



QUARTERLY ANNOUNCEMENT
For the fourth quarter ended 31 December 2013

Summary

- Group's revenue recorded a marginal decline by 2.1% against Q4 2012
- Motor trading's performance was adversely affected by sales decline of the continental makes
- Production volume by manufacturing division recovered further with increased demand by major car makers
- Associates' contribution declined by 14.8% due to higher marketing costs incurred and startup costs of new manufacturing facilities
- The Yen exchange rate moved favourably during the period. There was improved contributions from aftersales and better cost management
- As a result, profit before tax declined marginally by 0.8% against Q4 2012
- A second interim dividend for the year 2013 of 3 sen was declared

Results

	Quarter ended 31 December			Year to date ended 31 December		
	2013 RM mil	2012 RM mil	Change %	2013 RM mil	2012 RM mil	Change %
Revenue	513.6	524.8	(2.1)	2,266.9	2,267.7	(0.0)
Profit before tax	46.5	46.9	(0.8)	195.7	197.3	(0.8)
Profit for the period	42.9	38.2	12.3	177.7	175.4	1.3
Profit attributable to owners of the Company	33.5	30.5	10.0	138.6	136.4	1.6
	Sen	Sen		Sen	Sen	
Basic earnings per share	8.6	8.6	0.2	35.5	38.3	(7.5)
	As at 31 Dec 2013 RM mil	As at 31 Dec 2012 RM mil				
Shareholders' funds	1,442.7	1,339.0	7.7			
	RM	RM				
Net assets per share	3.69	3.43	7.7			
	2nd Interim 2013 Sen	2nd Interim 2012 Sen		YTD 2013 Sen	YTD 2012 Sen	
Dividend per share	3.0	3.0	--	6.0	9.0 ¹	(33.3)

¹ 2012 includes a special dividend of 3 sen per share

Performance of sales by operations

% Changes *	Q4'13	Q4'13	YTD Dec'13
	vs Q3'13	vs Q4'12	vs YTD Dec'12
<u>Total Industry Volume (TIV) **</u>	- 3.8	- 0.9	+ 4.5
<u>Total Industry Production (TIP) **</u>	+ 10.4	+ 11.8	+ 5.6
<u>Total Group's Vehicles Sales</u>	- 2.5	- 4.0	+ 4.0
<u>Subsidiaries</u>			
DMSB - Daihatsu & Hino trucks	+ 2.4	- 5.4	- 2.5
DMMS Perodua vehicles	+ 4.2	+ 4.0	+ 8.8
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 5.5	- 10.0	- 14.2
HHB	+ 14.6	+ 16.6	+ 3.5
OMI	+ 54.1	+ 20.7	- 4.5
<u>Associated companies</u>			
Perodua vehicles	- 8.0	+ 3.1	+ 4.0
Hino trucks	- 4.2	+ 11.1	+ 6.1

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 fourth quarter ended 31 December 2013

Group Financial Performance

Fourth quarter ended 31 December 2013 compared with fourth quarter ended 31 December 2012

	Revenue			Profit before tax		
	Quarter ended 31-Dec-13 RM'000	Quarter ended 31-Dec-12 RM'000	Change %	Quarter ended 31-Dec-13 RM'000	Quarter ended 31-Dec-12 RM'000	Change %
Consolidated Total	513,642	524,759	(2.1)	46,542	46,906	(0.8)
<u>Business segments:</u>						
Motor Trading	390,795	419,690	(6.9)	6,687	7,464	(10.4)
Auto parts manufacturing	122,848	104,292	17.8	18,399	15,747	16.8
Share of associates' results				27,531	32,324	(14.8)
Others				(6,075)	(8,629)	29.6
Operating profit before interests, tax and associates				21,861	19,871	10.0

Group

The Group's revenue declined by 2.1% to RM513.6 million. Profit from operations improved by 10.0% to RM21.9 million. Share of results of associate companies declined by 14.8% to RM27.5 million. Net profit attributable to owners of the Company increased by 10.0% to RM33.5 million.

