477	29	506
Dividends distributed to equity holders	--	--	(21,787)	(21,787)	--	(21,787)
Dividends by subsidiary - paid	--	--	--	--	(4,033)	(4,033)
- declared	--	--	--	--	(599)	(599)
As at 31 Dec 2009	<u>242,073</u>	<u>31,016</u>	<u>622,996</u>	<u>896,085</u>	<u>136,749</u>	<u>1,032,834</u>

* Non-distributable Reserves include Share Premium and Revaluation Reserve

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2009

	2009 12 months ended 31/12/2009 RM'000	2008 12 months ended 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	79,099	137,943
Adjustments for :		
Income tax expense	13,092	11,951
Share of results of associates	(54,127)	(79,384)
Non-cash Items	12,684	10,102
Non-operating Items	(1,157)	(6,654)
Operating profit before working capital changes	49,591	73,958
Changes in working capital		
Net changes in current assets	(8,687)	(13,317)
Net changes in current liabilities	17,206	(5,735)
Income tax refunded	1,416	--
Income tax paid	(9,965)	(18,034)
Net cash generated from operating activities	49,561	36,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	19,810	34,841
Interest income	1,846	2,963
Purchase of property, plant & equipment	(22,187)	(20,707)
Additions to prepaid lease payments	(655)	(8,066)
Other investment	4,576	1,716
Acquisition of subsidiary	--	(2,000)
Disposal of a subsidiary	--	42
Disposal of an associate	--	27,172
Net cash generated from investing activities	3,390	35,961
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(21,787)	(34,132)
Dividends paid to minorities of a subsidiary	(4,033)	(10,374)
Proceeds from exercise of ESOS	--	119
Proceeds from issue of shares in a subsidiary to minorities	--	325
Finance costs	(2,206)	(2,507)
Bank borrowings	607	(5,508)
Net cash used in financing activities	(27,419)	(52,077)
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,532	20,756
CASH AND CASH EQUIVALENTS AT 1 JANUARY	120,446	99,690
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	145,978	120,446
Cash and cash equivalents comprise :		
Cash and bank balances	147,441	127,657
Bank overdrafts	(1,463)	(7,211)
	145,978	120,446

Notes to the Financial Information
for the fourth quarter ended 31 December 2009

(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 2008.

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 2008, except for the following:

For the financial period beginning 1 January 2009, the Group adopted a new FRS 8: Operating Segments which is effective for financial statements for periods beginning on or after 1 July 2009. FRS 8 which replaces FRS114₂₀₀₄: Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. In prior financial periods, the Group presented its segment information based on its business segments.

The adoption of the above new FRS have no significant impact on the financial statements of the Group and of the Company. Details on the Group's operating segments are shown in Note 17.

(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 2008 was not qualified.

(3) Seasonal and Cyclical Factors

The main activity of the Group is in the distributorship of motor vehicles and manufacturing of automotive components and are 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.

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Notes to the Financial Information (Contd.)

(7) Debt and Equity Securities (Contd.)

Employee Share Options Scheme ("ESOS")

No shares have been issued during the quarter ended 31 December 2009 pursuant to exercise of share options under the Company's ESOS.

The number of unexercised share options as at 31 December 2009 was 3,435,000.

(8) Subsequent Material Events

There was no material event or transaction during the period from 31 December 2009 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 2009 in respect of which this announcement is made.

(9) Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter.

(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 2009 is as follows :

	<u>RM'000</u>
Approved and contracted for	9,886
	<u><u> </u></u>

(11) Significant Related Party Transactions

During the period ended 31 December 2009, the Group and the Company had the following transactions with related parties :

	Period ended 31/12/2009 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	165,814
Purchases from a subsidiary of Perodua	517,128
Sales to subsidiaries of Perodua	45,700
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	18,263
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	561
Technical fee payable	6
Development expenses	148
	<u> </u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	13,951
- associates	15,974
Management fees from:	
- subsidiaries	312
	<u> </u>

* Includes all subsidiaries and associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

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Notes to the Financial Information (Contd.)

