



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2011

Summary

- MBMR's second quarter performance took the full impact of the parts supply disruption from the recent earthquake in Japan.
- However, subsidiary Federal Auto Holdings Berhad, recorded substantial increases in sales from its dealerships for European makes, Volvo and Volkswagen.
- Profit before tax declined 22% to RM75.4 million.
- The acquisition of Kinabalu Motor Assembly Sdn Bhd was completed during the quarter.
- An increase in the first interim dividend from 5 sen (1st Interim 2010) to 6 sen was declared by the Board.
- The recovery in supply will drive the current quarter's performance as the high outstanding orders are fulfilled.

Results

	Quarter ended 30 Jun			Year to date ended 30 Jun		
	2011 RM mil	2010 RM mil	Change %	2011 RM mil	2010 RM mil	Change %
Revenue	382.0	404.8	(5.6)	791.8	768.7	3.0
Profit for the period						
From continuing operations	25.5	47.3	(46.0)	68.5	89.2	(23.3)
From discontinued operations	--	(3.9)	(100.0)	--	(0.5)	(100.0)
	<u>25.5</u>	<u>43.4</u>	(41.2)	<u>68.5</u>	<u>88.7</u>	(22.9)
Profit attributable to owners of the Company	<u>21.1</u>	<u>38.8</u>	(45.6)	<u>59.5</u>	<u>78.7</u>	(24.4)
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings per share						
From continuing operations	8.7	17.6	(50.7)	24.5	32.7	(25.1)
From discontinued operation	--	(1.6)	(100.0)	--	(0.2)	(100.0)
	<u>As at 30 Jun 2011 RM mil</u>	<u>As at 31 Dec 2010 RM mil</u>				
Shareholders' funds	1,058.5	1,018.2	4.0			
	<u>RM</u>	<u>RM</u>				
Net assets per share	4.36	4.20	3.9			
	<u>1st Interim 2011 Sen</u>	<u>1st Interim 2010 Sen</u>		<u>Total 2011 Sen</u>	<u>Total 2010 Sen</u>	
Dividend per share	6.0	5.0	20.0	6.0	5.0	20.0

Performance of sales by operations

	Q2'11 vs Q1'11	Q2'11 vs Q2'10	YTD Jun'11 vs YTD Jun'10
<i>Subsidiaries</i>			
DMSB - Daihatsu & Hino trucks	+ 1.1	- 15.3	- 15.6
DMMS Perodua vehicles	- 23.7	- 21.6	- 9.9
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 23.1	+ 61.5	+ 72.9
OMI	+ 5.2	+ 16.4	+ 11.7
SVBW	+ 50.0	+ 46.5	+ 51.7
<i>Associated companies</i>			
Perodua vehicles	- 37.8	- 36.2	- 16.4
Hino trucks	+ 25.5	+ 3.5	+ 10.6

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

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2011

Overview

According to the Malaysian Automotive Association (MAA), the Malaysian motor total industry volume (TIV) of sales by registration declined in the second quarter of 2011 by 9.7% compared against the same period of 2010, which resulted in an overall decline in TIV for the six months by 1.3%. The Group's overall total vehicle sales also declined in the second quarter of 2011 and for six months by 13.4% and 4.8% respectively compared against the same period of 2010.

Group Financial Performance

Second quarter ended 30 June 2011 compared with second quarter ended 30 June 2010

Group revenue declined by 5.6% to RM382 million. Profit from operations declined by 28.4% to RM11.9 million, whilst share of results of associate companies declined by 50.9% to RM16.9 million. Net profit attributable to owners of the Company declined by 45.6% to RM21.1 million.

The group's net cash position (after total borrowings) declined to RM162.1 million as at 30 June 2011 compared with RM168.9 million as at 30 June 2010 (refer note 23).

Second quarter ended 30 June 2011 against previous quarter ended 31 March 2011

Group revenue declined by 6.8%. Similarly, profit from operations and share of results of associate companies declined 14.8% and 46.9% respectively. Net profit attributable to owners of the Company also declined by 45%.

