



**QUARTERLY ANNOUNCEMENT**  
**For the fourth quarter ended 31 December 2010**

**Highlights**

- The Group posted its highest revenues and profits on record for the year.
- The dealership businesses benefited from strong industry performance together with solid gains in market share.
- Associate contributions from Perodua and Hino were substantially higher on improved volumes and also on market share.
- Favourable Ringgit/Yen/USD exchange rates, contribution from new dealerships and higher efficiency rates from the manufacturing division helped boost overall margins for the year.
- Strong financial performance of the Group - a second interim dividend of 5 sen per share and a special dividend of 3 sen per share were declared by the Board.

**Results**

	Quarter ended 31 Dec			Year to date ended 31 Dec		
	2010 RM mil	2009 RM mil	Change %	2010 RM mil	2009 RM mil	Change %
Revenue	389.9	292.5	33.3	1,547.2	1,101.6	40.4
Profit for the period	<u>32.2</u>	<u>23.2</u>	39.1	<u>159.6</u>	<u>76.7</u>	108.0
Profit attributable to owners of the Company	<u>28.3</u>	<u>20.7</u>	36.5	<u>141.1</u>	<u>66.5</u>	112.1
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings/(loss) per share						
From continuing operations	11.6	7.9	47.3	58.5	25.1	133.4
From discontinued operation	--	0.7	(100.0)	(0.2)	2.4	(107.8)
	<u>As at 31 Dec 2010 RM mil</u>	<u>As at 31 Dec 2009 RM mil</u>				
Shareholders' funds	1,017.3	894.3	13.8			
	<u>RM</u>	<u>RM</u>				
Net assets per share	4.19	3.69	13.5			
	<u>2nd Interim 2010 Sen</u>	<u>2nd Interim 2009 Sen</u>		<u>Total 2010 Sen</u>	<u>Total 2009 Sen</u>	
Dividend per share	5.0	3.0	66.7	10.0	6.0	66.7

**Performance of sales by operations**

	Q4'10 vs Q3'10	Q4'10 vs Q4'09	YTD Dec'10 vs YTD Dec'09
<i>Subsidiaries</i>			
DMSB - Daihatsu & Hino trucks	- 28.6	- 46.7	- 21.2
DMMS Perodua vehicles	+ 8.3	+ 25.7	+ 34.4
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 27.3	+ 208.3	+ 215.6
OMI	- 16.7	- 11.6	+ 8.7
SVBW	+ 33.0	+ 21.2	+ 8.5
<i>Associated companies</i>			
Perodua vehicles	- 0.6	+ 8.9	+ 17.3
Hino trucks	- 4.7	+ 42.9	+ 69.9

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

**QUARTERLY ANNOUNCEMENT**  
**For the fourth quarter ended 31 December 2010**

**Overview**

According to the Malaysian Automotive Association (MAA), the Malaysian motor total industry volume (TIV) of sales by registration further improved in the fourth quarter of 2010 by 9.3% compared against the same period of 2009, bringing the TIV of sales by registration for the year 2010 to 605,156 units - a highest ever achieved in the Malaysian automotive industry and an improvement of 12.7% against year 2009. The Group's overall total vehicle sales also improved 28.4%.

**Group Financial Performance**

Fourth quarter ended 31 December 2010 compared with fourth quarter ended 31 December 2009

Group revenue improved by 33.3% to RM389.9 million. Profit from operations declined by 10.5% to RM7.5 million, whilst share of results of associate companies improved by 58.3% to RM27.4 million. Net profit attributable to owners of the Company improved by 36.5% to RM28.3 million.

The group's net cash position (after total borrowings) stands at RM157.5 million as at 31 December 2010 compared with RM120.3 million as at 31 December 2009 (refer note 23).

Fourth quarter ended 31 December 2010 against previous quarter ended 30 September 2010

Group revenue improved slightly by 0.3%. Profit from operations declined 50.9% whilst share of results of associate companies were better by 2.9%. Net profit attributable to owners of the Company also declined by 17.2%.

The group's net cash position (after total borrowings) improved to RM157.5 million as at 31 December 2010 compared with RM142.4 million as at the end of 30 September 2010.

Net assets per share rose to RM4.19 as at the end of December 2010 from RM4.08 as at end of September 2010.

