



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2012

Summary

- Revenues expanded by 61% and profit before tax by 51% against the same quarter of 2011.
- The Group's total vehicle sales accelerated by 36% during the quarter and 17% for the six months to June compared with the same period last year.
- The Manufacturing division benefited from the recovery in total industry production (TIP) volume against same quarter of 2011
- The Bonus Issue and Rights Issue with Warrants were completed during the quarter.
- The Board declared an interim dividend of 3 sen per share.

Results

	Quarter ended 30 Jun			Year to date ended 30 Jun		
	2012 RM mil	2011 RM mil	Change %	2012 RM mil	2011 RM mil	Change %
Revenue	614.3	382.0	60.8	1,157.9	791.8	46.2
Profit before tax	43.8	29.0	50.9	100.0	75.4	32.6
Profit for the period	40.0	25.5	56.7	91.8	68.5	34.0
Profit attributable to owners of the Company	29.5	21.1	39.5	70.5	59.5	18.4
Basic earnings per share	Sen 11.2	Sen 7.4	51.0	Sen 26.8	Sen 20.9	28.1
Shareholders' funds	As at 30 Jun 2012 RM mil 1,284.7	As at 31 Dec 2011 RM mil 1,107.9	16.0			
Net assets per share	RM 3.29	RM (restated) 3.89	(15.3)			
Dividend per share	1st Interim 2012 Sen 3.0	1st Interim 2011 Sen 6.0	(50.0)	Total 2012 Sen 3.0	Total 2011 Sen 6.0	(50.0)

Performance of sales by operations

	Q2'12	Q2'12	YTD Jun'12
% Changes *	vs	vs	vs
	Q1'12	Q2'11	YTD Jun'11
<u>Total Industry Volume (MAA)</u>	+ 17.4	+ 17.2	+ 1.4
<u>Total Group's Vehicles Sales</u>	+ 15.5	+ 36.1	+ 16.6
<u>Subsidiaries</u>			
DMSB - Daihatsu & Hino trucks	- 13.9	- 32.4	- 26.5
DMMS Perodua vehicles	+ 17.3	+ 47.6	+ 18.3
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 26.9	+ 57.1	+ 56.0
HHB #	- 9.5	- 12.9	- 2.7
OMI	+ 9.2	+ 53.6	+ 50.9
SVBW	- 32.4	- 71.4	- 57.4
<u>Associated companies</u>			
Perodua vehicles	- 5.6	+ 45.9	+ 15.2
Hino trucks	+ 6.8	+ 16.4	+ 25.4

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
HHB : Hirota Holdings Berhad
OMI : Oriental Metal Industries (M) Sdn Bhd
SVBW : Summit Vehicles Body Works Sdn Bhd

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

Comparatives for HHB are for reference only as results are only consolidated from Q1 2012

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2012

Overview

According to the Malaysian Automotive Association (MAA), the Malaysian motor total industry volume (TIV) of sales by registration improved in the second quarter of 2012 by 17.2% as compared against the same period of 2011.

TIV improved by 17.4% in the second quarter compared to the preceding quarter.

The Group's overall total vehicle sales improved by 36.1% in the second quarter of 2012 as compared against the same period of 2011 and 15.5% against the preceding quarter.

Group Financial Performance

	Revenue			Profit before tax		
	Quarter ended 30-Jun-12 RM'000	Quarter ended 30-Jun-11 RM'000	Change %	Quarter ended 30-Jun-12 RM'000	Quarter ended 30-Jun-11 RM'000	Change %
Consolidated Total	614,287	382,017	60.8	43,813	29,037	50.9
<u>Business segments:</u>						
Motor Trading	516,434	356,516	44.9	7,950	9,202	(13.6)
Manufacturing	97,853	25,501	283.7	14,402	3,464	315.8
Share of associates' results				28,211	16,926	66.7
Others				(6,750)	(555)	(1,116.2)
Operating profit before interests				21,442	11,901	80.2

Second quarter ended 30 June 2012 compared with second quarter ended 30 June 2011

Group revenues improved by 60.8% to RM614.3 million. Similarly, profit from operations improved by 80.2% to RM21.4 million. Share of results of associate companies improved by 66.7% to RM28.2 million. Net profit attributable to owners of the Company improved by 39.5% to RM29.5 million. The improved results were mainly attributable to increased vehicle sales and contribution from the additional Volkswagen dealerships in Alor Setar and Johor Bahru. Last year the Group vehicle sales were affected by supply disruptions from the Japan earthquake. The Group also benefited from the first time consolidation of HHB's results this year.