The group's net cash position (after total borrowings) improved to RM162.1 million as at 30 June 2011 compared with RM144.1 million as at the end of 31 December 2010.

Net assets per share rose to RM4.36 as at the end of June 2011 from RM4.20 as at end of December 2010.

Group Business Performance

The Group's overall performance was impacted by the shortage of parts supply as a result of the earthquake in Japan, of which the full impact was felt in the second quarter. Additionally, in the month of June, the introduction of the new Hire Purchase Act had some temporary disruption to the process of order taking. On a quarter on quarter basis, revenues and profit before tax declined by 7% and 37% respectively. However, because of the stronger first quarter, on a year to date basis, revenues rose marginally by 3% and the drop in profit before tax was less steep by 22% compared with the same period last year.

The financial results performance however is not a true reflection of the fundamental strength of the business and the continued progress the Group has made during the year. The new model launches during the quarter, including the Volvo S60, the additional Volvo XC60 T5 variant and the all new Perodua Myvi have all been well received. The outstanding orders are healthy. Progress was also made in the aftersales business as we continue to upgrade our facilities to grow the throughputs to support the increased vehicle sales of recent years.

Despite the weakness in the second quarter, we continued to adopt financial discipline in managing our costs and balance sheet. The losses at newly acquired Lion Motor Sdn Bhd and Kinabalu Motor Assembly Sdn Bhd, have been reduced substantially and Summit Vehicles Body Works Sdn Bhd achieved a turnaround to profitability. Our net cash position improved to RM162 million from RM120 million at the end of the first quarter.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2011

Prospects

We have high outstanding orders in hand. With the quick recovery in the parts supply situation in Japan, the focus for the current quarter is to increase production and to fulfil these orders.

The sales momentum is also expected to be sustained by the newly launched Perodua Myvi which was only introduced at the end of June. A lineup of new product launches by our principals in the second half of the year is also expected to strengthen our performance in the coming months.

Our initiatives in the aftersales business is beginning to gain momentum as evidenced by the increased throughputs to our service centres. This will become more apparent in the overall improvement in margin as the aftersales business become a more significant component in overall contribution to the Group.

The challenges for the quarter are to ensure the rate of recovery in the supply of vehicles can be accelerated to meet our outstanding orders. Additionally the Yen strength may put pressure on margins due to our exposure through the importation of parts from Japan. Tight cost controls and the ongoing localisation programmes will help reduce this impact.

We expect the third quarter to show an overall improvement in performance.

Board of Directors
MBM Resources Berhad
11 AUGUST 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011 - unaudited

	Note	Current Quarter Ended 30/06/2011 RM'000	Comparative Quarter Ended 30/06/2010 RM'000	6 months Cumulative To Date 30/06/2011 RM'000	Comparative 6 months Cumulative To Date 30/06/2010 RM'000
Continuing operations					
Revenue	18	382,017	404,816	791,830	768,651
Cost of sales		<u>(349,730)</u>	<u>(372,081)</u>	<u>(727,215)</u>	<u>(705,948)</u>
Gross profit		32,287	32,735	64,615	62,703
Other income		7,882	5,596	14,281	10,949
Administrative and other expenses		(16,839)	(11,781)	(29,929)	(22,738)
Selling and marketing expenses		<u>(11,429)</u>	<u>(9,924)</u>	<u>(23,094)</u>	<u>(19,644)</u>
Results from operating activities		11,901	16,626	25,873	31,270
Interest income		445	1,086	1,184	1,335
Finance costs		(235)	(305)	(439)	(561)
Net interest income/(finance costs)		210	781	745	774
Share of results of associates, net of tax		<u>16,926</u>	<u>34,439</u>	<u>48,798</u>	<u>65,003</u>
Profit before tax	18	29,037	51,846	75,416	97,047
Income tax expense	19	<u>(3,514)</u>	<u>(4,579)</u>	<u>(6,951)</u>	<u>(7,833)</u>
Profit from continuing operations		<u>25,523</u>	<u>47,267</u>	<u>68,465</u>	<u>89,214</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>--</u>	<u>(3,866)</u>	<u>--</u>	<u>(466)</u>
Profit for the period		<u>25,523</u>	<u>43,401</u>	<u>68,465</u>	<u>88,748</u>
Profit attributable to:					
Owners of the Company		21,106	38,779	59,511	78,716
Non-controlling interests		<u>4,417</u>	<u>4,622</u>	<u>8,954</u>	<u>10,032</u>
Profit for the period		<u>25,523</u>	<u>43,401</u>	<u>68,465</u>	<u>88,748</u>

