



QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2013

Summary

- Overall Group's revenues declined by 4.9% against Q3 2012
- Contribution from associates improved by 21.1% against Q3 2012
- Motor trading's performance affected by sales decline of the continental makes. However, Perodua recorded growth from the introduction of Perodua S-series
- Auto parts manufacturing benefited from increased production by major car makers
- Profit before tax declined by 1.0% against Q3 2012 due to lower vehicle sales and start up costs of the new alloy wheel plant

Results

	Quarter ended 30 September			Year to date ended 30 September		
	2013 RM mil	2012 RM mil	Change %	2013 RM mil	2012 RM mil	Change %
Revenue	556.3	585.0	(4.9)	1,753.3	1,742.9	0.6
Profit before tax	49.9	50.4	(1.0)	149.2	150.4	(0.8)
Profit for the period	45.7	45.5	0.5	134.8	137.2	(1.8)
Profit attributable to owners of the Company	35.1	35.5	(1.0)	105.0	105.9	(0.9)
Basic earnings per share	Sen 9.0	Sen 10.1	(10.9)	Sen 26.9	Sen 30.1	(10.8)
Shareholders' funds	As at 30 Sep 2013 RM mil 1,410.0	As at 31 Dec 2012 RM mil 1,339.0	5.3			
Net assets per share	RM 3.61	RM 3.43	5.3			
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

	Q3'13 vs Q2'13	Q3'13 vs Q3'12	YTD Sep'13 vs YTD Sep'12
Total Industry Volume (TIV) **	+ 12.0	+ 11.0	+ 6.4
Total Industry Production (TIP) **	- 0.7	+ 2.3	+ 3.5
Total Group's Vehicles Sales	- 4.7	+ 5.4	+ 6.8
Subsidiaries			
DMSB - Daihatsu & Hino trucks	- 37.1	- 6.8	- 1.7
DMMS Perodua vehicles	- 0.5	+ 10.0	+ 10.6
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 5.5	- 10.0	- 4.9
HHB	+ 7.0	+ 1.4	- 1.1
OMI	- 14.8	- 24.5	- 12.9
Associated companies			
Perodua vehicles	- 1.6	+ 5.8	+ 4.3
Hino trucks	+ 2.9	+ 8.0	+ 4.5

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 third quarter ended 30 September 2013

Group Financial Performance

Third quarter ended 30 September 2013 compared with third quarter ended 30 September 2012

	Revenue			Profit before tax		
	Quarter ended 30-Sep-13 RM'000	Quarter ended 30-Sep-12 RM'000	Change %	Quarter ended 30-Sep-13 RM'000	Quarter ended 30-Sep-12 RM'000	Change %
Consolidated Total	556,272	584,951	(4.9)	49,921	50,407	(1.0)
<u>Business segments:</u>						
Motor Trading	457,179	477,569	(4.3)	2,064	6,006	(65.6)
Auto parts manufacturing	99,096	107,382	(7.7)	14,899	19,225	(22.5)
Share of associates' results				38,031	31,396	21.1
Others				(5,073)	(6,220)	18.4
Operating profit before interests, tax and associates				15,366	22,903	(32.9)

Group

The Group's revenue declined by 4.9% to RM556.3 million. Profit from operations declined by 32.9% to RM15.4 million. Share of results of associate companies increased by 21.1% to RM38.0 million. Net profit attributable to owners of the Company declined by 1.0% to RM35.1 million.

The decline in revenues were mainly attributed to lower vehicle sales of the continental makes which were affected by the intense competition in the premium car segment. However, local and entry level makes registered strong growth from new model launches during the period. The auto parts manufacturing division recorded lower revenues mainly from lower tyre assembly deliveries. Better associates' results were mainly contributed by improved sales and favourable Yen exchange. Overall, the 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 September 2013 was 29.8% compared with 31.2% the same period last year.

Net assets per share rose to RM3.61 as at the end of 30 September 2013.

Motor Trading

The continental makes continued to face intense competition within the premium car segment. As a result, revenues from motor trading declined by 4.3% to RM457.2 million mainly attributed by lower sales from the Volvo and Volkswagen brands under the Federal Auto Group. However, it is 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 65.6% to RM2.1 million compared to RM6.0 million in 2012.

Auto Parts Manufacturing

Auto parts manufacturing revenues declined by 7.7% to RM99.1 million as compared to the same period last year, mainly attributed to lower revenues from deliveries of tyre assembly. Profit before tax declined by 22.5% to RM14.9 million due to the start-up costs for the new alloy wheel plant.

QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2013

Third quarter ended 30 September 2013 against previous quarter ended 30 June 2013

	Revenue			Profit before tax		
	Quarter ended 30-Sep-13 RM'000	Quarter ended 30-Jun-13 RM'000	Change %	Quarter ended 30-Sep-13 RM'000	Quarter ended 30-Jun-13 RM'000	Change %
Consolidated Total	556,272	580,440	(4.2)	49,921	52,516	(4.9)
<u>Business segments:</u>						
Motor Trading	457,179	482,210	(5.2)	2,064	3,347	(38.3)
Auto parts manufacturing	99,096	98,230	0.9	14,899	15,618	(4.6)
Share of associates' results				38,031	38,705	(1.7)
Others				(5,073)	(5,154)	1.6
Operating profit before interests, tax and associates				15,366	18,107	(15.1)

Group

The Group's revenue declined by 4.2% mainly due to lower vehicle sales of continental makes from the Federal Auto Group and Daihatsu trucks from the Daihatsu Group. Profit from operations declined by 15.1%, whilst the share of results of associate companies declined by 1.7%. Net profit attributable to owners of company declined by 1.2%. This was mainly due to lower revenue from the motor trading division and the start up costs of the new alloy wheel plant.

The Group's gross debt to equity ratio as at 30 September 2013 was 29.8% compared with 31.5% as at 30 June 2013.

Net assets per share rose to RM3.61 as at the end of 30 September 2013.

Motor Trading

The decline in revenues from lower vehicle sales of continental makes in the Federal Auto Group and Daihatsu trucks from the Daihatsu Group was partially offset by the improvement in revenues from higher Perodua sales in DMM Sales. The overall decline in sales has resulted in lower profits for the division.

Auto Parts Manufacturing

Revenues marginally improved by 0.9% to RM99.1 million mainly due to the increase in production volumes from major car makers, largely benefiting the steel wheels, airbags and seatbelts businesses of the Group. Overall margins are still affected by price reduction pressures from customers coupled with the start-up costs from the new alloy wheel plant resulting in profit before tax declining by 4.6%.

PROSPECTS

Overall vehicle sales is expected to remain positive for the remainder of the year with the introduction of new models and year-end promotions. The continuing low interest rate environment should also provide support for the automotive industry. However, intense competition will pressure margins which will be partially offset by the rising aftersales income.

In spite of incurring start-up costs for the new alloy wheel plant, the Group's auto parts manufacturing will benefit positively from the growth of TIP for the remainder of 2013.

Board of Directors
MBM Resources Berhad
20 November 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2013 - unaudited

	Note	Current Quarter Ended 30/09/2013 RM'000	Comparative Quarter Ended 30/09/2012 RM'000	9 months Cumulative To Date 30/09/2013 RM'000	Comparative 9 months Cumulative To Date 30/09/2012 RM'000
Revenue	18	556,272	584,951	1,753,283	1,742,899
Cost of sales		(512,904)	(536,812)	(1,623,855)	(1,596,885)
Gross profit		43,368	48,139	129,428	146,014
Other income		11,755	9,967	33,164	32,638
Administrative and other expenses		(22,002)	(19,020)	(66,249)	(59,031)
Selling and marketing expenses		(17,755)	(16,183)	(47,969)	(47,563)
Results from operating activities		15,366	22,903	48,374	72,058
Interest income		2,463	2,489	6,149	4,437
Finance costs		(5,939)	(6,381)	(17,838)	(19,080)
Net (finance costs)/interest income		(3,476)	(3,892)	(11,689)	(14,643)
Share of results of associates, net of tax		38,031	31,396	112,515	92,997
Profit before tax	18	49,921	50,407	149,200	150,412
Income tax expense	19	(4,196)	(4,924)	(14,370)	(13,165)
Profit for the period		45,725	45,483	134,830	137,247
Profit attributable to:					
Owners of the Company		35,124	35,468	105,031	105,940
Non-controlling interests		10,601	10,015	29,799	31,307
Profit for the period		45,725	45,483	134,830	137,247

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 nine months ended 30 September 2013 - unaudited