(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

An investment property held by sub-subsidiary, Fadara Properties Sdn Bhd, with a book value of RM0.723 million was disposed during the current quarter with a net gain of RM1.277 million.

(16) Quoted Investments

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

(17) Operating Segments

The Group's reportable segments offer different products and services and are managed separately due to different trading nature and marketing strategies. Most of the businesses were acquired as individual units and the management at the time of acquisition remained.

The Group has three main reportable segments:

- a. Motor vehicles : Marketing and distribution of motor vehicles, spare parts and provision of related services
- b. Automotive components : Manufacturing of automotive parts and components, interior carpets, steel wheels and discs and provision of tyre assembly services
- c. Vehicles body building : Manufacturing and fabrication of vehicles body and provision of related services

Investment holding, corporate headquarters and other dormant companies expenses are included as "All others".

Period ended 31 December 2009

	Motor vehicles	Automotive components	Vehicles body building	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,042,412	135,193	9,498	83	1,187,186
Intersegment revenue	--	--	1,105	312	1,417
Operating profits for reportable segments	27,651	20,867	(3,913)	(6,181)	38,424
Share of results of associates	54,127	--	--	--	54,127
Finance costs	(761)	(1,055)	(366)	(24)	(2,206)
Interest income	1,025	327	--	494	1,846
Depreciation and amortisation	4,340	4,354	142	109	8,945
Other significant non-cash items					
- Provisions	504	--	3,777	200	4,481
Capital expenditure	12,720	9,950	153	19	22,842
Segment assets	391,563	128,495	13,194	69,294	602,546
Investment in associates	540,811	--	--	--	540,811
Segment liabilities	59,720	37,016	8,690	5,097	110,523

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Notes to the Financial Information (Contd.)

Operating Segments (cont'd)

Period ended 31 December 2008

	Motor vehicles	Automotive components	Vehicles body building	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,072,403	122,121	8,339	181	1,203,044
Intersegment revenue	--	--	1,002	216	1,218
Operating profits for reportable segments	56,502	17,057	384	(3,889)	70,054 *
Share of results of associates	78,226	--	--	1,158	79,384 **
Finance costs	(764)	(1,079)	(396)	(268)	(2,507)
Interest income	1,752	562	--	649	2,963
Depreciation and amortisation	4,837	4,202	128	111	9,278
Other significant non-cash items					
- Provisions	1,462	222	--	1,095	2,779
Capital expenditure	19,442	8,173	568	590	28,773
Segment assets	377,649	113,220	18,491	61,716	571,076
Investment in associates	505,987	--	--	--	505,987
Segment liabilities	48,624	35,513	10,441	2,837	97,415

* For the period ended 31 Dec 2008, operating profits for the Group include a one time gain on disposal of an associated company, MBM Industries Sdn. Bhd. of RM6.13million.

** Included an equity accounted share of net profit after taxation for one quarter of MBM Industries Sdn. Bhd., which was disposed on 31 March 2008

Reconciliations of reportable operating segment revenues, profit or loss, assets and liabilities

	Period ended 31/12/2009 RM'000	Period ended 31/12/2008 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,188,208	1,203,865
All others	395	397
Elimination of inter-segment revenues	(1,417)	(1,218)
Revenue, as reported	<u>1,187,186</u>	<u>1,203,044</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	43,775	74,018
All others	(5,711)	(3,508)
Share of results of associates	54,127	79,384
Profit before tax, as reported	<u>92,191</u>	<u>149,894</u>
<u>Assets</u>		
Total assets for Group's reportable segments	533,252	509,360
All others	69,294	61,716
Investment in associates	540,811	505,987
Total assets, as reported	<u>1,143,357</u>	<u>1,077,063</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	105,426	94,578
All others	5,097	2,837
Total liabilities, as reported	<u>110,523</u>	<u>97,415</u>

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Notes to the Financial Information (Contd.)

