



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2010

Highlights

- Recovery in the auto industry gathered pace with total industry volume (TIV) improving 6.1% over the preceding quarter and year-on-year expansion of 24.2%.
- The Ringgit strengthened against the Yen, resulting in an improvement in operating margins.
- Robust demand for the commercial and passenger vehicles under the Group and contribution from the new dealerships resulted in substantial gains in revenue and profitability.
- The manufacturing subsidiaries also continued to benefit from the rise in TIV.
- Profit for the period recovered substantially from a low base in Q1 2009

Results

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2010 RM mil	2009 RM mil	Change %	2010 RM mil	2009 RM mil	Change %
Revenue	363.8	246.1	47.9	363.8	246.1	47.9
Profit for the period	<u>45.4</u>	<u>10.8</u>	322.0	<u>45.4</u>	<u>10.8</u>	322.0
Profit attributable to owners of the Company	<u>40.0</u>	<u>9.4</u>	327.3	<u>40.0</u>	<u>9.4</u>	327.3
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings per share						
From continuing operations	15.5	3.7	315.1	15.5	3.7	
From discontinued operation	1.0	0.1	627.2	1.0	0.1	627.2
	<u>As at 31 Mar 2010 RM mil</u>	<u>As at 31 Dec 2009 RM mil</u>				
Shareholders' funds	926.1	894.3	3.6			
	<u>RM</u>	<u>RM</u>				
Net assets per share	3.8	3.7	3.6			

Performance of sales by operations

% Changes *	Q1'10	Q1'10	YTD Mar'10
	vs Q4'09	vs Q1'09	vs YTD Mar'09
<i>Subsidiaries</i>			
Daihatsu trucks	- 2.7	+ 13.0	+ 13.0
DMMS Perodua vehicles	+ 16.4	+ 44.5	+ 44.5
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 55.0	+ 207.3	+ 207.3
OMI	+ 15.4	+ 35.0	+ 35.0
WCC	+ 5.2	+ 52.9	+ 52.9
SVBW	- 18.4	- 47.1	- 47.1
<i>Associated companies</i>			
Perodua vehicles	+ 15.0	+ 28.9	+ 28.9
Hino trucks	+ 7.3	+ 66.1	+ 66.1

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

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2010

Overview

The Malaysian motor TIV of sales by registration improved in the first quarter of 2010 by 24.2% compared against the same period of 2009. Similarly, it improved by 6.1% over the preceding quarter.

Group Financial Performance

First quarter ended 31 March 2010 compared with first quarter ended 31 March 2009

Group revenue improved by 47.9% to RM363.8 million. Profit from operations improved by 192.8% to RM14.7 million, whilst share of results of associate companies improved by 400.2% to RM30.6 million. Net profit attributable to owners of the Company improved by 327.3% to RM40.0 million.

The group's net cash position (after total borrowings) more than doubled to RM111.6 million as at 31 March 2010 compared with RM54.7 million as at 31 March 2009 (refer note 24).

First quarter ended 31 March 2010 against previous quarter ended 31 Dec 2009

Group revenue improved by 24.4%. Profit from operations improved by 74.9%, whilst share of results of associate companies improved by 76.8%. Net profit attributable to owners of the Company improved by 92.9%.

The group's net cash position (after total borrowings) declined to RM111.6 million as at 31 March 2010 compared with RM120.3 million as at the end of 31 December 2009.

Net assets per share rose to RM3.83 as at the end of March 2010 from RM3.69 as at end of December 2009.

Group Business Performance

It was a robust quarter for the Group. The recovery in sales, the spillover of orders for new models launched last year and contributions from additional dealerships had a positive impact on the overall performance for the quarter. Improvement in operating margins were supported by the Ringgit's strength against the major currencies, in particular the Yen and US Dollars which the Group's costs of sales are exposed to.

The manufacturing subsidiaries enjoyed strong orders as reflected by the TIV numbers. Initiatives for improvement in production efficiency also translated into better financial performance for those division.

