



**QUARTERLY ANNOUNCEMENT**  
**For the second quarter ended 30 June 2013**

**Summary**

- Group's vehicle sales recorded a growth of 1.8% against Q2 2012, outperformed Total Industry Volume (TIV) which recorded a decline of 4.2%
- Despite a revenue decline of 5.5%, Group's profit before tax improved 19.9% helped by higher contribution from associates
- Motor trading's performance affected by sales decline in continental makes. However Perodua recorded growth due to the success of the launch of Perodua S-series
- Auto parts manufacturing benefited from increased production by major car makers as entry level makes were relatively less affected by the softer market conditions
- Associates' contribution improved by 37.2% against last year
- The Board declared an interim dividend of 3 sen per share

**Results**

	Quarter ended 30 June			Year to date ended 30 June		
	2013 RM mil	2012 RM mil	Change %	2013 RM mil	2012 RM mil	Change %
Revenue	580.4	614.3	(5.5)	1,197.0	1,157.9	3.4
Profit before tax	52.5	43.8	19.9	99.3	100.0	(0.7)
Profit for the period	47.4	40.0	18.6	89.1	91.8	(2.9)
Profit attributable to owners of the Company	37.2	29.5	26.2	69.9	70.5	(0.8)
Basic earnings per share	Sen 9.5	Sen 8.4	13.5	Sen 17.9	Sen 20.1	(10.8)
Shareholders' funds	As at 30 Jun 2013 RM mil 1,386.6	As at 31 Dec 2012 RM mil 1,339.0	3.6			
Net assets per share	RM 3.55	RM 3.43	3.5			
Dividend per share	1st Interim 2013 Sen 3.0	1st Interim 2012 Sen 3.0	--	YTD 2013 Sen 3.0	YTD 2012 Sen 3.0	--

**Performance of sales by operations**

% Changes *	Q2'13	Q2'13	YTD Jun'13
	vs Q1'13	vs Q2'12	vs YTD Jun'12
<u>Total Industry Volume (TIV) **</u>	- 1.2	- 4.2	+ 4.1
<u>Total Industry Production (TIP) **</u>	+ 1.0	+ 5.3	+ 4.1
<u>Total Group's Vehicles Sales</u>	+ 3.8	+ 1.8	+ 7.2
<u>Subsidiaries</u>			
DMSB - Daihatsu & Hino trucks	+ 23.3	+ 19.7	+ 0.3
DMMS Perodua vehicles	+ 5.9	+ 5.6	+ 10.8
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 13.4	- 19.2	- 2.5
HHB	+ 11.0	+ 8.0	- 2.5
OMI	- 0.1	- 10.7	- 6.8
<u>Associated companies</u>			
Perodua vehicles	+ 6.2	+ 9.8	+ 3.6
Hino trucks	+ 4.7	+ 1.8	+ 2.8

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd  
DMMS : DMM Sales Sdn Bhd  
HHB : Hirotako Holdings Berhad  
OMI : Oriental Metal Industries (M) Sdn Bhd

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

\*\* Source : Malaysian Automotive Association (MAA) 2013 and 2012

**QUARTERLY ANNOUNCEMENT**  
**For the second quarter ended 30 June 2013**

**Group Financial Performance**

**Second quarter ended 30 June 2013 compared with second quarter ended 30 June 2012**

	Revenue			Profit before tax		
	Quarter ended 30-Jun-13 RM'000	Quarter ended 30-Jun-12 RM'000	Change %	Quarter ended 30-Jun-13 RM'000	Quarter ended 30-Jun-12 RM'000	Change %
Consolidated Total	580,440	614,287	(5.5)	52,516	43,813	19.9
<u>Business segments:</u>						
Motor Trading	482,210	516,434	(6.6)	3,347	7,950	(57.9)
Auto parts manufacturing	98,230	96,300	2.0	15,618	14,593	7.0
Share of associates' results				38,705	28,211	37.2
Others				(5,154)	(6,941)	25.7
Operating profit before interests, tax and associates				18,107	21,442	(15.6)

**Group**

Group revenues declined by 5.5% to RM580.4 million. Profit from operations declined by 15.6% to RM18.1 million. Share of results of associate companies improved by 37.2% to RM38.7 million. Net profit attributable to owners of the Company improved by 26.2% to RM37.2 million.

The decline in revenues were mainly attributed to lower vehicle sales from the continental makes, whilst entry level makes were relatively less affected by the softer market conditions. However, the auto parts manufacturing division recorded improved revenues benefited from the improved TIP of major car makers. Group's profits were mainly affected by lower revenues from motor trading and expansion costs.