	Note	Current Quarter Ended 30/09/2013 RM'000	Comparative Quarter Ended 30/09/2012 RM'000	9 months Cumulative To Date 30/09/2013 RM'000	Comparative 9 months Cumulative To Date 30/09/2012 RM'000
Profit for the period		45,725	45,483	134,830	137,247
Other comprehensive income					
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		--	25	--	13
Share of changes in revaluation arising from foreign exchange differences		(3)	--	1,993	--
Other comprehensive income for the period, net of tax		(3)	25	1,993	13
Total comprehensive income for the period		<u>45,722</u>	<u>45,508</u>	<u>136,823</u>	<u>137,260</u>
Total comprehensive income attributable to:					
Owners of the Company		24,687	35,493	106,800	105,953
Non-controlling interests		<u>21,035</u>	<u>10,015</u>	<u>30,023</u>	<u>31,307</u>
Total comprehensive income for the period		<u>45,722</u>	<u>45,508</u>	<u>136,823</u>	<u>137,260</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	8.99	10.09	26.89	30.14
Diluted	20	8.81	9.99	26.34	29.84

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 September 2013 - unaudited

	Note	As at end of Current Quarter 30/09/2013 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2012 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		384,341	308,984
Prepaid land lease payments		38,654	39,060
Investment properties		14,691	14,849
Investment in associates		886,433	818,345
Other investment		1,000	1,417
Intangible assets		6,083	5,951
Deferred tax assets		2,155	2,155
Goodwill on consolidation		227,380	227,380
Total non-current assets		<u>1,560,737</u>	<u>1,418,141</u>
Current Assets			
Property development costs		64,562	44,399
Inventories		259,909	393,693
Trade & other receivables and prepaid expenses		276,613	285,677
Amount owing by associates		10	67
Tax recoverable		19,032	10,317
Cash and bank balances		341,606	291,271
Total current assets		<u>961,732</u>	<u>1,025,424</u>
TOTAL ASSETS	18	<u>2,522,469</u>	<u>2,443,565</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 September 2013 - unaudited

	Note	As at end of Current Quarter 30/09/2013 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2012 RM'000
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		390,711	390,637
Reserves		<u>1,019,244</u>	<u>948,320</u>
Total equity attributable to owners of the Company		1,409,955	1,338,957
Non-controlling interests		<u>329,197</u>	<u>221,064</u>
Total equity		<u>1,739,152</u>	<u>1,560,021</u>
Non-current and Deferred Liabilities			
Long term borrowings	23	335,223	316,521
Deferred tax liabilities		2,148	2,148
Provision for retirement benefits		2,169	2,151
Hire purchase payables - non-current portion		<u>--</u>	<u>23</u>
Total non-current and deferred liabilities		<u>339,540</u>	<u>320,843</u>
Current Liabilities			
Provision for liabilities		5,040	5,980
Short term borrowings	23	182,213	235,532
Trade & other payables and accrued expenses		253,707	320,192
Amount owing to holding company		35	205
Hire purchase payables - current portion		<u>--</u>	<u>17</u>
Tax liabilities		<u>2,782</u>	<u>775</u>
Total current liabilities		<u>443,777</u>	<u>562,701</u>
Total liabilities	18	<u>783,317</u>	<u>883,544</u>
TOTAL EQUITY AND LIABILITIES		<u>2,522,469</u>	<u>2,443,565</u>
Net assets per share (RM)		3.61	3.43

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 nine months ended 30 September 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			
9 months ended 30 September 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	1,361	1,692	--	--	--	--	--	3,053	--	3,053
Bonus issue	73,166	(33,231)	--	--	--	--	(39,935)	--	--	--
Rights and warrants issue	73,166	44,631	--	--	--	--	(13,902)	103,895	--	103,895
Exercise of warrants	2	4	--	--	--	--	--	6	--	6
Total comprehensive income for the period	--	--	--	--	--	--	105,940	105,940	31,307	137,247
Other comprehensive income for the period	--	--	--	--	13	--	--	13	--	13
Conversion of warrants in a subsidiary	--	--	--	--	--	--	--	--	6	6
Dividends to owners	--	--	--	--	--	--	(11,724)	(11,724)	--	(11,724)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--	(2,711)	(2,711)
At 30 September 2012	390,638	44,923	--	--	456	--	873,038	1,309,055	229,429	1,538,484
9 months ended 30 September 2013										
At 1 January 2013	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	--	--	--	--	--	--	105,031	105,031	29,799	134,830
Other comprehensive income/(loss) for the period	--	--	--	(417)	(30)	1,799	417	1,769	224	1,993
Conversion of warrants in a subsidiary	--	--	--	--	--	--	--	--	5	5
Dividends to owners	--	--	--	--	--	--	(35,160)	(35,160)	--	(35,160)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--	(6,036)	(6,036)
At 30 September 2013	390,711	500	44,585	--	681	519	972,959	1,409,955	329,197	1,739,152