Prospects

The demand for the vehicles the Group offers remains strong. Based on the outstanding orders to date, revenues are expected to continue to improve. Profitability will consequently be determined by this and by the Ringgit's strength, which if sustained, will reflect on the revenue growth of the Group.

The new dealerships that commenced operations recently, namely Volkswagen, Mitsubishi and Hino, are contributing positively and will provide an added boost to the performance of the Group for the remainder of the year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 March 2010 - unaudited

	Note	Current Quarter Ended 31/03/2010 RM'000	Comparative Quarter Ended 31/03/2009 RM'000	3 months Cumulative To Date 31/03/2010 RM'000	Comparative 3 months Cumulative To Date 31/03/2009 RM'000
			As restated		As restated
Continuing operations					
Revenue	19	363,835	246,055	363,835	246,055
Cost of sales		<u>(333,867)</u>	<u>(228,684)</u>	<u>(333,867)</u>	<u>(228,684)</u>
Gross profit		29,968	17,371	29,968	17,371
Other income		5,353	2,874	5,353	2,874
Administrative and other expenses		(10,878)	(10,221)	(10,878)	(10,221)
Selling and marketing expenses		<u>(9,720)</u>	<u>(4,995)</u>	<u>(9,720)</u>	<u>(4,995)</u>
Results from operating activities		14,723	5,029	14,723	5,029
Interest income		249	861	249	861
Finance costs		(256)	(298)	(256)	(298)
Net finance costs		(7)	563	(7)	563
Share of results of associates, net of tax		<u>30,564</u>	<u>6,110</u>	<u>30,564</u>	<u>6,110</u>
Profit before tax	19	45,280	11,702	45,280	11,702
Income tax expense	20	<u>(3,254)</u>	<u>(1,376)</u>	<u>(3,254)</u>	<u>(1,376)</u>
Profit from continuing operations		<u>42,026</u>	<u>10,326</u>	<u>42,026</u>	<u>10,326</u>
Discontinued operation					
Profit from discontinued operations, net of tax	11(b)	<u>3,400</u>	<u>438</u>	<u>3,400</u>	<u>438</u>
Profit for the period		<u>45,426</u>	<u>10,764</u>	<u>45,426</u>	<u>10,764</u>
Profit attributable to:					
Owners of the Company		39,993	9,360	39,993	9,360
Minority interests		<u>5,433</u>	<u>1,404</u>	<u>5,433</u>	<u>1,404</u>
Profit for the period		<u><u>45,426</u></u>	<u><u>10,764</u></u>	<u><u>45,426</u></u>	<u><u>10,764</u></u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)
For the three months ended 31 March 2010 - unaudited

	Current Quarter Ended 31/03/2010 RM'000	Comparative Quarter Ended 31/03/2009 RM'000	3 months Cumulative To Date 31/03/2010 RM'000	Comparative 3 months Cumulative To Date 31/03/2009 RM'000
Note		As restated		As restated
Profit for the period	45,426	10,764	45,426	10,764
Other comprehensive income, net of tax				
Fair value adjustment on derivative instruments	(79)	--	(79)	--
Other comprehensive income for the period, net of tax	(79)	--	(79)	--
Total comprehensive income for the period	<u>45,347</u>	<u>10,764</u>	<u>45,347</u>	<u>10,764</u>
Total comprehensive income attributable to:				
Owners of the Company	39,937	9,360	39,937	9,360
Minority interests	5,410	1,404	5,410	1,404
Total comprehensive income for the period	<u>45,347</u>	<u>10,764</u>	<u>45,347</u>	<u>10,764</u>
Earnings per ordinary share	sen	sen	sen	sen
Basic	21			
- From continuing operations	15.46	3.72	15.46	3.72
- From discontinued operation	1.04	0.14	1.04	0.14
	<u>16.50</u>	<u>3.87</u>	<u>16.50</u>	<u>3.87</u>
Diluted	21			
- From continuing operations	15.24	3.67	15.24	3.67
- From discontinued operation	1.02	0.14	1.02	0.14
	<u>16.27</u>	<u>3.81</u>	<u>16.27</u>	<u>3.81</u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010 - unaudited