The Group's gross debt to equity ratio as at 30 June 2013 is 31.5% compared with 31.1% the same period last year.

**Motor Trading**

The overall automotive market experienced a decline in sales due to customers holding back purchases in anticipation of reduction in car prices as manifested by the political parties in the recent 13th General Election. This market condition generally affected the continental makes. However, entry level makes were relatively less affected.

As a result, revenues from motor trading declined by 6.6% to RM482.2 million mainly attributed by lower sales from the Volvo and Volkswagen brands under the Federal Auto Group, however cushioned by improved sales from Perodua under DMM Sales and the overall improvement in the Group's aftersales revenues.

Profit from motor trading declined as a result of lower revenues and higher expenses due to the expansion of the branch network. Profit before tax declined by 57.9% to RM3.3 million compared to RM8.0 million in 2012.

**Auto Parts Manufacturing**

Auto parts manufacturing revenues improved by 2.0% to RM98.2 million as compared to the same period last year, mainly attributed to the increase in production volumes of major car makers. Despite incurring start-up costs for the alloy wheels plant, profit before tax improved by 7.0% to RM15.6 million as a result of higher sales.

**QUARTERLY ANNOUNCEMENT**  
**For the second quarter ended 30 June 2013**

**Second quarter ended 30 June 2012 against previous quarter ended 31 March 2013**

	Revenue			Profit before tax		
	Quarter ended 30-Jun-13 RM'000	Quarter ended 31-Mar-13 RM'000	Change %	Quarter ended 30-Jun-13 RM'000	Quarter ended 31-Mar-13 RM'000	Change %
Consolidated Total	580,440	616,571	(5.9)	52,516	46,763	12.3
<u>Business segments:</u>						
Motor Trading	482,210	525,147	(8.2)	3,347	3,040	10.1
Auto parts manufacturing	98,230	91,241	7.7	15,618	14,231	9.7
Share of associates' results				38,705	35,779	8.2
Others				(5,154)	(6,287)	18.0
Operating profit before interests, tax and associates				18,107	14,901	21.5

**Group**

Group's revenue declined by 5.9% mainly due to lower vehicle sales of continental makes from Federal Auto Group. Profit from operations improved by 21.5%, whilst share of results of associate companies improved by 8.2%. Net profit attributable to owners of company improved by 13.4%.

Improvement in profit from operations were mainly attributed by the easing of price competition during the quarter despite lower revenues due to market conditions, and improved revenues from the auto parts manufacturing division.

The Group's gross debt to equity ratio as at 30 June 2013 is 31.5% compared with 35.4% as at 31 December 2012.

Net assets per share rose to RM3.55 as at the end of 30 June 2013.

**Motor Trading**

Decline in revenues from lower vehicle sales of continental makes in the Federal Auto Group was cushioned by the improvement in revenues from higher Perodua sales in DMM Sales. Overall revenues from motor trading declined but the easing of price competition helped improved margins. As a result, profit before tax for the quarter improved by 10.1%.

**Auto Parts Manufacturing**

Revenues improved by 7.7% to RM98.2 million mainly due to the increase in production volumes from major car makers, largely benefiting the airbags and seatbelts business of the Group. Overall margins are still affected by price reduction pressure from customer. Profit before tax improved by 9.7% contributed from increased production.

**PROSPECTS**

The recovery in TIV and vehicle sales are generally positive. Introduction of new models by car companies and a continuing low interest rate environment should contribute to a positive outlook for the automotive industry. This is supported by MAA's forecast TIV for the year, maintaining at 640,000 units, a 2% growth from 2012.

The success of the launch of Perodua S-series will continue to have good reception from customers and availability of stocks will encourage better performance for the Group.

TIP is also expected to be improved in line with the improved TIV for second half of 2013. The Group's auto parts manufacturing will positively benefit from this.