The Group's gross debt to equity ratio as at 30 June 2012 is 31.1% compared with 3% the same period last year, mainly as a result of additional borrowings in relation to the acquisition of HHB.

	Revenue			Profit before tax		
	Quarter ended 30-Jun-12 RM'000	Quarter ended 31-Mar-12 RM'000	Change %	Quarter ended 30-Jun-12 RM'000	Quarter ended 31-Mar-12 RM'000	Change %
Consolidated Total	614,287	543,661	13.0	43,813	56,192	(22.0)
<u>Business segments:</u>						
Motor Trading	516,434	440,787	17.2	7,950	6,138	29.5
Manufacturing	97,853	102,874	(4.9)	14,402	23,048	(37.5)
Share of associates' results				28,211	33,390	(15.5)
Others				(6,750)	(6,384)	(5.7)
Operating profit before interests				21,442	27,713	(22.6)

Second quarter ended 30 June 2012 against previous quarter ended 31 March 2012

Group revenues improved by 13.0% contributed mainly from a recovery in vehicle sales as the market adjusted to the tightening in hire purchase financing guidelines earlier on the year and the improvement in vehicle stock supply. Profit from operations declined by 22.6% (or 6.4% excluding the exceptional gain of RM4.8 million in the first quarter from a sale of a property) as the Manufacturing division recorded a decline in revenues from lower demand from major customers during the period. Share of results of associate companies dropped by 15.5%, largely affected by the further strengthening of the Yen on imports of parts from Japan and lower volumes. Consequently, net profit attributable to owners of the Company declined by 28.2%.

The Group's gross debt to equity ratio as at 30 June 2012 is 31.1% compared with 31.9% as at 31 March 2012.

Net assets per share stood to RM3.29 as at the end of June 2012.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2012

Group Business Performance

Motor Trading

Against the same quarter of 2011, the Group's improved revenues were mainly driven by higher vehicle sales as the market adjusted to the tighter hire purchase financing requirements and supply of vehicles improved during the quarter. The additional Volkswagen dealerships in Alor Setar and Johor Bahru also contributed to increased sales. Federal Auto Group's vehicle sales were 57% higher, whilst DMMS Perodua were 47% higher. These were partially offset by the effect of lower trucks sales in DMSB as a result of the phasing out of the Delta trucks.

Profit from operations from Motor Trading for the quarter declined 13.6% against same quarter of 2011 as a result of higher interest costs and depreciation, and the impact of the higher Yen.

Against the preceding quarter, the Federal Auto Group's vehicle sales improved by 27%, and DMMS Perodua improved by 17%.

Manufacturing

Against the same quarter of 2011, a recovery in the total industry production (TIP) volumes against a low base in 2011 (due to the Japan earthquake which affected the supply of parts) is reflected in the improvement in revenues from the Manufacturing division of the Group. The addition of HHB into the Group also contributed to this expansion.

Consequently, the profit from operations from Manufacturing tripled against last year.

However, against the preceding quarter, the overall revenues from the Manufacturing division declined as a result of a slowdown in TIP from major customers.

Prospects

Vehicle sales continue to show promising recovery with order taking remaining healthy. The Group's network expansion will have a positive impact on total vehicle sales, recording growth rates exceeding the industry's.

The Manufacturing division is expected to record better demand for its products as its main customers raise their production levels to meet market demand.

Cost reduction activities and local sourcing of parts is expected to help mitigate some of the cost pressures.

The completion of the Bonus Issue and Rights Issue with Warrants have strengthened the Group's financial position to fund its expansion plans.