The notes on pages 10 to 19 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)
For the six months ended 30 June 2011 - unaudited

	Current Quarter Ended 30/06/2011 RM'000	Comparative Quarter Ended 30/06/2010 RM'000	6 months Cumulative To Date 30/06/2011 RM'000	Comparative 6 months Cumulative To Date 30/06/2010 RM'000
Profit for the period	25,523	43,401	68,465	88,748
Other comprehensive income				
Share of revaluation deficit arising from fair value adjustments of assets in an associate	--	(16)	--	(16)
Share of foreign exchange reserve deficit in an associate	284	--	19	--
Other comprehensive income for the period, net of tax	284	(16)	19	(16)
Total comprehensive income for the period	25,807	43,385	68,484	88,732
Total comprehensive income attributable to:				
Owners of the Company	21,374	38,764	59,529	78,701
Non-controlling interests	4,433	4,621	8,955	10,031
Total comprehensive income for the period	25,807	43,385	68,484	88,732
Earnings per ordinary share				
Basic	sen	sen	sen	sen
- From continuing operations	8.69	17.61	24.51	32.71
- From discontinued operation	--	(1.60)	--	(0.19)
	8.69	16.01	24.51	32.52
Diluted	sen	sen	sen	sen
- From continuing operations	8.60	17.37	24.24	32.26
- From discontinued operation	--	(1.58)	--	(0.19)
	8.60	15.79	24.24	32.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011 - unaudited

	Note	As at end of Current Quarter 30/06/2011 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2010 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		141,045	133,039
Prepaid land lease payments		39,689	39,596
Investment properties		12,632	12,703
Investment in associates		637,169	619,783
Other investment		1,000	1,000
Goodwill on consolidation		15,124	11,435
Total non-current assets		<u>846,659</u>	<u>817,556</u>
Current Assets			
Inventories		178,950	199,032
Trade & other receivables and prepaid expenses		153,570	135,151
Tax recoverable		5,694	6,059
Cash and bank balances		222,447	182,818
		560,661	523,060
Non-current assets classified as held for sale		<u>6,103</u>	<u>6,103</u>
Total current assets		<u>566,764</u>	<u>529,163</u>
TOTAL ASSETS	18	<u>1,413,423</u>	<u>1,346,719</u>

The notes on pages 10 to 19 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

As at 30 June 2011 - unaudited

		As at end of Current Quarter 30/06/2011 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2010 RM'000
	Note	<u>RM'000</u>	<u>RM'000</u>
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		242,767	242,677
Reserves		<u>815,782</u>	<u>775,545</u>
Total equity attributable to owners of the Company		1,058,549	1,018,222
Non-controlling interests		<u>141,555</u>	<u>145,782</u>
Total equity		<u>1,200,104</u>	<u>1,164,004</u>
Non-current and Deferred Liabilities			
Long term borrowings	22	35,942	21,199
Deferred tax liabilities		204	136
Provision for retirement benefits		1,619	1,619
Hire purchase payables - non-current portion		--	56
Total non-current and deferred liabilities		<u>37,765</u>	<u>23,010</u>
Current Liabilities			
Provision for liabilities		3,919	3,751
Short term borrowings	22	24,383	17,483
Trade & other payables and accrued expenses		145,973	136,242
Amount owing to holding company		442	646
Hire purchase payables - current portion		--	15
Tax liabilities		<u>837</u>	<u>1,568</u>
Total current liabilities		<u>175,554</u>	<u>159,705</u>
Total liabilities	18	<u>213,319</u>	<u>182,715</u>
TOTAL EQUITY AND LIABILITIES		<u>1,413,423</u>	<u>1,346,719</u>
Net assets per share (RM)		4.36	4.20