The decline in revenues were mainly attributed to lower sales of continental makes affected by new launches from competing brands, partially offset by higher income from aftersales and the auto parts manufacturing division.

Associates' results were lower due to higher marketing costs and startup costs of new manufacturing facilities.

Despite of these issues, the overall Group's profits were better, helped by a favourable Yen exchange rate, higher productions of manufacturing division, higher margins from aftersales and better cost management.

The Group's gross debt to equity ratio as at 31 December 2013 was 27.1% compared with 31.2% as at the end of the same period last year.

Net assets per share rose to RM3.69 as at the end of 31 December 2013.

Motor Trading

Revenues from motor trading declined by 6.9% to RM390.8 million. The sales of Perodua vehicles by DMM Sales improved together with higher aftersales contributions. However, the sales of continental makes were affected by new launches from competing brands.

Profit from motor trading declined by 10.4% to RM6.7 million as a result of lower revenues and higher expenses due to the expansion of the branch network. This however was partially offset by a favourable Yen exchange rate and better margins from aftersales.

Auto Parts Manufacturing

Auto parts manufacturing revenues improved by 17.8% to RM122.8 million as compared to the same period last year, mainly attributed to the increased demand from major car makers. As a result, profit before tax improved by 16.8% to RM18.4 million despite incurring start-up costs for the new alloy wheel plant.

QUARTERLY ANNOUNCEMENT
For the fourth quarter ended 31 December 2013

Fourth quarter ended 31 December 2013 against previous quarter ended 30 September 2013

	Revenue			Profit before tax		
	Quarter ended 31-Dec-13 RM'000	Quarter ended 30-Sep-13 RM'000	Change %	Quarter ended 31-Dec-13 RM'000	Quarter ended 30-Sep-13 RM'000	Change %
Consolidated Total	513,642	556,272	(7.7)	46,542	49,921	(6.8)
<u>Business segments:</u>						
Motor Trading	390,795	457,179	(14.5)	6,687	2,064	224.0
Auto parts manufacturing	122,848	99,096	24.0	18,399	14,899	23.5
Share of associates' results				27,531	38,031	(27.6)
Others				(6,075)	(5,073)	(19.8)
Operating profit before interests, tax and associates				21,861	15,366	42.3

Group

The Group's revenue declined by 7.7% mainly due to lower vehicle sales of continental makes. Profit from operations improved by 42.3%, whilst the share of results of associate companies declined by 27.6%. Net profit attributable to owners of company declined by 4.5%.

Motor Trading

The decline in revenues is mainly due to lower sales of continental makes, partially offset by higher sales of commercial vehicles and Perodua cars. Despite these, profit for the division is better mainly due to favourable Yen exchange rates.

Auto Parts Manufacturing

Revenues improved by 24.0% to RM122.8 million mainly due to the increase in production volumes from major car makers benefitting the steel wheels, tyre assembly, airbags and seatbelts businesses of the Group. Overall profits improved in line with the increase in revenue.

PROSPECTS

Presently, the Group expects 2014 to present some challenges in the operating environment due to more cautious consumer sentiment and intense competition.

The Group's expansion of its network and upgrading of its aftersales facilities has prepared it for these challenges. The volumes produced from the new alloy wheel plant is expected to be ramped up from the second quarter of 2014 onwards. At the same time, the Group expects to continue to manage its operating costs efficiently to sustain its operating margins.

The Board is confident that these measures will help the Group to maintain its competitive position in the automotive industry.