	Note	As at end of Current Quarter 31/03/2010 RM'000	As at preceding Financial Year Ended 31/12/2009 RM'000
		<u> </u>	<u> </u> As restated
ASSETS			
Non-current Assets			
Property, plant & equipment		124,473	135,983
Prepaid land lease payments		42,624	42,713
Investment properties		12,826	21,560
Investment in associates		570,567	540,776
Jointly controlled entity		--	54
Other investment		1,000	1,000
Hire purchase receivables		--	155
Goodwill on consolidation		<u>11,435</u>	<u>14,799</u>
Total non-current assets		<u>762,925</u>	<u>757,040</u>
Current Assets			
Inventories		130,112	133,936
Trade & other receivables and prepaid expenses		97,806	103,760
Tax recoverable		3,582	3,264
Cash and bank balances		<u>149,573</u>	<u>151,416</u>
		381,073	392,376
Non-current assets classified as held for sale	11	<u>75,257</u>	<u>6,103</u>
Total current assets		<u>456,330</u>	<u>398,479</u>
TOTAL ASSETS		<u>1,219,255</u>	<u>1,155,519</u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
As at 31 March 2010 - unaudited

	Note	As at end of Current Quarter 31/03/2010 RM'000	As at preceding Financial Year Ended 31/12/2009 RM'000 As restated
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		242,073	242,073
Reserves		<u>684,002</u>	<u>652,201</u>
Total equity attributable to owners of the Company		926,075	894,274
Minority interests		<u>141,459</u>	<u>136,151</u>
Total equity		<u>1,067,534</u>	<u>1,030,425</u>
Non-current and Deferred Liabilities			
Long term borrowings		11,684	18,481
Deferred tax liabilities		787	1,716
Provision for retirement benefits		1,321	2,356
Hire purchase payables - non-current portion		<u>--</u>	<u>180</u>
Total non-current and deferred liabilities		<u>13,792</u>	<u>22,733</u>
Current Liabilities			
Provision for liabilities		2,778	2,616
Short term borrowings		4,521	12,309
Trade & other payables and accrued expenses		88,633	85,951
Amount owing to holding company		20	204
Hire purchase payables - current portion		82	110
Tax liabilities		<u>2,527</u>	<u>1,171</u>
		98,561	102,361
Liabilities directly associated with assets held for sale	11	<u>39,368</u>	<u>--</u>
Total current liabilities		<u>137,929</u>	<u>102,361</u>
Total liabilities		<u>151,721</u>	<u>125,094</u>
TOTAL EQUITY AND LIABILITIES		<u>1,219,255</u>	<u>1,155,519</u>
Net assets per share (RM)		3.83	3.69

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 2010 - unaudited

Note	/----- Attributable to owners of the Company -----/							
	/----- Non-distributable -----/				Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
3 months ended 31 March 2009								
At 1 January 2009	242,073	30,539	--	--	576,459	849,071	130,577	979,648
Total comprehensive income for the period	--	--	--	--	9,360	9,360	1,404	10,764
Dividends to owners	--	--	--	--	(14,524)	(14,524)	--	(14,524)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--
At 31 March 2009	<u>242,073</u>	<u>30,539</u>	<u>--</u>	<u>--</u>	<u>571,295</u>	<u>843,907</u>	<u>131,981</u>	<u>975,888</u>
3 months ended 31 March 2010								
At 1 January 2010	242,073	30,539	458	--	621,204	894,274	136,151	1,030,425
As previously stated								
- effect of adopting FRS 139	2(b) --	--	--	(589)	(285)	(874)	(102)	(976)
At 1 January 2010, as restated	242,073	30,539	458	(589)	620,919	893,400	136,049	1,029,449
Total comprehensive income for the period	--	--	--	--	39,937	39,937	5,410	45,347
Dividends to owners	--	--	--	--	(7,262)	(7,262)	--	(7,262)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--
At 31 March 2010	<u>242,073</u>	<u>30,539</u>	<u>458</u>	<u>(589)</u>	<u>653,594</u>	<u>926,075</u>	<u>141,459</u>	<u>1,067,534</u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2010 - unaudited