The notes on pages 10 to 19 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2011 - unaudited

Note	/----- Attributable to owners of the Company -----/						
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
6 months ended 30 June 2010							
At 1 January 2010	242,073	30,539	458	621,204	894,274	136,151	1,030,425
Effects of change in accounting policy	--	--	--	(285)	(285)	(66)	(351)
At 1 January 2010, as restated	242,073	30,539	458	620,919	893,989	136,085	1,030,074
Issue of ordinary shares pursuant to ESOS	97	145	--	--	242	--	242
Total comprehensive income for the period	--	--	--	78,716	78,716	10,032	88,748
Other comprehensive income for the period	--	--	(15)	--	(15)	(1)	(16)
Effect of discontinued operations	--	--	--	--	--	(2,945)	(2,945)
Dividends to owners	--	--	--	(7,262)	(7,262)	--	(7,262)
Dividends paid by subsidiaries	--	--	--	--	--	(2,587)	(2,587)
At 30 June 2010	242,170	30,684	443	692,373	965,670	140,584	1,106,254
6 months ended 30 June 2011							
At 1 January 2011	242,677	31,433	443	743,669	1,018,222	145,782	1,164,004
Issue of ordinary shares pursuant to ESOS	8 90	129	--	--	219	--	219
Effect of share capital reduction and repayment in a subsidiary	--	--	--	--	--	(10,566)	(10,566)
Total comprehensive income for the period	--	--	--	59,511	59,511	8,954	68,465
Other comprehensive income for the period	--	--	18	--	18	1	19
Dividends to owners	--	--	--	(19,421)	(19,421)	--	(19,421)
Dividends paid by subsidiaries	--	--	--	--	--	(2,616)	(2,616)
At 30 June 2011	242,767	31,562	461	783,759	1,058,549	141,555	1,200,104

The notes on pages 10 to 19 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2011 - unaudited

	2011 6 months ended 30/06/2011 Note	2010 6 months ended 30/06/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	68,465	88,748
Adjustments for :		
Income tax expense	6,951	7,833
Share of results of associates	(48,798)	(65,003)
Non-cash items	6,868	3,482
Non-operating items	(589)	3,885
Operating profit before working capital changes	32,897	38,945
Changes in working capital		
Net changes in current assets	7,999	(39,673)
Net changes in current liabilities	5,857	20,042
Income tax refunded	--	164
Income tax paid	(7,317)	(3,612)
Net cash from operating activities	<u>39,436</u>	<u>15,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	31,430	13,580
Interest income	1,184	1,335
Purchase of property, plant & equipment	(8,166)	(17,849)
Proceeds from disposal of property, plant & equipment	277	--
Proceeds from disposal of prepaid lease payments	--	30
Proceeds from disposal of investment property	--	9,284
Acquisition of subsidiary	10 (15,028)	--
Cashflow from disposal of discontinued operation	--	13,768
Payments made to minority shareholders of a subsidiary pursuant to capital reduction and repayment	(8,818)	--
Net cash from investing activities	<u>879</u>	<u>20,148</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(19,421)	(7,262)
Dividends paid to minorities of a subsidiary	(2,616)	(3,186)
Proceeds from exercise of ESOS	219	242
Finance costs	(439)	(561)
Bank borrowings	16,665	11,009
Net cash (used in)/from financing activities	<u>(5,592)</u>	<u>242</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,723	36,256
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>181,389</u>	<u>149,952</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>216,112</u>	<u>186,208</u>
Cash and cash equivalents comprise :		
Cash and bank balances	23 222,446	187,717
Bank overdrafts	(6,334)	(1,509)
	<u>216,112</u>	<u>186,208</u>

The notes on pages 10 to 19 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 six months ended 30 June 2011 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 August 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. The supplementary information set out in Note 25, which is not part of the financial statements, is disclosed in accordance to Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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 2010.

