



**QUARTERLY ANNOUNCEMENT**  
**For the third quarter ended 30 September 2010**

**Highlights**

- Despite a quarterly decline in total industry volume due to the festive season, the Group recorded an overall growth in vehicle sales over the same period last year
- Subsidiaries Daihatsu (Malaysia) Sdn. Bhd. ("DMSB") and Federal Auto Holdings Berhad ("FAHB") recorded sales growth in excess of the industry average
- Ringgit/Yen/USD currency rates are still favourable against same period of last year resulting in better margins for the Group
- The Group's current nine months' net profit has improved over the same period of last year by 146%
- The Group has net cash of RM142.4 mil and its net assets improved to RM4.08 per share at the end of reporting period

**Results**

	Quarter ended 30 Sep			Year to date ended 30 Sep		
	2010 RM mil	2009 RM mil	Change %	2010 RM mil	2009 RM mil	Change %
Revenue	388.7	298.2	30.4	1,157.4	809.2	43.0
Profit for the period	<u>38.8</u>	<u>26.1</u>	48.3	<u>127.3</u>	<u>53.5</u>	137.8
Profit attributable to owners of the Company	<u>34.2</u>	<u>22.5</u>	52.0	<u>112.8</u>	<u>45.8</u>	146.3
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings/(loss) per share						
From continuing operations	14.2	8.6	64.8	46.9	17.1	
From discontinued operation	--	0.7	(100.0)	(0.2)	1.8	(110.9)
	<u>As at 30 Sep 2010 RM mil</u>	<u>As at 31 Dec 2009 RM mil</u>				
Shareholders' funds	989.3	894.3	10.6			
	<u>RM</u>	<u>RM</u>				
Net assets per share	4.08	3.69	10.4			
	<u>1st Interim 2010 Sen</u>	<u>1st Interim 2009 Sen</u>				
Dividend per share	5.0	3.0	66.7			

**Performance of sales by operations**

	Q3'10 vs Q2'10	Q3'10 vs Q3'09	YTD Sep'10 vs YTD Sep'09
<i>Subsidiaries</i>			
DMSB - Daihatsu & Hino trucks	- 23.5	- 33.5	- 13.0
DMMS Perodua vehicles	+ 1.0	+ 26.4	+ 37.9
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 8.2	+ 223.9	+ 219.3
OMI	- 5.0	- 10.4	+ 15.8
SVBW	- 32.0	+ 10.6	+ 4.2
<i>Associated companies</i>			
Perodua vehicles	- 5.8	+ 2.8	+ 20.2
Hino trucks	- 4.9	+ 84.6	+ 81.8

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

**QUARTERLY ANNOUNCEMENT**  
**For the third quarter ended 30 September 2010**

**Overview**

The Malaysian motor total industry volume (TIV) of sales by registration improved in the third quarter of 2010 marginally by 3.6% compared against the same period of 2009, however declined slightly by 1% over the preceding quarter.

Overall, the TIV for the nine months' sales by registration improved 13.9% compared to the same period of 2009.

**Group Financial Performance**

Third quarter ended 30 September 2010 compared with third quarter ended 30 September 2009

Group revenue improved by 30.4% to RM388.7 million. Profit from operations improved by 65% to RM15.3 million, whilst share of results of associate companies improved by 35.6% to RM26.6 million. Net profit attributable to owners of the Company improved by 52% to RM34.2 million.

The group's net cash position (after total borrowings) stands at RM142.4 million as at 30 September 2010 compared with RM104.2 million as at 30 September 2009 (refer note 23).

Third quarter ended 30 September 2010 against previous quarter ended 30 June 2010

Group revenue declined by 4%. Similarly, profit from operations and share of results of associate companies were lower by 6.4% and 22.7% respectively. Net profit attributable to owners of the Company also declined by 11.4%.