Board of Directors
MBM Resources Berhad
9 AUGUST 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012 - unaudited

	Note	Current Quarter Ended 30/06/2012 RM'000	Comparative Quarter Ended 30/06/2011 RM'000	6 months Cumulative To Date 30/06/2012 RM'000	Comparative 6 months Cumulative To Date 30/06/2011 RM'000
Revenue	18	614,287	382,017	1,157,948	791,830
Cost of sales		<u>(567,022)</u>	<u>(349,730)</u>	<u>(1,060,073)</u>	<u>(727,215)</u>
Gross profit		47,265	32,287	97,875	64,615
Other income		9,332	7,882	22,671	14,281
Administrative and other expenses		(19,396)	(16,839)	(40,011)	(29,929)
Selling and marketing expenses		<u>(15,759)</u>	<u>(11,429)</u>	<u>(31,380)</u>	<u>(23,094)</u>
Results from operating activities		21,442	11,901	49,155	25,873
Interest income		1,346	445	1,948	1,184
Finance costs		<u>(7,186)</u>	<u>(235)</u>	<u>(12,699)</u>	<u>(439)</u>
Net (finance costs)/interest income		(5,840)	210	(10,751)	745
Share of results of associates, net of tax		<u>28,211</u>	<u>16,926</u>	<u>61,601</u>	<u>48,798</u>
Profit before tax	18	43,813	29,037	100,005	75,416
Income tax expense	19	<u>(3,813)</u>	<u>(3,514)</u>	<u>(8,241)</u>	<u>(6,951)</u>
Profit from operations		40,000	25,523	91,764	68,465
Profit attributable to:					
Owners of the Company		29,451	21,106	70,472	59,511
Non-controlling interests		<u>10,549</u>	<u>4,417</u>	<u>21,292</u>	<u>8,954</u>
Profit for the period		40,000	25,523	91,764	68,465

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 2012 - unaudited

	Note	Current Quarter Ended 30/06/2012 RM'000	Comparative Quarter Ended 30/06/2011 RM'000	6 months Cumulative To Date 30/06/2012 RM'000	Comparative 6 months Cumulative To Date 30/06/2011 RM'000
Profit for the period		40,000	25,523	91,764	68,465
Other comprehensive income					
Share of revaluation deficit arising from fair value adjustments of assets in an associate		(43)	284	(12)	19
Other comprehensive income for the period, net of tax		(43)	284	(12)	19
Total comprehensive income for the period		<u>39,957</u>	<u>25,807</u>	<u>91,752</u>	<u>68,484</u>
Total comprehensive income attributable to:					
Owners of the Company		29,932	21,374	70,460	59,529
Non-controlling interests		10,025	4,433	21,292	8,955
Total comprehensive income for the period		<u>39,957</u>	<u>25,807</u>	<u>91,752</u>	<u>68,484</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	11.19	7.41	26.77	20.90
Diluted	20	11.12	7.33	26.61	20.67

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012 - unaudited

	Note	As at end of Current Quarter 30/06/2012 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2011 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		224,495	220,622
Prepaid land lease payments		39,287	39,574
Investment properties		14,975	15,060
Investment in associates		771,093	742,229
Other investment		6,206	7,614
Research & development		4,809	2,321
Deferred tax assets		3,702	3,702
Goodwill on consolidation		224,325	224,325
Total non-current assets		<u>1,288,892</u>	<u>1,255,447</u>
Current Assets			
Property development costs		28,453	21,205
Inventories		284,509	261,687
Trade & other receivables and prepaid expenses		343,606	215,648
Tax recoverable		8,973	6,765
Cash and bank balances		351,751	253,034
		<u>1,017,292</u>	<u>758,339</u>
Non-current assets classified as held for sale		--	6,103
Total current assets		<u>1,017,292</u>	<u>764,442</u>
TOTAL ASSETS	18	<u>2,306,184</u>	<u>2,019,889</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 2012 - unaudited

		As at end of Current Quarter 30/06/2012 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2011 RM'000
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		390,299	242,943
Reserves		894,412	864,929
Total equity attributable to owners of the Company		1,284,711	1,107,872
Non-controlling interests		219,409	200,827
Total equity		1,504,120	1,308,699
Non-current and Deferred Liabilities			
Long term borrowings	22	349,939	332,845
Deferred tax liabilities		3,523	3,620
Provision for retirement benefits		1,835	1,867
Hire purchase payables - non-current portion		--	41
Total non-current and deferred liabilities		355,297	338,373
Current Liabilities			
Non-cumulative redeemable preference shares		962	928
Provision for liabilities		7,266	9,334
Short term borrowings	22	117,612	95,301
Trade & other payables and accrued expenses		315,560	263,635
Amount owing to holding company		245	462
Hire purchase payables - current portion		--	16
Tax liabilities		5,122	3,141
Total current liabilities		446,767	372,817
Total liabilities	18	802,064	711,190
TOTAL EQUITY AND LIABILITIES		2,306,184	2,019,889
Net assets per share (RM)		3.29	4.56
Net assets per share (RM) - restated *			3.89