**Board of Directors**  
**MBM Resources Berhad**  
**22 August 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2013 - unaudited**

	Note	Current Quarter Ended 30/06/2013 RM'000	Comparative Quarter Ended 30/06/2012 RM'000	6 months Cumulative To Date 30/06/2013 RM'000	Comparative 6 months Cumulative To Date 30/06/2012 RM'000
Revenue	18	580,440	614,287	1,197,011	1,157,948
Cost of sales		(533,548)	(567,022)	(1,110,951)	(1,060,073)
Gross profit		46,892	47,265	86,060	97,875
Other income		10,306	9,332	21,409	22,671
Administrative and other expenses		(21,963)	(19,396)	(44,247)	(40,011)
Selling and marketing expenses		(17,128)	(15,759)	(30,214)	(31,380)
<b>Results from operating activities</b>		<b>18,107</b>	<b>21,442</b>	<b>33,008</b>	<b>49,155</b>
Interest income		1,845	1,346	3,686	1,948
Finance costs		(6,141)	(7,186)	(11,899)	(12,699)
Net (finance costs)/interest income		(4,296)	(5,840)	(8,213)	(10,751)
Share of results of associates, net of tax		38,705	28,211	74,484	61,601
<b>Profit before tax</b>	18	<b>52,516</b>	<b>43,813</b>	<b>99,279</b>	<b>100,005</b>
Income tax expense	19	(5,089)	(3,813)	(10,174)	(8,241)
<b>Profit for the period</b>		<b>47,427</b>	<b>40,000</b>	<b>89,105</b>	<b>91,764</b>
<b>Profit attributable to:</b>					
Owners of the Company		37,156	29,451	69,907	70,472
Non-controlling interests		10,271	10,549	19,198	21,292
<b>Profit for the period</b>		<b>47,427</b>	<b>40,000</b>	<b>89,105</b>	<b>91,764</b>

The notes on pages 10 to 18 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 2013 - unaudited**

	Note	Current Quarter Ended 30/06/2013 RM'000	Comparative Quarter Ended 30/06/2012 RM'000	6 months Cumulative To Date 30/06/2013 RM'000	Comparative 6 months Cumulative To Date 30/06/2012 RM'000
<b>Profit for the period</b>		47,427	40,000	89,105	91,764
<b>Other comprehensive income</b>					
Fair value of available for sale financial asset		--	--	(417)	--
Gain on sale of available for sale financial assets		--		417	
Share of revaluation deficit arising from fair value adjustments of assets in an associate		--	(43)	--	(12)
Share of changes in revaluation arising from foreign exchange differences		1,678	--	1,996	--
<b>Other comprehensive income for the period, net of tax</b>		1,678	(43)	1,996	(12)
<b>Total comprehensive income for the period</b>		49,105	39,957	91,101	91,752
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		38,671	29,932	71,679	70,460
Non-controlling interests		10,434	10,025	19,422	21,292
<b>Total comprehensive income for the period</b>		49,105	39,957	91,101	91,752
<b>Earnings per ordinary share</b>		sen	sen	sen	sen
Basic	20	9.51	8.38	17.89	20.06
Diluted	20	9.23	8.35	17.36	19.98

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2013 - unaudited**

	Note	As at end of Current Quarter 30/06/2013 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2012 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment		377,276	308,984
Prepaid land lease payments		38,789	39,060
Investment properties		14,744	14,849
Investment in associates		853,480	818,345
Other investment		1,000	1,417
Intangible assets		5,714	5,951
Deferred tax assets		2,155	2,155
Goodwill on consolidation		227,380	227,380
Total non-current assets		<u>1,520,538</u>	<u>1,418,141</u>
<b>Current Assets</b>			
Property development costs		51,876	44,399
Inventories		264,187	393,693
Trade & other receivables and prepaid expenses		295,960	285,677
Amount owing by associates		20	67
Tax recoverable		15,598	10,317
Cash and bank balances		367,241	291,271
Total current assets		<u>994,882</u>	<u>1,025,424</u>
<b>TOTAL ASSETS</b>	18	<u><b>2,515,420</b></u>	<u><b>2,443,565</b></u>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

**As at 30 June 2013 - unaudited**

		As at end of Current Quarter 30/06/2013 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2012 RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital		390,711	390,637
Reserves		995,845	948,320
Total equity attributable to owners of the Company		1,386,556	1,338,957
Non-controlling interests		321,926	221,064
Total equity		1,708,482	1,560,021
<b>Non-current and Deferred Liabilities</b>			
Long term borrowings	23	332,815	316,521
Deferred tax liabilities		2,148	2,148
Provision for retirement benefits		2,169	2,151
Hire purchase payables - non-current portion		--	23
Total non-current and deferred liabilities		337,132	320,843
<b>Current Liabilities</b>			
Provision for liabilities		4,568	5,980
Short term borrowings	23	206,200	235,532
Trade & other payables and accrued expenses		257,056	320,192
Amount owing to holding company		78	205
Hire purchase payables - current portion		--	17
Tax liabilities		1,904	775
Total current liabilities		469,806	562,701
Total liabilities	18	806,938	883,544
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,515,420</b>	<b>2,443,565</b>
<b>Net assets per share (RM)</b>		<b>3.55</b>	<b>3.43</b>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2013 - unaudited**