The group's net cash position (after total borrowings) fell to RM142.4 million as at 30 September 2010 compared with RM168.9 million as at the end of 30 June 2010, mainly due to additional borrowings employed during the current quarter.

Net assets per share rose to RM4.08 as at the end of September 2010 from RM3.99 as at end of June 2010.

**Group Business Performance**

The decline in truck sales under DMSB was due to the discontinuation of one of Daihatsu's truck models. This was partially offset by the commencement of the new Hino dealership that was secured earlier this year, alongside the sales of the GranMax pick-up trucks.

Sales of passenger vehicles for all the brands under the Group improved over the same period last year due to the additional dealerships and new models.

Steel wheel deliveries moderated against the larger base last year and also affected by a shorter production period in the month of September 2010.

**Prospects**

New model launches in the fourth quarter 2010 are expected to provide the momentum for growth in sales. The Group's investments in its network dealerships are timely to capitalise on this upturn.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 September 2010 - unaudited**

		Current Quarter Ended 30/09/2010 RM'000	Comparative Quarter Ended 30/09/2009 RM'000	9 months Cumulative To Date 30/09/2010 RM'000	Comparative 9 months Cumulative To Date 30/09/2009 RM'000
Note			As restated		As restated
<b>Continuing operations</b>					
	18	388,704	298,200	1,157,355	809,182
		<u>(353,729)</u>	<u>(269,711)</u>	<u>(1,059,677)</u>	<u>(743,764)</u>
		34,975	28,489	97,678	65,418
		5,017	3,630	15,966	10,515
		(14,108)	(13,976)	(37,014)	(34,465)
		<u>(10,550)</u>	<u>(8,848)</u>	<u>(30,194)</u>	<u>(19,429)</u>
		<b>15,334</b>	<b>9,295</b>	<b>46,436</b>	<b>22,039</b>
		595	311	1,930	1,534
		(368)	(333)	(929)	(883)
		227	(22)	1,001	651
		<u>26,610</u>	<u>19,627</u>	<u>91,613</u>	<u>36,822</u>
	18	42,171	28,900	139,050	59,512
	19	<u>(3,403)</u>	<u>(4,447)</u>	<u>(11,236)</u>	<u>(10,255)</u>
		<b>38,768</b>	<b>24,453</b>	<b>127,814</b>	<b>49,257</b>
<b>Discontinued operation</b>					
	10	--	1,687	(466)	4,291
		<u>38,768</u>	<u>26,140</u>	<u>127,348</u>	<u>53,548</u>
<b>Profit attributable to:</b>					
		34,191	22,492	112,787	45,799
		<u>4,577</u>	<u>3,648</u>	<u>14,561</u>	<u>7,749</u>
		<u><b>38,768</b></u>	<u><b>26,140</b></u>	<u><b>127,348</b></u>	<u><b>53,548</b></u>

The notes on pages 9 to 20 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)**  
**For the six months ended 30 September 2010 - unaudited**

	Current Quarter Ended 30/09/2010 RM'000	Comparative Quarter Ended 30/09/2009 RM'000	9 months Cumulative To Date 30/09/2010 RM'000	Comparative 9 months Cumulative To Date 30/09/2009 RM'000
Note		As restated		As restated
<b>Profit for the period</b>	38,768	26,140	127,348	53,548
<b>Other comprehensive income, net of tax</b>				
Fair value adjustment on derivative instruments	153	--	321	--
<b>Other comprehensive income for the period, net of tax</b>	153	--	321	--
<b>Total comprehensive income for the period</b>	<u>38,921</u>	<u>26,140</u>	<u>127,669</u>	<u>53,548</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	34,300	22,492	113,016	45,799
Minority interests	4,621	3,648	14,653	7,749
<b>Total comprehensive income for the period</b>	<u>38,921</u>	<u>26,140</u>	<u>127,669</u>	<u>53,548</u>
<b>Earnings/(Loss) per ordinary share</b>	sen	sen	sen	sen
Basic	20			
- From continuing operations	14.16	8.59	46.85	17.15
- From discontinued operation	--	0.70	(0.19)	1.77
	<u>14.16</u>	<u>9.29</u>	<u>46.66</u>	<u>18.92</u>
Diluted	20			
- From continuing operations	13.99	8.47	46.28	16.91
- From discontinued operation	--	0.69	(0.19)	1.75
	<u>13.99</u>	<u>9.16</u>	<u>46.09</u>	<u>18.65</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2010 - unaudited**