Board of Directors
MBM Resources Berhad
20 February 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the twelve months ended 31 December 2013 - unaudited

		Current Quarter Ended 31/12/2013 RM'000	Comparative Quarter Ended 31/12/2012 RM'000	12 months Cumulative To Date 31/12/2013 RM'000	(Audited) Comparative 12 months Cumulative To Date 31/12/2012 RM'000
	Note				
Revenue	18	513,642	524,759	2,266,925	2,267,658
Cost of sales		(466,479)	(480,887)	(2,090,334)	(2,077,772)
Gross profit		47,163	43,872	176,591	189,886
Other income		13,672	17,374	46,836	50,012
Administrative and other expenses		(21,503)	(25,501)	(87,752)	(84,532)
Selling and marketing expenses		(17,471)	(15,874)	(65,440)	(63,437)
Results from operating activities		21,861	19,871	70,235	91,929
Interest income		2,306	866	8,455	5,303
Finance costs		(5,156)	(6,155)	(22,994)	(25,235)
Net (finance costs)/interest income		(2,850)	(5,289)	(14,539)	(19,932)
Share of results of associates, net of tax		27,531	32,324	140,046	125,321
Profit before tax	18	46,542	46,906	195,742	197,318
Income tax expense	19	(3,684)	(8,733)	(18,054)	(21,898)
Profit for the period		42,858	38,173	177,688	175,420
Profit attributable to:					
Owners of the Company		33,545	30,502	138,576	136,442
Non-controlling interests		9,313	7,671	39,112	38,978
Profit for the period		42,858	38,173	177,688	175,420

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 twelve months ended 31 December 2013 - unaudited

	Note	Current Quarter Ended 31/12/2013 RM'000	Comparative Quarter Ended 31/12/2012 RM'000	12 months Cumulative To Date 31/12/2013 RM'000	Comparative 12 months Cumulative To Date 31/12/2012 RM'000
Profit for the period		42,858	38,173	177,688	175,420
Other comprehensive income					
Fair value of available for sale financial asset		--	417	(417)	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		(30)	270	(30)	283
Share of changes in revaluation arising from foreign exchange differences		(980)	(1,357)	1,013	(1,357)
Other comprehensive income for the period, net of tax		(1,010)	(670)	983	(657)
Total comprehensive income for the period		<u>41,848</u>	<u>37,503</u>	<u>178,671</u>	<u>174,763</u>
Total comprehensive income attributable to:					
Owners of the Company		32,620	29,894	139,420	135,847
Non-controlling interests		<u>9,228</u>	<u>7,609</u>	<u>39,251</u>	<u>38,916</u>
Total comprehensive income for the period		<u>41,848</u>	<u>37,503</u>	<u>178,671</u>	<u>174,763</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	8.59	8.57	35.47	38.34
Diluted	20	8.40	8.30	34.72	37.12

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 31 December 2013 - unaudited

	Note	As at end of Current Quarter 31/12/2013 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2012 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment		401,533	308,984
Prepaid land lease payments		38,925	39,060
Investment properties		15,030	14,849
Investment in associates		893,247	818,345
Other investment		1,000	1,417
Intangible assets		5,407	5,951
Deferred tax assets		2,134	2,155
Goodwill on consolidation		227,380	227,380
Total non-current assets		<u>1,584,656</u>	<u>1,418,141</u>
Current Assets			
Property development costs		76,021	44,399
Inventories		283,421	393,693
Trade & other receivables and prepaid expenses		260,525	285,677
Amount owing by associates		10	67
Tax recoverable		22,935	10,317
Cash and bank balances		325,149	291,271
Total current assets		<u>968,061</u>	<u>1,025,424</u>
TOTAL ASSETS	18	<u>2,552,717</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 31 December 2013 - unaudited