Note	/----- Attributable to owners of the Company -----/							Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Distributable Retained earnings RM'000			
<b>6 months ended 30 June 2012</b>										
<b>At 1 January 2012</b>	242,943	31,827	--	--	443	--	832,659	1,107,872	200,827	1,308,699
Issue of ordinary shares pursuant to ESOS	1,024	1,460	--	--	--	--	--	2,484	--	2,484
Bonus issue	73,166	(33,231)	--	--	--	--	(39,935)	--	--	--
Rights and warrants issue	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)
<b>At 30 June 2012</b>	<u>390,299</u>	<u>44,687</u>	<u>--</u>	<u>--</u>	<u>431</u>	<u>--</u>	<u>849,294</u>	<u>1,284,711</u>	<u>219,409</u>	<u>1,504,120</u>
<b>6 months ended 30 June 2013</b>										
<b>At 1 January 2013</b>	390,637	294	44,630	417	711	(1,280)	903,548	1,338,957	221,064	1,560,021
Exercise of warrants	74	206	(45)	--	--	--	--	235	--	235
Effect of dilution of shareholding in a subsidiary:										
Partial disposal of shares in a subsidiary to a non-controlling interest	--	--	--	--	--	--	68,025	68,025	15,239	83,264
Realisation of post-acquisition reserves	--	--	--	--	--	--	(68,902)	(68,902)	68,902	--
Total comprehensive income for the period	--	--	--	--	--	--	69,907	69,907	19,198	89,105
Other comprehensive income/(loss) for the period	--	--	--	(417)	(30)	1,802	417	1,772	224	1,996
Conversion of warrants in a subsidiary	--	--	--	--	--	--	--	--	5	5
Dividends to owners	--	--	--	--	--	--	(23,438)	(23,438)	--	(23,438)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--	(2,706)	(2,706)
<b>At 30 June 2013</b>	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>--</u>	<u>681</u>	<u>522</u>	<u>949,557</u>	<u>1,386,556</u>	<u>321,926</u>	<u>1,708,482</u>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 June 2013 - unaudited**

	2013 6 months ended 30/06/2013 Note	2012 6 months ended 30/06/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	89,105	91,764
Adjustments for :		
Income tax expense	10,174	8,241
Share of results of associates	(74,484)	(61,601)
Depreciation and amortisation	11,487	9,172
Other Non-cash items	60	317
Non-operating items	<u>8,904</u>	<u>7,445</u>
Operating profit before working capital changes	45,246	55,338
Changes in working capital		
Increase in trade & other receivables	(9,972)	(127,400)
Decrease / (Increase) in inventories	129,507	(22,821)
(Decrease) / Increase in trade & other payables	(63,137)	80,517
Net changes in other current assets & liabilities	(1,965)	(2,412)
Income tax refunded	446	76
Income tax paid	<u>(14,310)</u>	<u>(9,163)</u>
Net cash from / (used in) operating activities	<u><u>85,815</u></u>	<u><u>(25,865)</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	40,460	32,725
Interest income	3,687	1,948
Purchase of property, plant & equipment	(78,976)	(12,390)
Additions to development expenditure	(256)	(3,591)
Additions to property development costs	(7,477)	(7,248)
Proceeds from disposal of property, plant & equipment	--	128
Proceeds from disposal of available for sale assets	--	10,915
Proceeds from disposal of stake in a subsidiary	83,264	--
Other investment	417	--
Payments made for compulsory acquisition of a subsidiary	<u>--</u>	<u>(28,224)</u>
Net cash from / (used in) investing activities	<u><u>41,119</u></u>	<u><u>(5,737)</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(23,438)	--
Dividends paid to minorities of a subsidiary	(2,706)	(2,710)
Proceeds from exercise of ESOS	--	2,484
Proceeds from exercise of warrants	235	--
Proceeds from issue of shares in a subsidiary to minorities	5	1
Proceeds from rights issue with warrants	--	103,895
Finance costs	(11,982)	(12,699)
Bank borrowings	<u>(15,347)</u>	<u>38,181</u>
Net cash (used in) / from financing activities	<u><u>(53,233)</u></u>	<u><u>129,152</u></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	73,701	97,550
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>290,334</u>	<u>252,201</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<u><u>364,035</u></u>	<u><u>349,751</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 367,241	351,751
Bank overdrafts	<u>(3,206)</u>	<u>(2,000)</u>
	<u><u>364,035</u></u>	<u><u>349,751</u></u>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

## **Notes to the condensed consolidated interim financial statements**

MBM Resources Berhad ("MBMR") 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 2013 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 22 August 2013.