	Note	As at end of Current Quarter 30/09/2010 RM'000	As at preceding Financial Year Ended 31/12/2009 RM'000  As restated
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment		128,454	135,983
Prepaid land lease payments		40,009	42,713
Investment properties		12,739	21,560
Investment in associates		616,710	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>810,347</u>	<u>757,040</u>
<b>Current Assets</b>			
Inventories		178,363	133,936
Trade & other receivables and prepaid expenses		104,129	103,760
Tax recoverable		2,992	3,264
Cash and bank balances		<u>178,559</u>	<u>151,416</u>
		464,043	392,376
Non-current assets classified as held for sale		<u>6,103</u>	<u>6,103</u>
Total current assets		<u>470,146</u>	<u>398,479</u>
<b>TOTAL ASSETS</b>	18	<b><u><u>1,280,493</u></u></b>	<b><u><u>1,155,519</u></u></b>

The notes on pages 9 to 20 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**  
**As at 30 September 2010 - unaudited**

	Note	As at end of Current Quarter 30/09/2010 RM'000	As at preceding Financial Year Ended 31/12/2009 RM'000  As restated
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		242,522	242,073
Reserves		<u>746,770</u>	<u>652,201</u>
Total equity attributable to owners of the Company		989,292	894,274
Minority interests		<u>145,239</u>	<u>136,151</u>
Total equity		<u>1,134,531</u>	<u>1,030,425</u>
<b>Non-current and Deferred Liabilities</b>			
Long term borrowings	22	14,524	18,481
Deferred tax liabilities		786	1,716
Provision for retirement benefits		1,306	2,356
Hire purchase payables - non-current portion		<u>--</u>	<u>180</u>
Total non-current and deferred liabilities		<u>16,616</u>	<u>22,733</u>
<b>Current Liabilities</b>			
Provision for liabilities		2,836	2,616
Short term borrowings	22	21,598	12,309
Trade & other payables and accrued expenses		99,656	85,951
Amount owing to holding company		411	204
Hire purchase payables - current portion		<u>--</u>	<u>110</u>
Tax liabilities		<u>4,845</u>	<u>1,171</u>
Total current liabilities		<u>129,346</u>	<u>102,361</u>
Total liabilities	18	<u>145,962</u>	<u>125,094</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,280,493</u></b>	<b><u>1,155,519</u></b>
<b>Net assets per share (RM)</b>		<b>4.08</b>	<b>3.69</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 September 2010 - unaudited**