	2010 3 months ended 31/03/2010 RM'000	2009 3 months ended 31/03/2009 RM'000
Note	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	45,426	10,764
Adjustments for :		
Income tax expense	3,254	1,376
Share of results of associates	(30,564)	(6,110)
Non-cash Items	1,785	2,255
Non-operating Items	456	(146)
	<u>20,357</u>	<u>8,139</u>
Operating profit before working capital changes		
Changes in working capital		
Net changes in current assets	(19,899)	(24,587)
Net changes in current liabilities	14,593	732
Income tax refunded	--	1,416
Income tax paid	(2,116)	(1,873)
	<u>12,935</u>	<u>(16,173)</u>
Net cash generated from/(used in) operating activities		
	<u><u>12,935</u></u>	<u><u>(16,173)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	--	--
Interest income		
From continuing operations	249	861
From discontinued operation	28	--
Purchase of property, plant & equipment	(13,624)	(6,922)
Other investment	--	79
	<u>(13,347)</u>	<u>(5,982)</u>
Net cash used in investing activities		
	<u><u>(13,347)</u></u>	<u><u>(5,982)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(7,262)	(14,524)
Dividends paid to minorities of a subsidiary	(599)	--
Finance costs		
From continuing operations	(256)	(298)
From discontinued operation	(188)	(198)
Bank borrowings	9,606	(4,482)
	<u>1,301</u>	<u>(19,502)</u>
Net cash from/(used in) financing activities		
	<u><u>1,301</u></u>	<u><u>(19,502)</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	889	(41,657)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>149,952</u>	<u>120,446</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>150,841</u></u>	<u><u>78,789</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 153,432	81,365
Bank overdrafts	(2,591)	(2,576)
	<u>150,841</u>	<u>78,789</u>
	<u><u>150,841</u></u>	<u><u>78,789</u></u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated interim financial statements

MBM Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the three months ended 31 March 2010 consist of the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 May 2010.

1. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions under Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and FRS134, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

2. Significant accounting policies

The accounting policies and method of computation applied by the Group in these condensed consolidated interim financial statements are consistent as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009, except for the application of the following new or revised Financial Reporting Standards ("FRS") where applicable to the Group, effective for the financial period beginning 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based payments (Vesting conditions and cancellations)
Amendments to FRS 118	Revenue
Amendments to FRS 123	Borrowing Costs (Revised)
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 140	Investment Property

The above FRSs and Amendments to FRSs are effective for annual periods beginning 1 January 2010. The application of the above FRSs and Amendments to FRSs did not result in significant change in the accounting policies and presentation of the financial results of the Group, except as discussed in the following:

Change in accounting policy

(a) FRS 101, Presentation of Financial Statements (Revised 2009)

Prior to the application of the revised FRS 101, financial statements consist of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the application of the revised FRS 101, financial statements will comprise a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. Also, as a result of the application of FRS 101, the Group presents all owner changes in equity in the consolidated statement of changes in equity and all non-owner changes in equity to be presented in consolidated statement of comprehensive income.

Since the change only affects presentation aspects, there is no financial impact on the Group.

Notes to the condensed consolidated interim financial statements (cont'd)

Change in accounting policy (cont'd)

(b) FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items and permits hedge accounting only under strict circumstances.

Prior to the application of FRS 139, all unrecognised foreign currency exchange gain or loss arising from foreign currency forward contracts are only recognised in profit or loss on their settlement dates.

In accordance with the requirements of FRS 139, foreign currency forward contracts entered into by subsidiaries of the Group have been measured at fair value and changes in the fair value are recognised immediately in profit or loss in the period, whereby any gain or loss is shown in the statement of comprehensive income as fair value adjustment on derivative instruments.