	Note	As at end of Current Quarter 31/12/2013 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>1,052,003</u>	<u>948,320</u>
Total equity attributable to owners of the Company		1,442,714	1,338,957
Non-controlling interests		<u>323,725</u>	<u>221,064</u>
Total equity		<u>1,766,439</u>	<u>1,560,021</u>
Non-current and Deferred Liabilities			
Long term borrowings	23	322,561	316,521
Deferred tax liabilities		3,027	2,148
Provision for retirement benefits		2,436	2,151
Hire purchase payables - non-current portion		<u>--</u>	<u>23</u>
Total non-current and deferred liabilities		<u>328,024</u>	<u>320,843</u>
Current Liabilities			
Provision for liabilities		5,309	5,980
Short term borrowings	23	157,130	235,532
Trade & other payables and accrued expenses		289,003	320,192
Amount owing to holding company		191	205
Hire purchase payables - current portion		<u>--</u>	<u>17</u>
Tax liabilities		<u>6,621</u>	<u>775</u>
Total current liabilities		<u>458,254</u>	<u>562,701</u>
Total liabilities	18	<u>786,278</u>	<u>883,544</u>
TOTAL EQUITY AND LIABILITIES		<u>2,552,717</u>	<u>2,443,565</u>
Net assets per share (RM)		3.69	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 twelve months ended 31 December 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			
12 months ended 31 December 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	73,165	(33,231)	--	--	--	--	(39,934)	--	--	--
Rights and warrants issue	73,166	44,631	--	--	--	--	(13,902)	103,895	--	103,895
Exercise of warrants	2	6	(1)	--	--	--	--	7	--	7
Total comprehensive income for the period	--	--	--	--	--	--	136,442	136,442	38,978	175,420
Other comprehensive income for the period	--	--	--	417	268	(1,280)	--	(595)	(62)	(657)
Conversion of warrants in a subsidiary	--	--	--	--	--	--	--	--	7	7
Dividends to owners	--	--	--	--	--	--	(11,717)	(11,717)	--	(11,717)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--	(18,686)	(18,686)
At 31 December 2012	390,637	44,925	(1)	417	711	(1,280)	903,548	1,338,957	221,064	1,560,021
12 months ended 31 December 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	--	--	--	--	--	--	138,576	138,576	39,112	177,688
Other comprehensive income/(loss) for the period	--	--	--	(417)	(30)	1,013	417	983	139	1,122
Conversion of warrants in a subsidiary	--	--	--	--	--	--	--	--	5	5
Dividends to owners	--	--	--	--	--	--	(35,160)	(35,160)	--	(35,160)
Dividends paid by subsidiaries	--	--	--	--	--	--	--	--	(20,736)	(20,736)
At 31 December 2013	390,711	500	44,585	--	681	(267)	1,006,504	1,442,714	323,725	1,766,439

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 twelve months ended 31 December 2013 - unaudited

	2013 12 months ended 31/12/2013 Note	2012 12 months ended 31/12/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	177,688	175,420
Adjustments for :		
Income tax expense	18,054	21,898
Share of results of associates	(140,046)	(125,321)
Depreciation and amortisation	25,401	20,943
Other Non-cash items	764	651
Non-operating items	14,096	20,375
Operating profit before working capital changes	95,957	113,966
Changes in working capital		
Decrease / (Increase) in trade & other receivables	23,276	(70,202)
Decrease / (Increase) in inventories	113,327	(132,063)
(Decrease) / Increase in trade & other payables	(31,189)	56,557
Net changes in other current assets & liabilities	322	(6,514)
Income tax refunded	1,941	--
Income tax paid	(26,767)	(27,741)
Net cash from / (used in) operating activities	<u>176,867</u>	<u>(65,997)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	65,380	54,073
Interest income	8,447	5,303
Purchase of property, plant & equipment	(116,188)	(84,325)
Additions to prepaid lease payments	(408)	--
Additions to investment property	(400)	--
Additions to development expenditure	(827)	(4,554)
Additions to property development costs	(31,622)	(23,194)
Proceeds from disposal of property, plant & equipment	--	780
Proceeds from disposal of available for sale assets	--	10,915
Proceeds from disposal of stake in a subsidiary	83,264	--
Other investment	417	4,005
Payments made for compulsory acquisition of a subsidiary	--	(33,054)
Net cash from / (used in) investing activities	<u>8,063</u>	<u>(70,051)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(35,160)	(11,717)
Dividends paid to minorities of a subsidiary	(20,736)	(18,686)
Proceeds from exercise of ESOS	--	3,053
Proceeds from exercise of warrants	235	7
Proceeds from issue of shares in a subsidiary to minorities	5	6
Proceeds from rights issue with warrants	--	103,895
Finance costs	(22,994)	(25,235)
Bank borrowings	(89,224)	122,858
Net cash (used in) / from financing activities	<u>(167,874)</u>	<u>174,181</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,056	38,133
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>290,334</u>	<u>252,201</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>307,390</u>	<u>290,334</u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 325,149	291,271
Bank overdrafts	(17,759)	(937)
	<u>307,390</u>	<u>290,334</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 12 months ended 31 December 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 February 2014.