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 2010.

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 2010.

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 2010 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.

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

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 30 June 2011 pursuant to exercise of share options under the Company's ESOS. The number of unexercised share options as at 30 June 2011 was 2,741,000

9. Subsequent material events

There was no material event or transaction during the period from 30 June 2011 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 June 2011 in respect of which this announcement is made.

10. Changes in composition of the Group

a) Acquisition of subsidiary

As reported in the Company's announcement on 28 February 2011, the Group completed the acquisition of Lion Motor Sdn. Bhd. ("LMSB") for which the Group obtained control of LMSB and LMSB became a wholly-owned subsidiary of F.A. Autosoft Sdn. Bhd., a wholly-owned subsidiary of Federal Auto Holdings Berhad nominated by the Company to hold shares in LMSB. The consideration for the acquisition comprise purchase consideration of RM4 and debt settlement consideration of RM2,999,994, both in cash.

Further to this, as stated in Note 21 and as reported in the Company's announcement on 3 June 2011, the Group completed the acquisition of Kinabalu Motor Assembly Sdn. Bhd. ("KMASB") for which the Group obtained control of KMASB and KMASB became a 70.01% subsidiary of F.A. Autosoft Sdn. Bhd., a wholly-owned subsidiary of Federal Auto Holdings Berhad nominated by the Company to hold shares in KMASB. The consideration for the acquisition comprise purchase consideration of RM2 and debt settlement consideration of RM13,000,000, both in cash.

Identifiable assets acquired and liabilities assumed

	<u>LMSB</u>	<u>KMASB</u>
	As at	As at
	28/02/2011	03/06/2011
	RM'000	RM'000
Property, plant and equipment	112	4,899
Inventories	2,042	4,567
Trade and other receivables	1,184	679
Cash and bank balances	174	798
	<u>3,512</u>	<u>10,943</u>
Trade and other payables	(2,081)	(1,672)
Hire purchase creditor	(21)	--
	<u>(2,102)</u>	<u>(1,672)</u>
Total net identifiable assets	<u>1,410</u>	<u>9,271</u>

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

10. Changes in composition of the Group (cont'd)

Acquisition of subsidiary (cont'd)

	<u>LMSB</u>	<u>KMASB</u>
	As at	As at
	28/02/2011	03/06/2011
	RM'000	RM'000
<u>Goodwill</u>		
Goodwill was recognised as a result of the acquisition as follows:		
Total consideration	3,000	13,000
Less value of net identifiable assets	(1,410)	(9,271)
Goodwill	<u>1,590</u>	<u>3,729</u>
<u>Net cashflow on acquisition</u>		
Total consideration	3,000	13,000
Cash and cash equivalents acquired	(174)	(798)
Net cash outflow on acquisition	<u>2,826</u>	<u>12,202</u>

b) Selective Capital Reduction and Repayment Exercise Under Section 64 of the Companies Act, 1965 ("the Act") by Federal Auto Holdings Berhad ("FAHB")

As reported in the Company's announcement on 6 May 2011, the Group's subsidiary FAHB has completed the reduction of FAHB's share capital under the Act. Arising thereto, FAHB becomes a 100% owned subsidiary of Galaxy Waves Sdn. Bhd., which in turn a 100% owned subsidiary of the Group. A capital repayment amounting to RM8,818,194 to the remaining shareholders of FAHB has been paid as at the date of this announcement.

11. Significant related party transactions

During the period ended 30 June 2011, the Group and the Company had the following transactions with related parties :

	Period ended 30/06/2011 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	--
Purchases from a subsidiary of Perodua	346,236
Sales to subsidiaries of Perodua	10,895
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	7,945
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	33
Technical fee payable	--
Development expenses	--
<u>Company</u>	
Gross dividends from:	
- subsidiaries	5,659
- associates	25,144
Management fees from:	
- subsidiaries	<u>72</u>

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

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

12. Capital commitments

The amount of commitments in respect of the acquisition of property, plant and equipments not provided for in the interim financial statements as at 30 June 2011 is as follows :

	<u>RM'000</u>
Approved and contracted for	14,681
Approved and not contracted for	12,245
	<hr/>

13. Review of Group performance

The review of performance by operations is furnished in the Main Section on pages 1 to 3 of the announcement.