**Group Business Performance**

The Group benefited from the strong TIV performance during the year. Its further expansion in dealerships and investments in new branch network enabled it to make solid gains in market share. This resulted in revenue growth for all operating subsidiaries. The Ringgit's strength and improved operating efficiency at the manufacturing division helped boost overall margins.

Associate contributions from Perodua and Hino were substantially higher. Volume sales and market shares strengthened further, with Perodua and Hino commanding the No.1 position by registration for passenger and commercial vehicle segments respectively.

**Prospects**

MAA has forecasted that TIV will grow by 2.1% this year, albeit at a slower rate compared with 2010. The economic conditions in Malaysia remain generally positive, providing sufficient impetus for vehicle sales to continue to be maintained. However, the Board has taken cognizance that rising oil prices and the prospect of higher interest rates may dampen the outlook.

The planned investments in the aftersales business and expansion of existing and new dealerships will reinforce the competitive advantage of the Group's trading division. The Group is also pursuing a multi-brand strategy to help it deliver a more balanced contribution of revenue and profitability by its various subsidiaries. MBMR's wide representation across all the segments of the automotive industry provides it with a strong base to benefit from future growth opportunities. The Board is therefore confident that these initiatives will strengthen the Group's position further.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the twelve months ended 31 December 2010 - unaudited**

		Current Quarter Ended 31/12/2010 RM'000	Comparative Quarter Ended 31/12/2009 RM'000	12 months Cumulative To Date 31/12/2010 RM'000	Comparative 12 months Cumulative To Date 31/12/2009 RM'000
	Note		As restated		As restated
<b>Continuing operations</b>					
Revenue	18	389,879	292,456	1,547,234	1,101,638
Cost of sales		<u>(361,044)</u>	<u>(262,302)</u>	<u>(1,420,721)</u>	<u>(1,006,066)</u>
Gross profit		28,835	30,154	126,513	95,572
Other income		9,508	7,270	25,474	17,785
Administrative and other expenses		(14,800)	(13,637)	(51,814)	(48,102)
Selling and marketing expenses		<u>(16,007)</u>	<u>(15,371)</u>	<u>(46,201)</u>	<u>(34,800)</u>
<b>Results from operating activities</b>		7,536	8,416	53,972	30,455
Interest income		793	316	2,723	1,850
Finance costs		(473)	(281)	(1,402)	(1,164)
Net finance costs		320	35	1,321	686
Share of results of associates, net of tax		<u>27,377</u>	<u>17,291</u>	<u>118,990</u>	<u>54,113</u>
<b>Profit before tax</b>	18	35,233	25,742	174,283	85,254
Income tax expense	19	<u>(3,018)</u>	<u>(4,190)</u>	<u>(14,254)</u>	<u>(14,445)</u>
<b>Profit from continuing operations</b>		<u>32,215</u>	<u>21,552</u>	<u>160,029</u>	<u>70,809</u>
<b>Discontinued operation</b>					
Profit/(Loss) from discontinued operation, net of tax	10	<u>--</u>	<u>1,611</u>	<u>(466)</u>	<u>5,902</u>
<b>Profit for the period</b>		<u>32,215</u>	<u>23,163</u>	<u>159,563</u>	<u>76,711</u>
<b>Profit attributable to:</b>					
Owners of the Company		28,304	20,733	141,091	66,532
Minority interests		<u>3,911</u>	<u>2,430</u>	<u>18,472</u>	<u>10,179</u>
<b>Profit for the period</b>		<u>32,215</u>	<u>23,163</u>	<u>159,563</u>	<u>76,711</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 twelve months ended 31 December 2010 - unaudited**

	Current Quarter Ended 31/12/2010 RM'000	Comparative Quarter Ended 31/12/2009 RM'000	12 months Cumulative To Date 31/12/2010 RM'000	Comparative 12 months Cumulative To Date 31/12/2009 RM'000
Note		As restated		As restated
<b>Profit for the period</b>	32,215	23,163	159,563	76,711
<b>Other comprehensive income, net of tax</b>				
Fair value adjustment on derivative instruments	(117)	--	204	--
<b>Other comprehensive income for the period, net of tax</b>	(117)	--	204	--
<b>Total comprehensive income for the period</b>	32,098	23,163	159,767	76,711
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	28,220	20,733	141,236	66,532
Minority interests	3,878	2,430	18,531	10,179
<b>Total comprehensive income for the period</b>	32,098	23,163	159,767	76,711
<b>Earnings/(Loss) per ordinary share</b>	sen	sen	sen	sen
Basic	20			
- From continuing operations	11.64	7.90	58.46	25.05
- From discontinued operation	--	0.67	(0.19)	2.44
	11.64	8.57	58.27	27.49
Diluted	20			
- From continuing operations	11.51	7.79	57.78	24.70
- From discontinued operation	--	0.66	(0.19)	2.40
	11.51	8.45	57.59	27.10