(* restated after taking into account of the Bonus Issue and Rights Issue with adjustment factor of 1.1083)

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 2012 - unaudited

	/----- Attributable to owners of the Company -----/						Non-controlling interests RM'000	Total equity RM'000
	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
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		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	443	783,777	1,058,549	141,555	1,200,104
6 months ended 30 June 2012								
At 1 January 2012		242,943	31,827	443	832,659	1,107,872	200,827	1,308,699
Issue of ordinary shares pursuant to ESOS	8	1,024	1,460	--	--	2,484	--	2,484
Bonus issue	8	73,166	(33,231)	--	(39,935)	--	--	--
Rights and warrants issue	8	73,166	44,631	--	(13,902)	103,895	--	103,895
Total comprehensive income for the period		--	--	--	70,472	70,472	21,292	91,764
Other comprehensive income for the period		--	--	(12)	--	(12)	--	(12)
Dividends to owners		--	--	--	--	--	--	--
Dividends paid by subsidiaries		--	--	--	--	--	(2,710)	(2,710)
At 30 June 2012		390,299	44,687	431	849,294	1,284,711	219,409	1,504,120

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 2012 - unaudited

	2012 6 months ended 30/06/2012 Note	2011 6 months ended 30/06/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	91,764	68,465
Adjustments for :		
Income tax expense	8,241	6,951
Share of results of associates	(61,601)	(48,798)
Depreciation and amortisation	9,172	4,868
Other Non-cash items	317	2,000
Non-operating items	7,445	(589)
Operating profit before working capital changes	55,338	32,897
Changes in working capital		
Increase in trade & other receivables	(127,400)	(18,488)
(Increase)/decrease in inventories	(22,821)	26,692
Increase in trade & other payables	80,517	5,841
Net changes in other current assets & liabilities	(2,412)	(189)
Income tax refunded	76	--
Income tax paid	(9,163)	(7,317)
Net cash (used in) / from operating activities	<u>(25,865)</u>	<u>39,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	32,725	31,430
Interest income	1,948	1,184
Purchase of property, plant & equipment	(12,390)	(8,166)
Additions to development expenditure	(3,591)	--
Additions to property development costs	(7,248)	--
Proceeds from disposal of property, plant & equipment	128	277
Proceeds from disposal of available for sale assets	10,915	--
Acquisition of subsidiary	--	(15,028)
Payments made for compulsory acquisition of a subsidiary	(28,224)	--
Payments made to minority shareholders of a subsidiary pursuant to capital reduction and repayment	--	(8,818)
Net cash (used in) / from investing activities	<u>(5,737)</u>	<u>879</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	--	(19,421)
Dividends paid to minorities of a subsidiary	(2,710)	(2,616)
Proceeds from exercise of ESOS	2,484	219
Proceeds from issue of shares in a subsidiary to minorities	1	--
Proceeds from rights issue with warrants	103,895	--
Finance costs	(12,699)	(439)
Bank borrowings	38,181	16,665
Net cash used in financing activities	<u>129,152</u>	<u>(5,592)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	97,550	34,723
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>252,201</u>	<u>181,389</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>349,751</u>	<u>216,112</u>
Cash and cash equivalents comprise :		
Cash and bank balances	23 351,751	222,446
Bank overdrafts	(2,000)	(6,334)
	<u>349,751</u>	<u>216,112</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 2012 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 8 Aug 2012.

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.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board on 1 January 2012. The Group and the Company are currently assessing the impact of adoption of MFRS, including the identification of differences of existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS, for which the accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRSs Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined.

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 2011.

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 2011.

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 2011.

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 2011 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.

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

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, bonus issue and rights issue.