### **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 MFRS134, Interim Financial Reporting. The supplementary information set out in Note 26, 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 2012.

### **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 2012.

### **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 2012.

### **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 2012 was not qualified.

### **5. Seasonal and cyclical factors**

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

### **6. Exceptional items**

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

### **7. Dividends paid**

A second interim single tier dividend of 3 sen per share on 390,637,453 ordinary shares amounting to RM11,719,124 in respect of financial year ended 31 December 2012 and a special single tier dividend of 3 sen per share on 390,637,453 ordinary shares amounting to RM11,719,124 was paid on 19 April 2013.

**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 .

The movements in the issued and paid-up share capital of the Company arising from the conversion of warrants into ordinary shares during the period were as follows:

	Par value RM	Period ended 30/06/2013	
		Number of shares '000	Share Capital RM'000
Ordinary shares			
As at 1 January 2013	1.00	390,638	390,638
Conversion of warrants	1.00	73	73
As at 30 June 2013	1.00	<u>390,711</u>	<u>390,711</u>

The warrants are listed on the Main Market of Bursa Malaysia Securities Berhad and are exercisable at any time within a period of five years commencing from 15 June 2012 to 14 June 2017.

Total issued	:	73,165,836
Exercised during the period	:	73,300
Exercise price	:	RM3.20 per warrant

**9. Subsequent material events**

There was no material event or transaction during the period from 30 June 2013 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 2013 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 current quarter under review.

**11. Significant related party transactions**

During the period ended 30 June 2013, the Group and the Company had the following transactions with related parties :

	Period ended 30/06/2013 RM'000
<b><u>Group</u></b>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	--
Purchases from a subsidiary of Perodua	448,395
Sales to subsidiaries of Perodua	51,157
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	3,441
Purchases from affiliated companies of Autoliv AB Sweden	18,382
Sales to affiliated companies of Autoliv AB Sweden	2,488
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<b><u>Company</u></b>	
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 2013 is as follows :

	<u>RM'000</u>
Approved and contracted for	21,343
Approved and not contracted for	20,000
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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.

**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 sale of quoted investments for the current quarter under review.

**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) 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 2013

	Motor Trading	Auto Parts Manufacturing	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,007,357	189,471	183	1,197,011
Operating profits/(loss) for reportable segments	7,779	28,565	(3,336)	33,008
Share of results of associates	72,307	2,177	--	74,484
Interest income	887	1,596	1,203	3,686
Finance costs	(2,279)	(312)	(9,308)	(11,899)
Depreciation and amortisation	4,259	7,060	168	11,487
Other significant non-cash items				
- Provisions	558	--	--	558
Capital expenditure	18,832	22,157	37,987	78,976
Segment assets	726,095	441,973	493,872	1,661,940
Investment in associates	809,324	44,156	--	853,480
Segment liabilities	281,357	145,471	380,110	806,938

Period ended 30 June 2012

	Motor Trading	Auto Parts Manufacturing	All others	Group
	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	(2,939)	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)	(10,748)	(12,699)
Depreciation and amortisation	3,841	5,189	142	9,172
Other significant non-cash items				
- Provisions	300	--	--	300
Capital expenditure	4,549	7,372	469	12,390
Segment assets	718,234	393,693	423,164	1,535,091
Investment in associates	701,973	69,120	--	771,093
Segment liabilities	306,178	90,468	405,418	802,064

**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 30/06/2013 RM'000	Period ended 30/06/2012 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,196,828	1,154,097
All others	183	3,851
	<u>1,197,011</u>	<u>1,157,948</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	36,236	51,861
All others	(11,441)	(13,457)
Share of results of associates	74,484	61,601
	<u>99,279</u>	<u>100,005</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,168,068	1,111,927
All others	493,872	423,164
Investment in associates	853,480	771,093
	<u>2,515,420</u>	<u>2,306,184</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	426,828	396,646
All others	380,110	405,418
	<u>806,938</u>	<u>802,064</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 2012. 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 30/6/2013 RM'000	Year to date 30/6/2013 RM'000
Current year's provision	5,274	10,359
Add :		
Under/(Over) provision in prior years	<u>(185)</u>	<u>(185)</u>
	5,089	10,174
Deferred taxation	<u>--</u>	<u>--</u>
Income tax expense	<u><u>5,089</u></u>	<u><u>10,174</u></u>