In contrast, an associate of the Group applied the hedge accounting rules under FRS 139 and accordingly on initial application, the changes in the fair value of its foreign currency exchange forward contracts are recognised in equity. Subsequently, the cumulative gain or loss is reclassified from equity into profit or loss in the period during which the hedged forecast cash flows affect profit or loss.

As allowed under the transitional provisions of this standard, the required changes are applied prospectively and the comparative information are not restated.

Effects from the application of the new FRS 139 are summarised as follow:

	Foreign exchange reserve RM'000	Retained earnings RM'000	Minority interests RM'000
At 1 January 2010, as previously stated	--	621,204	136,151
Adjustments arising from application of FRS 139			
- Cash flow hedge	(589)	--	(36)
- Fair value adjustment on derivative instruments	--	(285)	(66)
	(589)	(285)	(102)
At 1 January 2010, as restated	(589)	620,919	136,049

Notes to the condensed consolidated interim financial statements (cont'd)

3. Estimates

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the financial statements as at and for the year ended 31 December 2009.

4. Auditors' Report of Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group and of the Company as at and for the year ended 31 December 2009 was not qualified.

5. Seasonal and cyclical factors

The main activity of the Group is in motor trading and manufacturing of automotive components and are therefore dependent on the economy of the country.

6. Exceptional items

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

7. Dividends paid

A second interim single tier dividend of 3 sen per share on 242,072,667 ordinary shares, amounting to RM7,262,180 in respect of financial year ended 31 December 2009 was paid on 18 March 2010.

8. 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.

Employee Share Options Scheme ("ESOS")

No shares have been issued during the quarter ended 31 March 2010 pursuant to exercise of share options under the Company's ESOS.

The number of unexercised share options as at 31 March 2010 was 3,435,000.

9. Subsequent material events

There was no material event or transaction during the period from 31 March 2010 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 March 2010 in respect of which this announcement is made.

10. Changes in composition of the Group

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

Notes to the condensed consolidated interim financial statements (cont'd)

11. Assets and liabilities classified as held for sale

	The Group	
	As at	
	31/03/2010	31/12/2009
	RM'000	RM'000
<u>Non-current assets classified as held for sale</u>		
Net carrying amount		
Long term leasehold land	6,103	6,103
Freehold land (a)	8,713	--
Disposal group (b)	60,441	--
	<u>75,257</u>	<u>6,103</u>
<u>Liabilities classified as held for sale</u>		
Disposal group (b)	<u>39,368</u>	--

Other than those disclosed in the consolidated financial statements as at and for the year ended 31 December 2009, the following assets were classified as held for sale in the current quarter.

- (a) This represents a piece of freehold land located at Klang, Selangor and owned by the the Company's wholly owned subsidiary, Summer Gallery Sdn. Bhd. ("SGSB") . The land was, in 2009, classified as investment property. On 29 March 2010, SGSB entered into a Sale and Purchase Agreement with Lubeworld Holdings Sdn. Bhd. ("Lubeworld") to dispose of this freehold land for a total consideration of RM9,400,000. The disposal is expected to be completed by second quarter 2010.
- (b) On 15 March 2010, the Company entered into a Share Sale Agreement with Datuk Dr. Wan Mohamed bin Wan Embong ("Datuk Dr. Wan") to dispose its entire equity interest of 73.32% in WSA Capital Corporation Sdn. Bhd. ("WCC") to Datuk Dr. Wan for a total consideration of RM11,100,000. The disposal is expected to be completed by 30 September 2010.