During the quarter ended 30 June 2012, the issued and paid-up capital of the Company was increased from RM243,728,667 to RM390,289,943 as a result of the following:

i) Employee Share Options Scheme ("ESOS") : exercise and allotment of 238,690 option shares of par value of RM1.00 each as follows:

Option price per share (RM)	No of shares issued	Cash proceeds (RM)
2.54	55,000	139,700
2.43	104,000	252,720
1.72	51,760	89,027
1.65	27,930	46,085
	238,690	527,532

The number of unexercised share options as at 30 June 2012 was 1,540,310

ii) Bonus Issue and Rights Issue with Warrants

The Proposed Bonus Issue and Proposed Rights Issue with Warrants which were unanimously approved on 2 May 2012 by the shareholders of the Company, were completed on 24 May 2012 and 21 June 2012 respectively following:

- a) the listing and quotation of 73,165,750 Bonus Shares at par value of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad.
 The bonus issue has been capitalised from share premium and retained earnings of the Company (refer Statement of Changes in Equity).
- b) the listing and quotation of 73,165,836 Rights Shares at par value of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad.

Rights price per share (RM)	No of shares issued	Cash proceeds (RM)
1.42	73,165,836	103,895,487

9. Subsequent material events

There was no material event or transaction during the period from 31 March 2012 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 2012 in respect of which this announcement is made.

10. Changes in composition of the Group

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

11. Significant related party transactions

During the period ended 30 June 2012, the Group and the Company had the following transactions with related parties :

	Period ended 30/06/2012 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	--
Purchases from a subsidiary of Perodua	420,122
Sales to subsidiaries of Perodua	11,872
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	5,892
<hr/>	
<u>Company</u>	
Gross dividends from:	
- subsidiaries	--
- associates	--
Management fees from:	
- subsidiaries	72
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* Includes all subsidiaries and associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

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 2012 is as follows :

Approved and contracted for	75,362
Approved and not contracted for	25,574
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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.

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

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.

As at the end of the current quarter, investments in quoted shares by the Group is as follows:

	30 June 2012 RM '000	31 December 2011 RM '000
At cost	15,791	15,791
At market value	3,958	4,599

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, steel wheels and discs, seat belts, car airbag modules, 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 2012

	Motor vehicles	Automotive components	Vehicles body building	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	957,221	196,876	3,851	--	1,157,948
Operating profits/(loss) for reportable segments	15,662	36,432	(176)	(2,763)	49,155
Share of results of associates	59,595	2,006	--	--	61,601
Interest income	338	1,380	--	230	1,948
Finance costs	(1,912)	(39)	(147)	(10,601)	(12,699)
Depreciation and amortisation	3,841	5,189	74	68	9,172
Other significant non-cash items					
- Provisions	300	--	--	--	300
Capital expenditure	4,549	7,372	200	269	12,390
Segment assets	718,234	393,693	11,183	411,981	1,535,091
Investment in associates	701,973	69,120	--	--	771,093
Segment liabilities	306,178	90,468	8,235	397,183	802,064

Period ended 30 June 2011

	Motor vehicles	Automotive components	Vehicles body building	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	743,631	39,156	9,043	--	791,830
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	3,710	1,021	71	66	4,868
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

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 30/06/2012 RM'000	Period ended 30/06/2011 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,157,948	791,830
Revenue, as reported	<u>1,157,948</u>	<u>791,830</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	51,538	27,944
All others	(13,134)	(1,326)
Share of results of associates	61,601	48,798
Profit before tax, as reported	<u>100,005</u>	<u>75,416</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,123,110	679,497
All others	411,981	96,757
Investment in associates	771,093	637,169
Total assets, as reported	<u>2,306,184</u>	<u>1,413,423</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	404,881	198,008
All others	397,183	15,311
Total liabilities, as reported	<u>802,064</u>	<u>213,319</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 2011. 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.

The commentary on segment results is furnished in the Main Section on pages 2 of the announcement.