14. Current year prospects

The overview of current year prospects is furnished in the Main Section on pages 1 to 3 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

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

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.

(Continued next page)

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

18. Operating segments (cont'd)

Period ended 30 June 2011

	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	743,631	39,156	--	9,043	--	791,830
Intersegment revenue	--	--	--	--	--	--
Operating profits/(loss) for reportable segments	21,199	6,373	--	289	(1,988)	25,873
Share of results of associates	48,798	--	--	--	--	48,798
Interest income	237	250	--	--	697	1,184
Finance costs	(220)	(14)	--	(170)	(35)	(439)
Depreciation and amortisation	4,365	1,021	--	71	66	5,523
Other significant non-cash items						
- Provisions	2,186	--	--	--	--	2,186
Capital expenditure	7,108	973	--	76	9	8,166
Segment assets	574,459	89,311	--	15,727	96,757	776,254
Investment in associates	637,169	--	--	--	--	637,169
Segment liabilities	175,716	10,930	--	11,362	15,311	213,319

Period ended 30 June 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	728,156	35,056	45,725	5,416	23	814,376
Intersegment revenue	--	--	--	546	--	546
Operating profits/(loss) for reportable segments	22,089	9,540	6,490	(319)	(40)	37,760
Share of results of associates	65,003	--	--	--	--	65,003
Interest income	787	173	--	--	375	1,335
Finance costs	(353)	(2)	(442)	(181)	(25)	(1,003)
Depreciation and amortisation	2,416	1,057	1,487	64	54	5,078
Other significant non-cash items						
- Provisions	181	--	--	--	--	181
Capital expenditure	4,481	1,837	11,419	107	5	17,849
Segment assets	452,268	86,202	54,801	13,069	87,409	693,749
Investment in associates	592,275	--	--	--	--	592,275
Segment liabilities	101,403	10,108	35,872	8,999	4,220	160,602

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 30/06/2011 RM'000	Period ended 30/06/2010 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	791,830	814,899
All others	--	23
Elimination of inter-segment revenues	--	(546)
Discontinued operations	--	(45,725)
	<hr/>	<hr/>
Revenue, as reported	<u>791,830</u>	<u>768,651</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	27,944	37,782
All others	(1,326)	310
Share of results of associates	48,798	65,003
Discontinued operations	--	(6,048)
	<hr/>	<hr/>
Profit before tax, as reported	<u>75,416</u>	<u>97,047</u>
<u>Assets</u>		
Total assets for Group's reportable segments	679,497	606,340
All others	96,757	87,409
Investment in associates	637,169	592,275
Discontinued operations	--	(54,801)
	<hr/>	<hr/>
Total assets, as reported	<u>1,413,423</u>	<u>1,231,223</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	198,008	156,382
All others	15,311	4,220
Discontinued operations	--	(35,872)
	<hr/>	<hr/>
Total liabilities, as reported	<u>213,319</u>	<u>124,730</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 2010. 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 30/06/2011 RM'000	Year to date 30/06/2011 RM'000
Current year's provision	3,514	6,951
Add :		
Under/(Over) provision in prior years	--	--
	3,514	6,951
Deferred taxation	--	--
Income tax expense	<u>3,514</u>	<u>6,951</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 30/06/2011 %	Year to date 30/06/2011 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(14.6)	(16.2)
Expenses not deductible for tax purpose / (Income not subject to tax)	1.6	0.8
Tax effect on utilisation of previously unrecognised deferred tax assets and reinvestment allowances	--	(0.4)
Overprovision of income tax in prior year	--	--
Underprovision of deferred tax in prior year	0.1	--
	<u>12.1</u>	<u>9.2</u>