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

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

	Note	As at end of Current Quarter 31/12/2010 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2009 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment		132,350	135,983
Prepaid land lease payments		39,564	42,713
Investment properties		12,703	21,560
Investment in associates		619,783	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>816,835</u>	<u>757,040</u>
<b>Current Assets</b>			
Inventories		211,787	133,936
Trade & other receivables and prepaid expenses		140,350	103,760
Tax recoverable		4,815	3,264
Cash and bank balances		<u>196,218</u>	<u>151,416</u>
		553,170	392,376
Non-current assets classified as held for sale		<u>6,103</u>	<u>6,103</u>
Total current assets		<u>559,273</u>	<u>398,479</u>
<b>TOTAL ASSETS</b>	18	<b><u><u>1,376,108</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 31 December 2010 - unaudited**

		As at end of Current Quarter 31/12/2010 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2009 RM'000
	Note	<u>                    </u>	<u>                    </u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		242,677	242,073
Reserves		<u>774,645</u>	<u>652,201</u>
Total equity attributable to owners of the Company		1,017,322	894,274
Minority interests		<u>145,542</u>	<u>136,151</u>
Total equity		<u>1,162,864</u>	<u>1,030,425</u>
<b>Non-current and Deferred Liabilities</b>			
Long term borrowings	22	22,183	18,481
Deferred tax liabilities		786	1,716
Provision for retirement benefits		1,545	2,356
Hire purchase payables - non-current portion		<u>--</u>	<u>180</u>
Total non-current and deferred liabilities		<u>24,514</u>	<u>22,733</u>
<b>Current Liabilities</b>			
Provision for liabilities		2,420	2,616
Short term borrowings	22	16,566	12,309
Trade & other payables and accrued expenses		166,465	85,951
Amount owing to holding company		646	204
Hire purchase payables - current portion		<u>--</u>	<u>110</u>
Tax liabilities		<u>2,633</u>	<u>1,171</u>
Total current liabilities		<u>188,730</u>	<u>102,361</u>
Total liabilities	18	<u>213,244</u>	<u>125,094</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,376,108</b></u>	<u><b>1,155,519</b></u>
<b>Net assets per share (RM)</b>		<b>4.19</b>	<b>3.69</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the twelve months ended 31 December 2010 - unaudited**

Note	/----- Attributable to owners of the Company -----/				-----/		Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
<b>12 months ended 31 December 2009</b>								
<b>At 1 January 2009</b>	242,073	30,539	--	--	576,459	849,071	130,577	979,648
Share of changes in revaluation surplus arising from fair value adjustments of assets in an associate company	--	--	458	--	--	458	27	485
Total comprehensive income for the period	--	--	--	--	66,532	66,532	10,179	76,711
Dividends to owners	--	--	--	--	(21,787)	(21,787)	--	(21,787)
Dividends paid/payable by subsidiaries	--	--	--	--	--	--	(4,632)	(4,632)
<b>At 31 December 2009</b>	<u>242,073</u>	<u>30,539</u>	<u>458</u>	<u>--</u>	<u>621,204</u>	<u>894,274</u>	<u>136,151</u>	<u>1,030,425</u>
<b>12 months ended 31 December 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) --	--	--	--	(285)	(285)	(66)	(351)
<b>At 1 January 2010, as restated</b>	242,073	30,539	458	--	620,919	893,989	136,085	1,030,074
Issue of ordinary shares pursuant to ESOS	604	894	--	--	--	1,498	--	1,498
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	--	--	--	--	141,236	141,236	18,531	159,767
Dividends to owners	--	--	--	--	(19,385)	(19,385)	--	(19,385)
Dividends paid by subsidiaries	--	--	--	--	--	--	(6,128)	(6,128)
<b>At 31 December 2010</b>	<u>242,677</u>	<u>31,433</u>	<u>442</u>	<u>--</u>	<u>742,770</u>	<u>1,017,322</u>	<u>145,542</u>	<u>1,162,864</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the twelve months ended 31 December 2010 - unaudited**