A reconciliation of the statutory income tax rate at 25% to the effective income tax rate of the Group for the current quarter and for the year-to-date are as follows :

	Current Quarter 30/6/2013 %	Year to date 30/6/2013 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(18.4)	(18.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	3.1	4.0
Tax effect on utilisation of previously unrecognised deferred tax assets and reinvestment allowances	--	--
Overprovision of income tax in prior year	--	--
Underprovision of deferred tax in prior year	--	--
	<u>9.7</u>	<u>10.2</u>

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

	Quarter 6 months ended		Year to date 6 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
<b>Basic earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	37,156	29,451	69,907	70,472
Weighted average number of ordinary shares ('000)	390,711	243,479	390,711	243,479
Bonus issue	--	73,166	--	73,166
Effect of exercise of rights issue #	--	34,604	--	34,604
	<u>390,711</u>	<u>351,248</u>	<u>390,711</u>	<u>351,248</u>
Basic earnings per share (sen)	9.51	12.10	17.89	28.94
Basic earnings per share (sen) - restated		8.38		20.06

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

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

	Quarter 6 months ended		Year to date 6 months ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
<b>Diluted earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	37,156	29,451	69,907	70,472
Adjusted weighted average number of ordinary shares in issue and issuable	402,733	352,788	402,733	352,788
Diluted earnings per share (sen)	9.23	12.02	17.36	28.76
Diluted earnings per share (sen) - restated		8.35		19.98

	No of ordinary shares of RM1.00 each	
	30/06/2013	30/06/2012
Weighted average number of ordinary shares	390,710,753	243,478,666
Bonus issue	--	73,165,750
Effect of exercise of rights issue #	--	34,603,714
Adjustment for assumed exercise of ESOS	--	1,540,310
Adjustment for assumed exercise of warrants	12,022,676	--
Adjusted weighted average number of ordinary shares in issue and issuable	402,733,429	352,788,440

# The effect of exercise of rights issue is based on the following 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	1.1093	(A)/(B)

**21. Corporate proposals**

Subsequent to the first quarter 2013 announcement made on 29 May 2013, 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. The utilisation of the proceeds from Rights Issue by the Group as at 30 June 2013 are as follows:**

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 30 June 2013 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	39,487
Repayment of bank borrowings	within 6 months	20,000	20,000
Working capital and estimate expenses for the Bonus Issue and Rights Issue with Warrants	within 1 month	3,895	3,895
		103,895	63,382

The Rights Issue with Warrants was completed on 21 June 2012 with cash proceeds received of RM103,895,487.

**23. Loans and Borrowings**

	<u>Short Term Borrowings RM'000</u>	<u>Long Term Borrowings RM'000</u>
Denominated in Malaysian Currency (RM)		
Secured	206,200	332,815
Unsecured	--	--
Total	206,200	332,815

**24. Cash and Cash Equivalents**

	<u>The Group As at</u>	
	<u>30/06/2013 RM'000</u>	<u>30/06/2012 RM'000</u>
Cash on hand and at at banks	143,787	286,068
Deposits with licensed banks	223,454	65,683
Cash and bank balances	367,241	351,751
Less : Bank overdrafts	(3,206)	(2,000)
Cash and cash equivalents	364,035	349,751
Cash and bank balances	367,241	351,751
Less :		
Total borrowings*	(539,015)	(467,551)
Net cash position (after total borrowings)	(171,774)	(115,800)

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

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

**25. Off balance sheet financial instruments**

The Group does not have any other financial instruments which are not within the scope of MFRS 139 with off balance sheet risk as at 14 August 2013, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

**26. 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 2013 into realised and unrealised profits or losses.

	30/06/2013	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	615,388	230,891
Unrealised	(8,124)	(2,095)
Total retained earnings from the associates		
Realised	662,416	--
Unrealised	(23,630)	--
Less : Consolidation adjustments	(296,493)	--
Total retained earnings as per statement of financial position	<u>949,557</u>	<u>228,796</u>

**27. Material litigations**

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

**28. 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 2012.

**29. Dividend**

The Board is pleased to declare an interim dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM11,721,323 for the year ending 31 December 2013 (First Interim 2012 dividend of 3.0 sen per share tax exempted for the year ended 31 December 2012).

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

**WONG PEIR CHYUN  
 COMPANY SECRETARY  
 KUALA LUMPUR  
 DATED : 22 AUGUST 2013**