In accordance with FRS 5, Non-current assets held for sale and Discontinued operations, the net profit from WCC is to be presented under a separate single line in the consolidated statement of comprehensive income, whereas the total assets and total liabilities of WCC are to be presented as non-current assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively in the consolidated statement of financial position. Consequently, the comparative statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

Notes to the condensed consolidated interim financial statements (cont'd)

11. Assets and liabilities classified as held for sale (cont'd)

Results of discontinued operation	Three months ended	
	31/03/2010 RM'000	31/03/2009 RM'000
Revenue	23,328	15,261
Cost of sales	(18,324)	(12,894)
Other income	602	48
Expenses	(2,046)	(1,779)
Results from operating activities	3,560	636
Net finance costs	(160)	(198)
Profit before tax	3,400	438
Income tax expense	--	--
Profit for the period	3,400	438
Profit attributable to:		
Owners of the Company	2,516	346
Minority interests	884	92
	3,400	438
Disposal group	As at 31/03/2010 RM'000	
Property, plant and equipment	23,460	
Jointly controlled entity	54	
Inventories	9,019	
Trade and other receivables	20,685	
Cash and bank balances	3,859	
Goodwill on consolidation	3,364	
	60,441	
Trade and other payables	(11,727)	
Tax and deferred tax liabilities	(1,085)	
Provision for retirement benefits	(1,031)	
Loans and borrowings	(25,525)	
	21,073	

Notes to the condensed consolidated interim financial statements (cont'd)

12. Significant related party transactions

During the period ended 31 March 2010, the Group and the Company had the following transactions with related parties :

	Period ended 31/03/2010 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	25,596
Purchases from a subsidiary of Perodua	169,309
Sales to subsidiaries of Perodua	15,048
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	4,882
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	--
Technical fee payable	--
Development expenses	30
	<hr/>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	--
- associates	--
Management fees from:	
- subsidiaries	54
	<hr/>

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

13. 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 March 2010 is as follows :

Approved and contracted for	RM'000 <u>6,652</u>
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14. Review of Group performance

The review of performance by operations is furnished in the Main Section on pages 1 to 2 of the announcement.

15. Current year prospects

The overview of current year prospects is furnished in the Main Section on pages 1 to 2 of the announcement.

16. Variance from profit forecast or profit guarantee

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

17. Unquoted investments and properties

There was no sale of unquoted investments and/or properties for the current quarter under review and financial period to date.

Notes to the condensed consolidated interim financial statements (cont'd)

18. Quoted investments

There was no purchase or sale of quoted securities for the current quarter under review and financial period to date.

19. 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.

Information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is more specifically focused on the business segments as follows:

- (i) Motor vehicles : Marketing and distribution of motor vehicles, spare parts and provision of related services.
- (ii) Automotive components : Manufacturing of automotive parts and components, interior carpets, steel wheels and discs, and provision of tyre assembly services.
- (iii) Vehicles body building : Manufacturing and fabrication of vehicles body and provision of related services.
- (iv) All others : Investment holding, corporate headquarters and other dormant companies.

Period ended 31 March 2010

	Motor vehicles	Automotive components		Vehicles body building	All others	Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000	RM'000
Revenues from external customers	343,975	17,817	23,328	1,983	60	387,163
Intersegment revenue	--	--	--	275	--	275
Operating profits for reportable segments	10,306	5,181	3,560	(94)	(670)	18,283
Share of results of associates	30,564	--	--	--	--	30,564
Interest income	88	85	28	--	76	277
Finance costs	(175)	--	(188)	(77)	(4)	(444)
Fair value adjustments on derivative instruments	(79)	--	--	--	--	(79)
Depreciation and amortisation	567	501	684	32	--	1,784
Other significant non-cash items - Provisions	181	--	--	--	--	181
Capital expenditure	2,820	949	9,844	11	--	13,624
Segment assets	430,484	86,662	60,441	13,570	57,531	648,688
Investment in associates	570,567	--	--	--	--	570,567
Segment liabilities	86,021	8,820	39,368	9,200	8,312	151,721

Notes to the condensed consolidated interim financial statements (cont'd)