	2010 12 months ended 31/12/2010	2009 12 months ended 31/12/2009
Note	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	159,563	76,711
Adjustments for :		
Income tax expense		
From continuing operations	14,254	14,445
From discontinued operation	--	253
Share of results of associates	(118,990)	(54,113)
Non-cash items	7,858	15,213
Non-operating items	523	(1,059)
Operating profit before working capital changes	63,208	51,450
Changes in working capital		
Net changes in current assets	(140,996)	(18,207)
Net changes in current liabilities	89,528	31,080
Income tax refunded	164	1,933
Income tax paid	(14,234)	(11,580)
Net cash (used in)/from operating activities	<u>(2,330)</u>	<u>54,676</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	39,819	19,810
Interest income	2,723	1,850
Purchase of property, plant & equipment	(28,215)	(23,557)
Additions to prepaid lease payments	--	(9)
Proceeds from disposal of property, plant & equipment	3,319	2,133
Proceeds from disposal of prepaid lease payments	1,455	--
Proceeds from disposal of investment property	9,284	2,668
Long term investments under structured income fund	--	(1,000)
Other investment	--	134
Cashflow from disposal of discontinued operation	10     13,768	--
Net cash from investing activities	<u>42,153</u>	<u>2,029</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(19,385)	(21,787)
Dividends paid to minorities of a subsidiary	(6,727)	(4,033)
Proceeds from exercise of ESOS	1,498	--
Finance costs		
From continuing operations	(1,402)	(1,164)
From discontinued operation	--	(1,291)
Bank borrowings	31,035	1,076
Net cash from/(used in) financing activities	<u>5,019</u>	<u>(27,199)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	44,842	29,506
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>149,952</u>	<u>120,446</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u>194,794</u>	<u>149,952</u>
Cash and cash equivalents comprise :		
Cash and bank balances	23     196,218	151,416
Bank overdrafts	(1,424)	(1,464)
	<u>194,794</u>	<u>149,952</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 twelve months ended 31 December 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 17 February 2011.

### **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	--	--	--
- Fair value adjustment on derivative instruments	--	(285)	(66)
	--	(285)	(66)
At 1 January 2010, as restated	--	620,919	136,085

**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**

The Company did not pay any dividend during the quarter.

**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 31 December 2010 pursuant to the Company's ESOS, the issued and paid-up capital of the Company was increased from RM242,521,667 to RM242,676,667 as a result of the exercise and allotment of 155,000 option shares of par value RM1.00 each as follows:

Option price per share (RM)	No of shares issued	Cash proceeds (RM)
2.54	75,000	190,500
2.43	80,000	194,400
	155,000	384,900

The number of unexercised share options as at 31 December 2010 was 2,831,000.

**9. Subsequent material events**

There was no material event or transaction during the period from 31 December 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 December 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		Twelve months ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Revenue	--	22,182	45,725	76,354
Cost of sales	--	(17,896)	(36,054)	(61,447)
Other income	--	465	891	598
Expenses	--	(2,339)	(4,072)	(8,059)
Results from operating activities	--	2,412	6,490	7,446
Net finance costs	--	(548)	(536)	(1,291)
Profit before tax	--	1,864	5,954	6,155
Income tax expense	--	(253)	--	(253)
Profit for the period	--	1,611	5,954	5,902
Minority interest	--	--	(1,589)	--
Group's share of profit for the period	--	1,611	4,365	5,902
Loss on disposal of discontinued operation	--	--	(4,831)	--
Profit/(Loss) from discontinued operation	--	1,611	(466)	5,902

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
	56,336
Trade and other payables	(9,094)
Tax and deferred tax liabilities	(1,202)
Provision for retirement benefits	(1,031)
Loans and borrowings	(24,545)
	20,464
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
Cashflow from disposal of discontinued operation	13,768