Operating Segments (cont'd)

Measurement of segment profit or loss

The accounting policies and method of computation of the operating segments are consistent with those described in the summary of significant accounting policies in the recent audited financial statement for the year ended 31 December 2008. The Group evaluates performance of these operating segments based on their respective profit or loss.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at arm's length transactions.

(18) Taxation

	Current Quarter 31/12/2009 RM'000	Year to date 31/12/2009 RM'000
	_____	_____
Current year's provision	1,874	9,117
Add/(Less) :		
Underprovision in prior years	963	3,975
	_____	_____
Deferred taxation	2,837	13,092
	--	--
	_____	_____
Income tax expense	<u>2,837</u>	<u>13,092</u>

A reconciliation of the statutory income tax rate at 25% to the effective income tax rate of the Group for the current quarter and for the year-to-date are as follows :

	Current Quarter 31/12/2009 %	Year to date 31/12/2009 %
	_____	_____
Statutory income tax rate in Malaysia (Income not subject to tax) /	25.0	25.0
Expenses not deductible for tax purpose	(3.5)	3.0
Utilisation of previously unrecognised tax losses	(4.6)	(4.0)
Underprovision of income tax in prior year	8.7	10.4
Overprovision of deferred tax in prior year	--	--
	_____	_____
	<u>25.6</u>	<u>34.4</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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (RM'000)	22,525	16,488	68,324	117,144
Weighted average number of ordinary shares in issue ('000)	242,073	242,064	242,073	242,064
Basic EPS (sen)	9.31	6.81	28.22	48.39

No disclosure was made for fully diluted EPS as the effect of dilution on the EPS after taking into account the assumed conversion of outstanding share options was anti-dilutive.

(20) Corporate Proposals

Subsequent to the third quarter 2009 announcement made on 5 November 2009, the following were undertaken by the Group and the Company:

- (a) On 16 November 2009, the Group announced that its 86% owned subsidiary, Federal Auto Holdings Berhad's wholly owned subsidiary F.A. Wagen Sdn. Bhd. ("FAW") signed a second Letter of Intent with Volkswagen Group Malaysia ("VGM") for additional dealership location in Jalan 222, Petaling Jaya. All terms stipulated in this second LOI are the same as those in the LOI dated 9 October 2009.
- (b) On 19 November 2009, the Group announced that its 86% owned subsidiary, Federal Auto Holdings Berhad's wholly owned subsidiary F.A. Automobiles Ipoh Sdn. Bhd. ("FAAI") accepted an offer from Mitsubishi Motors Malaysia Sdn. Bhd. ("MMM") for an additional dealership operation in Jalan 222, Petaling Jaya.

Both dealerships in Jalan 222, Petaling Jaya are now in operation as sales, service and spare parts centre.

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Notes to the Financial Information (Contd.)

(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	9,859	20,243
Unsecured	220	--
Total	10,079	20,243

(22) Financial Instruments with Off Balance Sheet Risk

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

Currency	Contracted Amounts	Contracted Value in RM	Expiry Date
Yen	123,530,800	4,652,417	12 Feb 2010 - 22 Feb 2010

- (i) The forward 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 forward 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 minimises 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 to the contingent liabilities as disclosed in the audited financial statements for the year ended 31 December 2008.

**MBM RESOURCES BERHAD
(284496-V)**

Notes to the Financial Information (Contd.)

(25) Dividend

The Board is pleased to declare a second interim dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM7,262,180 for the year ended 31 December 2009 (First Interim 2009 - gross dividend of 3.0 sen per share tax exempted for the year ended 31 December 2009).

(26) Restatement of comparative figures

During the financial year, the Group changed the presentation of the revenue and cost of sales in the income statement to include sales taxes and excise duties. The change, which has no impact on the profit from operations of the Group, has been made in order to better reflect the terms of the underlying sales transactions. Accordingly, the comparative figures have been restated to conform with current year presentation, as shown on Appendix 1.

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

**SHAHRIZAT OTHMAN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 11 February 2010**