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

19. Income tax expense

	Current Quarter 30/06/2012 RM'000	Year to date 30/06/2012 RM'000
Current year's provision	3,813	8,525
Add :		
Under/(Over) provision in prior years	--	(185)
	3,813	8,340
Deferred taxation	--	(99)
Income tax expense	<u>3,813</u>	<u>8,241</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 30/06/2012 %	Year to date 30/06/2012 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(16.1)	(15.4)
Expenses not deductible for tax purpose / (Income not subject to tax)	(0.2)	(1.1)
Tax effect on utilisation of previously unrecognised deferred tax assets and reinvestment allowances	--	--
Overprovision of income tax in prior year	--	(0.2)
Underprovision of deferred tax in prior year	--	(0.1)
	<u>8.7</u>	<u>8.2</u>

20. Earnings per ordinary share (EPS)

	Quarter		Year to date	
	3 months ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	29,451	21,106	70,472	59,511
Weighted average number of ordinary shares ('000)	263,286	242,756	263,286	242,756
Basic earnings per share (sen)	11.19	8.69	26.77	24.51
Basic earnings per share (sen) - restated		7.41		20.90

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

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

	Quarter 3 months ended		Year to date 6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	29,451	21,106	70,472	59,511
Adjusted weighted average number of ordinary shares in issue and issuable	264,826	245,497	264,826	245,497
Diluted earnings per share (sen)	11.12	8.60	26.61	24.24
Diluted earnings per share (sen) - restated		7.33		20.67

	No of ordinary shares of RM1.00 each	
	30/06/2012	30/06/2011
Weighted average number of ordinary shares	263,285,866	242,755,833
Adjustment for assumed exercise of ESOS	1,540,310	2,741,000
Adjusted weighted average number of ordinary shares in issue and issuable	264,826,176	245,496,833

The basic and diluted earnings per ordinary share is adjusted to take into account of Bonus Issue of three for every ten ordinary shares and bonus element of Rights Issue using the adjustment factor.

The adjustment factor for taking into account of Rights Issue as follow:

Fair value per share immediately before the exercise of rights	2.96 (A)
Theoretical ex-rights fair value per share	2.67 (B)
Adjustment factor	1.1083 (A)/(B)

21. Corporate proposals

Subsequent to the first quarter 2012 announcement made on 24 May 2012, there were no further corporate proposals being made or undertaken by the Group and the Company.

As stated in Note 8 (ii), the Rights Issue with Warrants is completed on 21 June 2012 with cash proceeds received of RM103,895,487.

The utilisation of the proceeds by the Group as of 30 June 2012 are as follows:

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 30 June 2012 RM'000</u>
Expansion of the retail and service network	within 24 months	30,000	--
Expansion of the automotive manufacturing division	within 24 months	50,000	--
Repayment of bank borrowings	within 6 months	20,000	--
Working capital and estimate expenses for the Bonus Issue and Rights Issue with Warrants	within 1 month	3,895	--
		<u>103,895</u>	<u>--</u>

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	117,612	349,939
Unsecured	--	--
Total	<u>117,612</u>	<u>349,939</u>

23. Cash and Cash Equivalents

	The Group As at	
	30/06/2012 RM'000	30/06/2011 RM'000
	<u> </u>	<u> </u>
Cash on hand and at at banks	286,068	128,625
Deposits with licensed banks	65,683	93,821
Cash and bank balances	351,751	222,446
Less : Bank overdrafts	(2,000)	(6,334)
Cash and cash equivalents	<u>349,751</u>	<u>216,112</u>
Cash and bank balances	351,751	222,446
Less :		
Total borrowings*	(467,551)	(60,325)
Net cash position (after total borrowings)	<u>(115,800)</u>	<u>162,121</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 1 August 2012, 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 September 2011 into realised and unrealised profits or losses.

	30/06/2012	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	541,919	123,895
Unrealised	(11,119)	(1,775)
Total retained earnings from the associates		
Realised	578,284	--
Unrealised	(22,556)	--
Less : Consolidation adjustments	<u>(237,234)</u>	<u>--</u>
Total retained earnings as per statement of financial position	<u><u>849,294</u></u>	<u><u>122,120</u></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 2011.

28. Dividend

The Board is pleased to declare a first interim dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM11,708,968 for the year ended 31 December 2012 (First Interim 2011 dividend of 6.0 sen per share tax exempted for the year ended 31 December 2011).

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

**SHAHRIZAT OTHMAN
 COMPANY SECRETARY
 KUALA LUMPUR
 DATED : 9 AUGUST 2012**