Note	/----- Attributable to owners of the Company -----/							Minority interests RM'000	Total equity RM'000
	/----- 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			
<b>9 months ended 30 September 2009</b>									
<b>At 1 January 2009</b>	242,073	30,539	--	--	576,459	849,071	130,577	979,648	
Total comprehensive income for the period	--	--	--	--	45,799	45,799	7,749	53,548	
Dividends to owners	--	--	--	--	(21,787)	(21,787)	--	(21,787)	
Dividends paid by subsidiaries	--	--	--	--	--	--	(3,435)	(3,435)	
<b>At 30 September 2009</b>	<u>242,073</u>	<u>30,539</u>	<u>--</u>	<u>--</u>	<u>600,471</u>	<u>873,083</u>	<u>134,891</u>	<u>1,007,974</u>	
<b>9 months ended 30 September 2010</b>									
<b>At 1 January 2010</b>	242,073	30,539	458	--	621,204	894,274	136,151	1,030,425	
As previously stated									
- effect of adopting FRS 139	2(b) --	--	--	575	(285)	290	(32)	258	
<b>At 1 January 2010, as restated</b>	242,073	30,539	458	575	620,919	894,564	136,119	1,030,683	
Issue of ordinary shares pursuant to ESOS	449	664	--	--	--	1,113	--	1,113	
Share of changes in revaluation reserve arising from fair value adjustments of assets in an associate company	--	--	(16)	--	--	(16)	(1)	(17)	
Disposal of a discontinued operation	--	--	--	--	--	--	(2,945)	(2,945)	
Total comprehensive income for the period	--	--	--	--	113,016	113,016	14,653	127,669	
Dividends to owners	--	--	--	--	(19,385)	(19,385)	--	(19,385)	
Dividends paid by subsidiaries	--	--	--	--	--	--	(2,587)	(2,587)	
<b>At 30 September 2010</b>	<u>242,522</u>	<u>31,203</u>	<u>442</u>	<u>575</u>	<u>714,550</u>	<u>989,292</u>	<u>145,239</u>	<u>1,134,531</u>	

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the nine months ended 30 September 2010 - unaudited**

	2010	2009
	9 months ended 30/09/2010	9 months ended 30/09/2009
Note	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	127,348	53,548
Adjustments for :		
Income tax expense	11,236	10,255
Share of results of associates	(91,613)	(36,822)
Non-cash items	5,771	10,745
Non-operating items	3,875	384
Operating profit before working capital changes	56,617	38,110
Changes in working capital		
Net changes in current assets	(71,485)	(5,700)
Net changes in current liabilities	23,089	13,119
Income tax refunded	164	1,494
Income tax paid	(7,182)	(7,722)
Net cash generated from/(used in) operating activities	<u>1,203</u>	<u>39,301</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	16,124	14,000
Interest income	1,930	1,534
Purchase of property, plant & equipment	(21,179)	(16,769)
Additions to prepaid lease payments	--	(147)
Proceeds from disposal of property, plant & equipment	30	472
Proceeds from disposal of investment property	9,284	670
Other investment	--	53
Cashflow from disposal of discontinued operation	10      13,768	--
Net cash used in investing activities	<u>19,957</u>	<u>(187)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(19,385)	(21,787)
Dividends paid to minorities of a subsidiary	(3,186)	(3,435)
Proceeds from exercise of ESOS	1,113	--
Finance costs		
From continuing operations	(929)	(883)
From discontinued operation	--	(743)
Bank borrowings	11,150	114
Net cash from/(used in) financing activities	<u>(11,237)</u>	<u>(26,734)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,923	12,380
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>149,952</u>	<u>120,446</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<u>159,875</u>	<u>132,826</u>
Cash and cash equivalents comprise :		
Cash and bank balances	23      178,559	135,745
Bank overdrafts	(18,684)	(2,919)
	<u>159,875</u>	<u>132,826</u>

The notes on pages 9 to 20 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 nine months ended 30 September 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 11 November 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	575	--	26
- Fair value adjustment on derivative instruments	--	(285)	(58)
	575	(285)	(32)
At 1 January 2010, as restated	575	620,919	136,119

**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 activities of the Group are 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 first interim single tier dividend of 5 sen per share on 242,476,667 ordinary shares, amounting to RM12,123,833 in respect of financial year ended 31 December 2010 was paid on 22 September 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")**

During the quarter ended 30 September 2010 pursuant to the Company's ESOS, the issued and paid-up capital of the Company was increased from RM242,169,667 to RM242,521,667 as a result of the exercise and allotment of 352,000 option shares of par value RM1.00 each as follows:

Option price per share (RM)	No of shares issued	Cash proceeds (RM)
2.54	150,000	381,000
2.43	202,000	490,860
	352,000	871,860

The number of unexercised share options as at 30 September 2010 was 2,986,000.