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

The Company did not pay any dividend during the quarter.

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

8. Debt and equity securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period under review .

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 31/12/2013	
		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 31 December 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 31 December 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 31 December 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 31 December 2013, the Group and the Company had the following transactions with related parties :

	Period ended 31/12/2013 RM'000
<u>Group</u>	
Purchases from Daihatsu Motor Co. Ltd. and/or its subsidiaries and associates*	--
Purchases from a subsidiary of Perodua	946,481
Sales to subsidiaries of Perodua	106,946
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	10,148
Purchases from affiliated companies of Autoliv AB Sweden	49,823
Sales to affiliated companies of Autoliv AB Sweden	3,710
<hr/>	
<u>Company</u>	
Management fees from:	
- subsidiaries	144
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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 31 December 2013 is as follows :

	<u>RM'000</u>
Approved and contracted for	15,155
Approved and not contracted for	20,000
	<hr/>

13. Review of Group performance

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

14. Current year prospects

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

15. Variance from profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the year.

16. Unquoted investments and properties

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

17. Quoted investments

There was no 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 31 December 2013

	Motor Trading	Auto Parts Manufacturing	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,855,331	411,415	179	2,266,925
Operating profits/(loss) for reportable segments	16,840	61,353	(7,958)	70,235
Share of results of associates	136,868	3,178	--	140,046
Interest income	2,025	3,667	2,763	8,455
Finance costs	(3,727)	(1,873)	(17,394)	(22,994)
Depreciation and amortisation	8,746	16,335	320	25,401
Other significant non-cash items				
- Provisions	1,297	--	--	1,297
Capital expenditure	36,599	37,311	43,086	116,996
Segment assets	692,219	468,190	499,061	1,659,470
Investment in associates	848,090	45,157	--	893,247
Segment liabilities	228,171	163,643	394,464	786,278

Period ended 31 December 2012

	Motor Trading	Auto Parts Manufacturing	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,854,480	406,868	6,310	2,267,658
Operating profits/(loss) for reportable segments	29,951	70,340	(8,362)	91,929
Share of results of associates	121,803	3,518	--	125,321
Interest income	1,232	2,494	1,577	5,303
Finance costs	(3,625)	(70)	(21,540)	(25,235)
Depreciation and amortisation	8,018	11,653	349	20,020
Other significant non-cash items				
- Provisions	1,922	878	320	3,120
Capital expenditure	14,565	68,809	951	84,325
Segment assets	808,505	677,280	139,435	1,625,220
Investment in associates	775,480	42,865	--	818,345
Segment liabilities	387,067	129,514	366,963	883,544