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

**11. Significant related party transactions**

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

	Period ended 31/12/2010 RM'000
<b><u>Group</u></b>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	93,507
Purchases from a subsidiary of Perodua	755,653
Sales to subsidiaries of Perodua	20,762
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	21,323
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	744
Technical fee payable	61
Development expenses	38
<hr/>	
<b><u>Company</u></b>	
Gross dividends from:	
- subsidiaries	12,773
- associates	32,364
Management fees from:	
- subsidiaries	756
<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 not provided for in the interim financial statements as at 31 December 2010 is as follows :

	<u>RM'000</u>
Approved and contracted for:	
Purchase of property, plant & equipments	7,442
Investment in subsidiary	16,000
	<hr/>

**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**

An leasehold property held by subsidiary, Daihatsu (Malaysia) Sdn. Bhd., with a book value of RM0.791 million was disposed during the current quarter with a net gain of RM2.959 million .

**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 31 December 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	1,471,217	65,087	45,725	10,833	97	1,592,959
Intersegment revenue	--	--	--	1,002	--	1,002
Operating profits for reportable segments	40,033	17,397	6,490	(1,013)	(2,445)	60,462
Share of results of associates	118,990	--	--	--	--	118,990
Interest income	1,083	485	--	--	1,155	2,723
Finance costs	(917)	(17)	(536)	(368)	(100)	(1,938)
Fair value adjustments on derivative instruments	204	--	--	--	--	204
Depreciation and amortisation	5,367	2,128	1,487	132	131	9,245
Other significant non-cash items						
- Provisions	602	--	--	100	240	942
Capital expenditure	14,555	1,908	11,419	51	282	28,215
Segment assets	551,219	86,431	54,801	14,177	104,498	811,126
Investment in associates	619,783	--	--	--	--	619,783
Segment liabilities	185,053	9,441	35,872	10,919	7,831	249,116

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

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

Period ended 31 December 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	1,031,836	59,851	76,354	9,803	148	1,177,992
Intersegment revenue	--	--	--	1,105	--	1,105
Operating profits for reportable segments	22,982	13,475	7,446	(3,788)	(2,214)	37,901
Share of results of associates	54,113	--	--	--	--	54,113
Interest income	1,025	327	--	4	494	1,850
Finance costs	(723)	(31)	(1,291)	(386)	(24)	(2,455)
Depreciation and amortisation	4,562	2,072	2,371	142	109	9,256
Other significant non-cash items						
- Provisions	3,582	--	357	2,942	200	7,081
Capital expenditure	12,820	8,177	2,397	153	19	23,566
Segment assets	410,041	83,351	46,818	12,752	61,781	614,743
Investment in associates	540,776	--	--	--	--	540,776
Segment liabilities	72,689	9,652	29,650	8,137	4,966	125,094

**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 31/12/2010 RM'000	Period ended 31/12/2009 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,593,864	1,178,949
All others	97	148
Elimination of inter-segment revenues	(1,002)	(1,105)
Elimination of discontinued operation	(45,725)	(76,354)
	<hr/>	<hr/>
Revenue, as reported	<u>1,547,234</u>	<u>1,101,638</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	62,637	39,040
All others	(1,390)	(1,744)
Share of results of associates	118,990	54,113
Elimination of discontinued operation	(5,954)	(6,155)
	<hr/>	<hr/>
Profit before tax, as reported	<u>174,283</u>	<u>85,254</u>
<u>Assets</u>		
Total assets for Group's reportable segments	706,628	552,962
All others	104,498	61,781
Investment in associates	619,783	540,776
Disposal of discontinued operation	(54,801)	--
	<hr/>	<hr/>
Total assets, as reported	<u>1,376,108</u>	<u>1,155,519</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	241,285	120,128
All others	7,831	4,966
Disposal of discontinued operation	(35,872)	--
	<hr/>	<hr/>
Total liabilities, as reported	<u>213,244</u>	<u>125,094</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)**

**19. Income tax expense**

	Current Quarter 31/12/2010 RM'000	Year to date 31/12/2010 RM'000
Current year's provision	3,018	15,073
Add :		
Overprovision in prior years	--	(874)
	3,018	14,199
Deferred taxation	--	55
Income tax expense	<u>3,018</u>	<u>14,254</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 31/12/2010 %	Year to date 31/12/2010 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(19.4)	(17.1)
Expenses not deductible for tax purpose / (Income not subject to tax)	3.0	0.7
Overprovision of income tax in prior year	--	(0.5)
Underprovision of deferred tax in prior year	--	--
	<u>8.6</u>	<u>8.1</u>