19. Operating segments (cont'd)

Period ended 31 March 2009

	Motor vehicles	Automotive components		Vehicles body building	All others	Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000	RM'000
Revenues from external customers	228,754	13,199	15,261	4,063	39	261,316
Intersegment revenue	--	--	--	208	--	208
Operating profits for reportable segments	3,258	1,909	636	280	(418)	5,665
Share of results of associates	6,110	--	--	--	--	6,110
Interest income	614	88	--	--	159	861
Finance costs	(186)	(1)	(198)	(111)	--	(496)
Depreciation and amortisation	1,123	456	608	37	30	2,254
Other significant non-cash items						
- Provisions	74	--	--	--	--	74
Capital expenditure	2,751	3,540	616	15	--	6,922
Segment assets	375,760	76,639	39,356	16,709	44,497	552,961
Investment in associates	512,097	--	--	--	--	512,097
Segment liabilities	44,076	9,721	25,023	7,398	2,952	89,170

Notes to the condensed consolidated interim financial statements (cont'd)

19. Operating segments (cont'd)

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

	Period ended 31/03/2010 RM'000	Period ended 31/03/2009 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	387,378	261,485
All others	60	39
Elimination of inter-segment revenues	(275)	(208)
Elimination of discontinued operation	(23,328)	(15,261)
	<u>363,835</u>	<u>246,055</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	18,714	6,289
All others	(598)	(259)
Share of results of associates	30,564	6,110
Elimination of discontinued operation	(3,400)	(438)
	<u>45,280</u>	<u>11,702</u>
<u>Assets</u>		
Total assets for Group's reportable segments	591,157	508,464
All others	57,531	44,497
Investment in associates	570,567	512,097
	<u>1,219,255</u>	<u>1,065,058</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	143,409	86,218
All others	8,312	2,952
	<u>151,721</u>	<u>89,170</u>

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 2009. 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.

Notes to the condensed consolidated interim financial statements (cont'd)

20. Income tax expense

	Current Quarter 31/03/2010 RM'000	Year to date 31/03/2010 RM'000
Current year's provision	3,254	3,254
Add/(Less) :		
Underprovision in prior years	--	--
	3,254	3,254
Deferred taxation	--	--
Income tax expense	<u>3,254</u>	<u>3,254</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 31/03/2010 %	Year to date 31/03/2010 %
Statutory income tax rate in Malaysia	26.9	26.9
Adjustment for tax applicable to share of results in associates	(16.9)	(16.9)
Income not subject to tax	(1.0)	(1.0)
Utilisation of previously unrecognised tax losses	(1.8)	(1.8)
	<u>7.2</u>	<u>7.2</u>

21. Earnings per ordinary share (EPS)

	Quarter		Year to date	
	3 months ended		3 months ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	37,421	9,014	37,421	9,014
- Discontinued operations	2,516	346	2,516	346
	<u>39,937</u>	<u>9,360</u>	<u>39,937</u>	<u>9,360</u>
Weighted average number of ordinary shares ('000)	242,073	242,073	242,073	242,073
Basic EPS (sen)				
- Continuing operations	15.46	3.72	15.46	3.72
- Discontinued operations	1.04	0.14	1.04	0.14
	<u>16.50</u>	<u>3.87</u>	<u>16.50</u>	<u>3.87</u>

Notes to the condensed consolidated interim financial statements (cont'd)

21. Earnings per ordinary share (EPS) (cont'd)

	Quarter		Year to date	
	3 months ended		3 months ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	37,421	9,014	37,421	9,014
- Discontinued operations	2,516	346	2,516	346
	<u>39,937</u>	<u>9,360</u>	<u>39,937</u>	<u>9,360</u>
Adjusted weighted average number of ordinary shares in issue and issuable				
	245,508	245,508	245,508	245,508
Diluted EPS (sen)				
- Continuing operations	15.24	3.67	15.24	3.67
- Discontinued operations	1.02	0.14	1.02	0.14
	<u>16.27</u>	<u>3.81</u>	<u>16.27</u>	<u>3.81</u>