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 nine months ended 30 September 2013 - unaudited

	2013 9 months ended 30/09/2013 Note	2012 9 months ended 30/09/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	134,830	137,247
Adjustments for :		
Income tax expense	14,370	13,165
Share of results of associates	(112,515)	(92,997)
Depreciation and amortisation	17,985	14,068
Other Non-cash items	75	509
Non-operating items	<u>12,961</u>	<u>11,438</u>
Operating profit before working capital changes	67,706	83,430
Changes in working capital		
Decrease / (Increase) in trade & other receivables	10,326	(121,702)
Decrease / (Increase) in inventories	133,785	(31,159)
(Decrease) / Increase in trade & other payables	(66,485)	65,646
Net changes in other current assets & liabilities	(2,459)	(2,595)
Income tax refunded	593	325
Income tax paid	<u>(21,670)</u>	<u>(19,838)</u>
Net cash from / (used in) operating activities	<u>121,796</u>	<u>(25,893)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	45,535	37,564
Interest income	6,149	4,437
Purchase of property, plant & equipment	(92,232)	(17,831)
Additions to development expenditure	(979)	(4,146)
Additions to property development costs	(20,163)	(13,537)
Proceeds from disposal of property, plant & equipment	--	478
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>21,991</u>	<u>(10,344)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(35,160)	(11,724)
Dividends paid to minorities of a subsidiary	(6,036)	(2,711)
Proceeds from exercise of ESOS	--	3,053
Proceeds from exercise of warrants	235	--
Proceeds from issue of shares in a subsidiary to minorities	5	6
Proceeds from rights issue with warrants	--	103,895
Finance costs	(17,838)	(19,080)
Bank borrowings	<u>(37,030)</u>	<u>50,935</u>
Net cash (used in) / from financing activities	<u>(95,824)</u>	<u>124,374</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,963	88,137
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>290,334</u>	<u>252,201</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u>338,297</u>	<u>340,338</u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 341,606	342,280
Bank overdrafts	<u>(3,309)</u>	<u>(1,942)</u>
	<u>338,297</u>	<u>340,338</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 nine months ended 30 September 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 20 November 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

An interim single tier dividend of 3 sen per share on 390,710,753 ordinary shares amounting to RM11,721,323 in respect of financial year ended 31 December 2013 was paid on 23 September 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 30/09/2013	
		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 September 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 September 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 September 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 September 2013, the Group and the Company had the following transactions with related parties :

	Period ended 30/09/2013 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	--
Purchases from a subsidiary of Perodua	693,889
Sales to subsidiaries of Perodua	78,499
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	6,392
Purchases from affiliated companies of Autoliv AB Sweden	29,854
Sales to affiliated companies of Autoliv AB Sweden	3,204
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<u>Company</u>	
Management fees from:	
- subsidiaries	108
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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 September 2013 is as follows :

	<u>RM'000</u>
Approved and contracted for	19,443
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 September 2013

	Motor Trading	Auto Parts Manufacturing	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,464,536	288,567	180	1,753,283
Operating profits/(loss) for reportable segments	10,200	43,280	(5,106)	48,374
Share of results of associates	109,337	3,178	--	112,515
Interest income	1,538	2,562	2,049	6,149
Finance costs	(3,287)	(1,094)	(13,457)	(17,838)
Depreciation and amortisation	6,460	11,280	245	17,985
Other significant non-cash items				
- Provisions	558	--	--	558
Capital expenditure	25,125	27,191	39,916	92,232
Segment assets	696,223	456,116	483,697	1,636,036
Investment in associates	841,276	45,157	--	886,433
Segment liabilities	241,552	148,169	393,596	783,317

Period ended 30 September 2012

	Motor Trading	Auto Parts Manufacturing	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,434,790	302,576	5,533	1,742,899
Operating profits/(loss) for reportable segments	21,620	54,835	(4,397)	72,058
Share of results of associates	86,010	6,987	--	92,997
Interest income	1,291	2,244	902	4,437
Finance costs	(2,817)	(62)	(16,201)	(19,080)
Depreciation and amortisation	5,699	8,118	251	14,068
Other significant non-cash items				
- Provisions	300	--	--	300
Capital expenditure	7,051	9,833	947	17,831
Segment assets	684,409	410,281	443,770	1,538,460
Investment in associates	729,187	68,467	--	797,654
Segment liabilities	269,502	104,696	423,432	797,630