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

	Quarter		Year to date	
	3 months ended		12 months ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<b>Basic earnings/(loss) per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	28,220	19,122	141,702	60,630
- Discontinued operations	--	1,611	(466)	5,902
	<u>28,220</u>	<u>20,733</u>	<u>141,236</u>	<u>66,532</u>
Weighted average number of ordinary shares ('000)	242,394	242,073	242,394	242,073
Basic earnings/(loss) per share (sen)				
- Continuing operations	11.64	7.90	58.46	25.05
- Discontinued operations	--	0.67	(0.19)	2.44
	<u>11.64</u>	<u>8.57</u>	<u>58.27</u>	<u>27.49</u>

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

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

As disclosed in the audited consolidated financial statements for the year ended 31 December 2009, the diluted EPS for 2009 was not presented as the average fair value of the shares of the Company is lower than the exercise price for the conversion of ESOS to ordinary shares, which the effect would be anti-dilutive to the EPS. However, for comparative purposes herein, the diluted EPS for 2009 are as shown below, assuming that the outstanding ESOS would be exercised.

	Quarter		Year to date	
	3 months ended		12 months ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
<b>Diluted earnings/(loss) per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	28,220	19,122	141,702	60,630
- Discontinued operations	--	1,611	(466)	5,902
	<u>28,220</u>	<u>20,733</u>	<u>141,236</u>	<u>66,532</u>
Adjusted weighted average number of ordinary shares in issue and issuable				
	245,225	245,508	245,225	245,508
Diluted earnings/(loss) per share (sen)				
- Continuing operations	11.51	7.79	57.78	24.70
- Discontinued operations	--	0.66	(0.19)	2.40
	<u>11.51</u>	<u>8.45</u>	<u>57.59</u>	<u>27.10</u>

	No of ordinary shares of RM1.00 each	
	31/12/2010	31/12/2009
Weighted average number of ordinary shares	242,393,564	242,072,667
Adjustment for assumed exercise of ESOS	2,831,000	3,435,000
Adjusted weighted average number of ordinary shares in issue and issuable	245,224,564	245,507,667

**21. Corporate proposals**

Subsequent to the third quarter 2010 announcement made on 11 November 2010, there were no further corporate proposals being made or undertaken by the Group and the Company.

**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	6,605	22,183
Unsecured	<u>9,961</u>	<u>          </u>
Total	<u><u>16,566</u></u>	<u><u>22,183</u></u>

**23. Cash and Cash Equivalents**

	The Group As at	
	31/12/2010 RM'000	31/12/2009 RM'000
	<u>                    </u>	<u>                    </u>
Cash on hand at at banks	82,716	63,708
Deposits with licensed banks	<u>113,502</u>	<u>86,203</u>
Cash and bank balances, from continuing operations	196,218	149,911
Cash and bank balances, from discontinued operation	<u>          </u>	<u>1,505</u>
Cash and bank balances	196,218	151,416
Less : Bank overdrafts		
From continuing operations	(1,424)	(1,267)
Directly associated with discontinued operation	<u>          </u>	<u>(197)</u>
Cash and cash equivalents	<u><u>194,794</u></u>	<u><u>149,952</u></u>
Cash and bank balances	196,218	151,416
Less :		
Total borrowings*, from continuing operations	(38,749)	(16,163)
Total borrowings*, from discontinued operation	<u>          </u>	<u>(14,917)</u>
Total borrowings	(38,749)	(31,080)
Net cash position (after total borrowings)	<u><u>157,469</u></u>	<u><u>120,336</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 10 February 2011, 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 is pleased to declare the following dividends :

- (i) A second interim dividend of 5.0 sen per share tax exempted (single tier dividend) amounting to approximately RM12,133,833 for the year ended 31 December 2010 (First Interim 2010 - gross dividend of 5.0 sen per share tax exempted for the year ended 31 December 2010).
  
- (ii) A special dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM7,280,300.

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

**SHAHRIZAT OTHMAN  
COMPANY SECRETARY  
KUALA LUMPUR  
DATED : 17 FEBRUARY 2011**