**9. Subsequent material events**

There was no material event or transaction during the period from 30 September 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 30 September 2010 in respect of which this announcement is made.

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

**10. Changes in composition of the Group**

As reported in the preceding quarter's announcement, on 30 June 2010, the Group completed the disposal of WSA Capital Corporation Sdn. Bhd., segment for which was classified under Automotive Components under the Group's business segment. The segment was not classified as held for sale or a discontinued operation as at 31 December 2009 and the comparative statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

<u>Results of discontinued operation</u>	Three months ended		Nine months ended	
	30/09/2010 RM'000	30/09/2009 RM'000	30/09/2010 RM'000	30/09/2009 RM'000
Revenue	--	19,069	45,725	54,172
Cost of sales	--	(15,103)	(36,054)	(43,551)
Other income	--	54	891	133
Expenses	--	(2,103)	(4,072)	(5,720)
Results from operating activities	--	1,917	6,490	5,034
Net finance costs	--	(230)	(536)	(743)
Profit before tax	--	1,687	5,954	4,291
Income tax expense	--	--	--	--
Profit for the period	--	1,687	5,954	4,291
Minority interest	--	--	(1,589)	--
Group's share of profit for the period	--	1,687	4,365	4,291
Loss on disposal of discontinued operation	--	--	(4,831)	--
Profit/(Loss) from discontinued operation	--	1,687	(466)	4,291

Effect of the disposal on the financial position of the Group

	As at 30/06/2010 RM'000
Property, plant and equipment, prepaid lease payments	24,232
Jointly controlled entity	54
Inventories	10,076
Trade and other receivables	16,991
Cash and bank balances	1,619
Goodwill on consolidation	3,364
	<u>56,336</u>
Trade and other payables	(9,094)
Tax and deferred tax liabilities	(1,202)
Provision for retirement benefits	(1,031)
Loans and borrowings	(24,545)
	<u>20,464</u>
Minority interests	(4,533)
Loss on disposal of discontinued operation	(4,831)
Consideration received, satisfied in cash	11,100
Cash and cash equivalents disposed of	(1,619)
Net amount of advances repaid	4,287
	<u>13,768</u>
Cashflow from disposal of discontinued operation	<u>13,768</u>

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

**11. Significant related party transactions**

During the period ended 30 September 2010, the Group and the Company had the following transactions with related parties :

	Period ended 30/09/2010 RM'000
<b><u>Group</u></b>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	66,419
Purchases from a subsidiary of Perodua	556,821
Sales to subsidiaries of Perodua	16,563
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	18,057
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	--
Technical fee payable	61
Development expenses	38
	<hr/>
<b><u>Company</u></b>	
Gross dividends from:	
- subsidiaries	4,789
- associates	13,408
Management fees from:	
- subsidiaries	144
	<hr/>

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

**12. Capital commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2010 is as follows :

	<u>RM'000</u>
Approved and contracted for	<u>10,251</u>

**13. Review of Group performance**

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

**14. Current year prospects**

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

**15. Variance from profit forecast or profit guarantee**

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

**16. Unquoted investments and properties**

Other than the disposal of an investment property which was reported in the preceding quarter, there was no sale of unquoted investments and/or properties for the current quarter under review .

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

**17. Quoted investments**

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

**18. 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 30 September 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	1,098,023	51,436	45,725	7,804	92	1,203,080
Intersegment revenue	--	--	--	678	--	678
Operating profits for reportable segments	34,055	14,078	6,490	(577)	(1,120)	52,926
Share of results of associates	91,613	--	--	--	--	91,613
Interest income	962	278	--	--	690	1,930
Finance costs	(586)	(14)	(536)	(267)	(62)	(1,465)
Fair value adjustments on derivative instruments	321	--	--	--	--	321
Depreciation and amortisation	3,997	1,593	1,487	98	82	7,257
Other significant non-cash items						
- Provisions	399	--	--	--	--	399
Capital expenditure	7,816	1,889	11,419	50	5	21,179
Segment assets	477,449	89,153	54,801	12,600	84,581	718,584
Investment in associates	616,710	--	--	--	--	616,710
Segment liabilities	116,458	9,666	35,872	8,936	10,902	181,834