20. Earnings per ordinary share (EPS)

	Quarter 3 months ended		Year to date 6 months ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	21,106	42,645	59,511	79,182
- Discontinued operations	--	(3,866)	--	(466)
	<u>21,106</u>	<u>38,779</u>	<u>59,511</u>	<u>78,716</u>
Weighted average number of ordinary shares ('000)	242,756	242,106	242,756	242,106
Basic earnings per share (sen)				
- Continuing operations	8.69	17.61	24.51	32.71
- Discontinued operations	--	(1.60)	--	(0.19)
	<u>8.69</u>	<u>16.01</u>	<u>24.51</u>	<u>32.52</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	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	21,106	42,645	59,511	79,182
- Discontinued operations	--	(3,866)	--	(466)
	<u>21,106</u>	<u>38,779</u>	<u>59,511</u>	<u>78,716</u>
Adjusted weighted average number of ordinary shares in issue and issuable	245,497	245,444	245,497	245,444
Diluted earnings per share (sen)				
- Continuing operations	8.60	17.37	24.24	32.26
- Discontinued operations	--	(1.58)	--	(0.19)
	<u>8.60</u>	<u>15.79</u>	<u>24.24</u>	<u>32.07</u>

	No of ordinary shares of RM1.00 each	
	30/06/2011	30/06/2010
Weighted average number of ordinary shares	242,755,833	242,105,540
Adjustment for assumed exercise of ESOS	2,741,000	3,338,000
Adjusted weighted average number of ordinary shares in issue and issuable	245,496,833	245,443,540

21. Corporate proposals

Subsequent to the first quarter 2011 announcement made on 24 May 2011, the following corporate proposals were made or undertaken by the Group and the Company.

On 3 June 2011, the Company announced the completion of the proposed acquisition of Kinabalu Motor Assembly Sdn. Bhd. ("KMASB") following the procurement of the approval of the Ministry of International Trade and Industry for the proposed acquisition of KMASB, being the only condition precedent to be fulfilled. KMASB became a 70.01% subsidiary of F.A. Autosoft Sdn. Bhd., a wholly-owned subsidiary of Federal Auto Holdings Berhad ("FAHB") nominated by the Company to hold shares in KMASB.

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	6,132	35,942
Unsecured	<u>18,251</u>	<u> </u>
Total	<u><u>24,383</u></u>	<u><u>35,942</u></u>

23. Cash and Cash Equivalents

	The Group As at	
	30/06/2011 RM'000	30/06/2010 RM'000
	<u> </u>	<u> </u>
Cash on hand and at at banks	128,625	94,188
Deposits with licensed banks	<u>93,821</u>	<u>93,529</u>
Cash and bank balances	222,446	187,717
Less : Bank overdrafts	<u>(6,334)</u>	<u>(1,509)</u>
Cash and cash equivalents	<u><u>216,112</u></u>	<u><u>186,208</u></u>
Cash and bank balances	222,446	187,717
Less :		
Total borrowings*	<u>(60,325)</u>	<u>(18,808)</u>
Net cash position (after total borrowings)	<u><u>162,121</u></u>	<u><u>168,909</u></u>

(Note * Total borrowings include hire-purchase payables)

24. Off balance sheet financial instruments

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 3 August 2011, 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)

25. Supplementary information

The following information are provided pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Listing Requirements to disclose the breakdown of the unappropriated profits or accumulated losses of the Group and of the Company as of 30 June 2011 into realised and unrealised profits or losses.

	30/06/2011	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	567,550	156,236
Unrealised	(5,506)	(1,535)
Total retained earnings from the associates		
Realised	509,605	--
Unrealised	(22,013)	--
Less : Consolidation adjustments	(265,877)	--
Total retained earnings as per statement of financial position	<u>783,759</u>	<u>154,701</u>

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 2010.

28. Dividend

The Board is pleased to declare a first interim dividend of 6.0 sen per share tax exempted (single tier dividend) amounting to approximately RM14,566,360 for the year ended 31 December 2011 (First Interim 2010 dividend of 5.0 sen per share tax exempted for the year ended 31 December 2010).

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

**SHAHRIZAT OTHMAN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 11 AUGUST 2011**