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

18. Operating segments (cont'd)

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

	Period ended 30/09/2013 RM'000	Period ended 30/09/2012 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,753,103	1,737,366
All others	180	5,533
	<hr/>	<hr/>
Revenue, as reported	<u>1,753,283</u>	<u>1,742,899</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	53,199	77,111
All others	(16,514)	(19,696)
Share of results of associates	112,515	92,997
	<hr/>	<hr/>
Profit before tax, as reported	<u>149,200</u>	<u>150,412</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,152,339	1,094,690
All others	483,697	443,770
Investment in associates	886,433	797,654
	<hr/>	<hr/>
Total assets, as reported	<u>2,522,469</u>	<u>2,336,114</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	389,721	374,198
All others	393,596	423,432
	<hr/>	<hr/>
Total liabilities, as reported	<u>783,317</u>	<u>797,630</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 30/09/2013 RM'000	Year to date 30/09/2013 RM'000
Current year's provision	4,196	14,370
Add :		
Under/(Over) provision in prior years	--	--
	<u>4,196</u>	<u>14,370</u>
Deferred taxation	--	--
Income tax expense	<u><u>4,196</u></u>	<u><u>14,370</u></u>

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

	Current Quarter 30/09/2013 %	Year to date 30/09/2013 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(19.0)	(18.9)
Expenses not deductible for tax purpose / (Income not subject to tax)	2.5	3.5
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>8.5</u>	<u>9.6</u>

20. Earnings per ordinary share (EPS)

	Quarter		Year to date	
	3 months ended		9 months ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	35,124	35,468	105,031	105,940
Weighted average number of ordinary shares ('000)	390,661	243,712	390,661	243,712
Bonus issue	--	73,166	--	73,166
Effect of exercise of rights issue #	--	34,629	--	34,629
	<u>390,661</u>	<u>351,507</u>	<u>390,661</u>	<u>351,507</u>
Basic earnings per share (sen)	8.99	10.09	26.89	30.14

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 9 months ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	35,124	35,468	105,031	105,940
Adjusted weighted average number of ordinary shares in issue and issuable	398,782	354,991	398,782	354,991
Diluted earnings per share (sen)	8.81	9.99	26.34	29.84

	No of ordinary shares of RM1.00 each	
	30/09/2013	30/09/2012
Weighted average number of ordinary shares	390,661,134	243,712,107
Bonus issue	--	73,165,750
Effect of exercise of rights issue #	--	34,629,225
Adjustment for assumed exercise of warrants	8,121,137	3,484,087
Adjusted weighted average number of ordinary shares in issue and issuable	398,782,271	354,991,169

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 second quarter 2013 announcement made on 22 August 2013, there were no corporate proposals made or undertaken by the Group and the Company.

In relation to our announcement on 12 April 2013 on the Memorandum of Understanding ("MOU") with SAIC Motor Corporation Limited, discussions between the parties and the feasibility study are still on-going. The MOU remains in effect until 11 April 2014.

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 September 2013 are as follows:

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 30 Sep 2013 RM'000</u>
Expansion of the retail and service network	within 24 months	30,000	15,000
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	78,382

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	182,213	335,223
Unsecured	--	--
Total	182,213	335,223

24. Cash and Cash Equivalents

	<u>The Group As at</u>	
	<u>30/09/2013 RM'000</u>	<u>30/09/2012 RM'000</u>
Cash on hand and at at banks	75,368	130,845
Deposits with licensed banks	266,238	211,435
Cash and bank balances	341,606	342,280
Less : Bank overdrafts	(3,309)	(1,942)
Cash and cash equivalents	338,297	340,338
Cash and bank balances	341,606	342,280
Less :		
Total borrowings*	(517,436)	(480,247)
Net cash position (after total borrowings)	(175,830)	(137,967)

(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 12 November 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 September 2013 into realised and unrealised profits or losses.

	30/09/2013	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	623,082	223,170
Unrealised	(8,124)	(2,095)
Total retained earnings from the associates		
Realised	700,447	--
Unrealised	(23,630)	--
Less : Consolidation adjustments	(318,816)	--
Total retained earnings as per statement of financial position	<u>972,959</u>	<u>221,075</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 did not declare any dividend during the current quarter.

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

**WONG PEIR CHYUN
 COMPANY SECRETARY
 KUALA LUMPUR
 DATED : 20 NOVEMBER 2013**