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

**18. Operating segments (cont'd)**

Period ended 30 September 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	757,442	44,408	54,172	7,264	68	863,354
Intersegment revenue	--	--	--	878	--	878
Operating profits for reportable segments	17,443	9,458	5,035	(3,576)	(1,286)	27,074
Share of results of associates	36,822	--	--	--	--	36,822
Interest income	888	282	--	--	364	1,534
Finance costs	(603)	(1)	(743)	(279)	--	(1,626)
Depreciation and amortisation	3,453	1,265	1,846	110	83	6,757
Other significant non-cash items						
- Provisions	509	--	--	3,777	--	4,286
Capital expenditure	10,426	5,230	1,163	93	4	16,916
Segment assets	389,696	79,589	43,088	12,497	60,732	585,602
Investment in associates	528,809	--	--	--	--	528,809
Segment liabilities	59,128	8,535	26,892	7,635	4,247	106,437

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

**18. Operating segments (cont'd)**

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

	Period ended 30/09/2010 RM'000	Period ended 30/09/2009 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,203,666	864,164
All others	92	68
Elimination of inter-segment revenues	(678)	(878)
Elimination of discontinued operation	(45,725)	(54,172)
	<u>1,157,355</u>	<u>809,182</u>
Revenue, as reported		
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	53,883	27,904
All others	(492)	(922)
Share of results of associates	91,613	36,822
Elimination of discontinued operation	(5,954)	(4,292)
	<u>139,050</u>	<u>59,512</u>
Profit before tax, as reported		
<u>Assets</u>		
Total assets for Group's reportable segments	634,003	524,870
All others	84,581	60,732
Investment in associates	616,710	528,809
Disposal of discontinued operation	(54,801)	--
	<u>1,280,493</u>	<u>1,114,411</u>
Total assets, as reported		
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	170,932	102,190
All others	10,902	4,247
Disposal of discontinued operation	(35,872)	--
	<u>145,962</u>	<u>106,437</u>
Total liabilities, as reported		

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)**

**19. Income tax expense**

	Current Quarter 30/09/2010 RM'000	Year to date 30/09/2010 RM'000
Current year's provision	4,322	12,055
Add :		
Underprovision in prior years	<u>(919)</u>	<u>(874)</u>
	3,403	11,181
Deferred taxation	<u>--</u>	<u>55</u>
Income tax expense	<u><u>3,403</u></u>	<u><u>11,236</u></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 30/09/2010 %	Year to date 30/09/2010 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(15.8)	(16.5)
Expenses not deductible for tax purpose / (Income not subject to tax)	1.0	0.1
Underprovision of income tax in prior year	(2.2)	(0.6)
Underprovision of deferred tax in prior year	<u>--</u>	<u>0.0</u>
	<u><u>8.1</u></u>	<u><u>8.1</u></u>

**20. Earnings per ordinary share (EPS)**

	Quarter 3 months ended		Year to date 6 months ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
<b>Basic earnings/(loss) per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	34,300	20,805	113,482	41,508
- Discontinued operations	--	1,687	(466)	4,291
	<u>34,300</u>	<u>22,492</u>	<u>113,016</u>	<u>45,799</u>
Weighted average number of ordinary shares ('000)	242,199	242,073	242,199	242,073
Basic earnings/(loss) per share (sen)				
- Continuing operations	14.16	8.59	46.85	17.15
- Discontinued operations	--	0.70	(0.19)	1.77
	<u>14.16</u>	<u>9.29</u>	<u>46.66</u>	<u>18.92</u>