	No of ordinary shares of RM1.00 each	
	31/03/2010	31/03/2009
Weighted average number of ordinary shares	242,072,667	242,072,667
Adjustment for assumed exercise of ESOS	3,435,000	3,435,000
Adjusted weighted average number of ordinary shares in issue and issuable	245,507,667	245,507,667

22. Corporate proposals

Subsequent to the fourth quarter 2009 announcement made on 11 February 2010, the following were undertaken by the Group and the Company:

- (a) On 12 March 2010, the Company's 71.5% owned subsidiary, Daihatsu (Malaysia) Sdn. Bhd. was appointed as an authorised dealer for Hino Motors (Malaysia) Sdn. Bhd. ("HMMSB"). HMMSB is a 42% associate of the Company.
- (b) On 12 March 2010, FAHB's wholly owned subsidiary, FAST Sdn. Bhd. (formerly known as Federal Auto Cars (Kuala Lumpur) Sdn Bhd) signed distributor agreements with Autovox Pte. Ltd. to distribute Heico Sportiv products and ABT Sportsline products in Malaysia.
- (c) On 15 March 2010, the Company entered into a Share Sale Agreement with Datuk Dr. Wan Mohamed bin Wan Embong ("Datuk Dr. Wan") to dispose its entire equity interest of 73.32% in WSA Capital Corporation Sdn. Bhd. to Datuk Dr. Wan for a total consideration of RM11,100,000.
- (d) On 15 March 2010, FAHB entered into a Conditional Purchase Agreement with Kiara Seleksi Sdn. Bhd. ("KSSB") to purchase a property comprising showroom and service centre for a total consideration of RM20,000,000. The property is part of a proposed development by KSSB on a freehold land held under HS(D) 116293 PT 8361 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan.

Notes to the condensed consolidated interim financial statements (cont'd)

22. Corporate proposals (cont'd)

- (e) On 29 March 2010, the Company's wholly owned subsidiary, Summer Gallery Sdn. Bhd. entered into a Sale and Purchase Agreement with Lubeworld Holdings Sdn. Bhd. ("Lubeworld") to dispose of its freehold land located at Klang, Selangor for a total consideration of RM9,400,000. The disposal is expected to give rise to a gain of RM687,000 to the Group.

23. Loans and Borrowings

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	3,496	11,684
Unsecured	1,025	--
Total	<u>4,521</u>	<u>11,684</u>

24. Cash and Cash Equivalents

	The Group As at	
	31/03/2010 RM'000	31/03/2009 RM'000
Cash on hand at at banks	67,115	28,055
Deposits with licensed banks	<u>82,458</u>	<u>52,952</u>
Cash and bank balances, from continuing operations	149,573	81,007
Cash and bank balances, classified as held for sale	<u>3,859</u>	<u>358</u>
Cash and bank balances	153,432	81,365
Less : Bank overdrafts		
From continuing operations	(1,570)	(1,832)
Directly associated with assets held for sale	<u>(1,021)</u>	<u>(744)</u>
Cash and cash equivalents	<u>150,841</u>	<u>78,789</u>
Cash and bank balances	153,432	81,365
Less :		
Total borrowings*, from continuing operations	(16,287)	(26,634)
Total borrowings*, classified as held for sale	<u>(25,525)</u>	<u>--</u>
Total borrowings	(41,812)	(26,634)
Net cash position (after total borrowings)	<u>111,620</u>	<u>54,731</u>

(Note * Total borrowings include hire-purchase payables)

25. Off balance sheet financial instruments

Save for those which has been disclosed in note 2(a)(ii), the Group does not have any other financial instruments which are not within the scope of FRS 139 with off balance sheet risk as at 17 May 2010, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

Notes to the condensed consolidated interim financial statements (cont'd)

26. Material litigations

There is no ongoing material litigation as at the date of this quarterly report.

27. 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 2009.

28. Dividend

The Board did not declare any dividend during the current quarter.

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

**SHAHRIZAT OTHMAN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 24 MAY 2010**