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

18. Operating segments (cont'd)

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

	Period ended 31/12/2013 RM'000	Period ended 31/12/2012 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	2,266,746	2,261,348
All others	179	6,310
	<hr/>	<hr/>
Revenue, as reported	<u>2,266,925</u>	<u>2,267,658</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	78,285	100,322
All others	(22,589)	(28,325)
Share of results of associates	140,046	125,321
	<hr/>	<hr/>
Profit before tax, as reported	<u>195,742</u>	<u>197,318</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,160,409	1,485,785
All others	499,061	139,435
Investment in associates	893,247	818,345
	<hr/>	<hr/>
Total assets, as reported	<u>2,552,717</u>	<u>2,443,565</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	391,814	516,581
All others	394,464	366,963
	<hr/>	<hr/>
Total liabilities, as reported	<u>786,278</u>	<u>883,544</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 31/12/2013 RM'000	Year to date 31/12/2013 RM'000
Current year's provision	8,662	23,032
Add :		
Under/(Over) provision in prior years	<u>(4,978)</u>	<u>(4,978)</u>
	3,684	18,054
Deferred taxation	<u>--</u>	<u>--</u>
Income tax expense	<u><u>3,684</u></u>	<u><u>18,054</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 31/12/2013 %	Year to date 31/12/2013 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(14.8)	(17.9)
Expenses not deductible for tax purpose / (Income not subject to tax)	8.4	4.7
Tax effect on utilisation of previously unrecognised deferred tax assets and reinvestment allowances	--	--
Overprovision of income tax in prior year	(10.7)	(2.5)
Underprovision of deferred tax in prior year	--	--
	<u><u>7.9</u></u>	<u><u>9.3</u></u>

20. Earnings per ordinary share (EPS)

	Quarter		Year to date	
	3 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	33,545	30,502	138,576	136,442
Weighted average number of ordinary shares ('000)	390,680	243,861	390,680	243,861
Bonus issue	--	73,166	--	73,166
Effect of exercise of rights issue #	--	38,888	--	38,888
	<u>390,680</u>	<u>355,915</u>	<u>390,680</u>	<u>355,915</u>
Basic earnings per share (sen)	8.59	8.57	35.47	38.34

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 12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	33,545	30,502	138,576	136,442
Adjusted weighted average number of ordinary shares in issue and issuable	399,160	367,602	399,160	367,602
Diluted earnings per share (sen)	8.40	8.30	34.72	37.12

	No of ordinary shares of RM1.00 each	
	31/12/2013	31/12/2012
Weighted average number of ordinary shares	390,679,609	243,861,008
Bonus issue	--	73,165,750
Effect of exercise of rights issue #	--	38,888,143
Adjustment for assumed exercise of warrants	8,480,083	11,687,322
Adjusted weighted average number of ordinary shares in issue and issuable	399,159,692	367,602,223

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 third quarter 2013 announcement made on 20 November 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 31 December 2013 are as follows:

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 31 Dec 2013 RM'000</u>
Expansion of the retail and service network	within 24 months	30,000	21,828
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	85,210

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	157,130	322,561
Unsecured	--	--
Total	157,130	322,561

24. Cash and Cash Equivalents

	<u>The Group As at</u>	
	<u>31/12/2013 RM'000</u>	<u>31/12/2012 RM'000</u>
Cash on hand and at at banks	129,432	141,878
Deposits with licensed banks	195,717	149,393
Cash and bank balances	325,149	291,271
Less : Bank overdrafts	(17,759)	(1,942)
Cash and cash equivalents	307,390	289,329
Cash and bank balances	325,149	291,271
Less :		
Total borrowings*	(479,691)	(552,093)
Net cash position (after total borrowings)	(154,542)	(260,822)

(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 February 2014, 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 31 December 2013 into realised and unrealised profits or losses.

	31/12/2013	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	638,409	238,812
Unrealised	(8,124)	(2,095)
Total retained earnings from the associates		
Realised	727,978	--
Unrealised	(23,630)	--
Less : Consolidation adjustments	(328,129)	--
Total retained earnings as per statement of financial position	<u>1,006,504</u>	<u>236,717</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 a second 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.

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

**WONG PEIR CHYUN
 COMPANY SECRETARY
 KUALA LUMPUR
 DATED : 20 FEBRUARY 2014**