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

**20. Earnings per ordinary share (EPS) (cont'd)**

	Quarter		Year to date	
	3 months ended		6 months ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
<b>Diluted earnings/(loss) per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	34,300	20,805	113,482	41,508
- Discontinued operations	--	1,687	(466)	4,291
	<u>34,300</u>	<u>22,492</u>	<u>113,016</u>	<u>45,799</u>
Adjusted weighted average number of ordinary shares in issue and issuable				
	245,185	245,508	245,185	245,508
Diluted earnings/(loss) per share (sen)				
- Continuing operations	13.99	8.47	46.28	16.91
- Discontinued operations	--	0.69	(0.19)	1.75
	<u>13.99</u>	<u>9.16</u>	<u>46.09</u>	<u>18.65</u>

	No of ordinary shares of RM1.00 each	
	30/09/2010	30/09/2009
Weighted average number of ordinary shares	242,199,000	242,072,667
Adjustment for assumed exercise of ESOS	2,986,000	3,435,000
Adjusted weighted average number of ordinary shares in issue and issuable	245,185,000	245,507,667

**21. Corporate proposals**

Subsequent to the second quarter 2010 announcement made on 17 August 2010, the following corporate proposal was made or undertaken by the Company:

On October 14, 2010, MBMR entered into two conditional share sale and purchase agreements to acquire 26,985,030 ordinary shares of RM1 each in Kinabalu Motor Assembly Sdn. Bhd. ("KMASB") representing 70.01 % of the issued and paid-up share capital of KMASB and 5,400,000 ordinary shares of RM1 each and 100,000 preference shares of RM0.01 each in Lion Motor Sdn. Bhd. ("LMSB") representing 100% of the issued and paid-up share capital of LMSB. The total consideration comprised of purchase consideration and debt settlement consideration amounting to RM16,000,000.

KMASB holds a manufacturing licence for the assembly of motor vehicles issued by the Ministry of International Trade and Industry ("MITI"). KMASB has distributor agreement with Anhui Jianghuai Automobile Co. Ltd. and LMSB has licence agreement with Dong Feng Automobile Co. Ltd., both for the distribution of commercial vehicles in Malaysia.

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

**22. Loans and Borrowings**

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
	<u>                    </u>	<u>                    </u>
Denominated in Malaysian Currency (RM)		
Secured	10,649	14,524
Unsecured	<u>10,949</u>	<u>          --</u>
Total	<u><u>21,598</u></u>	<u><u>14,524</u></u>

**23. Cash and Cash Equivalents**

	The Group As at	
	30/09/2010 RM'000	30/09/2009 RM'000
	<u>                    </u>	<u>                    </u>
Cash on hand at at banks	73,728	58,771
Deposits with licensed banks	<u>104,831</u>	<u>74,764</u>
Cash and bank balances, from continuing operations	178,559	133,535
Cash and bank balances, from discontinued operation	<u>          --</u>	<u>2,210</u>
Cash and bank balances	178,559	135,745
Less : Bank overdrafts		
From continuing operations	(18,684)	(2,365)
Directly associated with discontinued operation	<u>          --</u>	<u>(554)</u>
Cash and cash equivalents	<u><u>159,875</u></u>	<u><u>132,826</u></u>
Cash and bank balances	178,559	135,745
Less :		
Total borrowings*, from continuing operations	(36,122)	(16,756)
Total borrowings*, from discontinued operation	<u>          --</u>	<u>(14,817)</u>
Total borrowings	(36,122)	(31,573)
Net cash position (after total borrowings)	<u><u>142,437</u></u>	<u><u>104,172</u></u>

(Note \* Total borrowings include hire-purchase payables)

**24. Off balance sheet financial instruments**

Save for those which has been disclosed in note 2(b), 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 4 November 2010, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

**25. Material litigations**

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

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

**26. 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.

**27. 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 : 11 NOVEMBER 2010**