



**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2014**

**Summary**

- Group's revenue recorded a decline of 16.7% against Q1 2013
- Motor trading division's performance affected by decline in sales of both passenger and commercial vehicles
- Manufacturing division's revenue improved in line with increased demand by major car makers
- Associates' contribution declined by 26.3% due to startup costs of new manufacturing facilities
- Profit before tax declined by 22.2%

**Results**

	Quarter ended 31 March			Year to date ended 31 March		
	2014 RM mil	2013 RM mil	Change %	2014 RM mil	2013 RM mil	Change %
Revenue	508.2	609.9	(16.7)	508.2	609.9	(16.7)
Profit before tax	36.4	46.8	(22.2)	36.4	46.8	(22.2)
Profit for the period	32.3	41.7	(22.5)	32.3	41.7	(22.5)
Profit attributable to owners of the Company	23.4	32.8	(28.5)	23.4	32.8	(28.5)
	Sen	Sen		Sen	Sen	
Basic earnings per share	6.0	8.4	(28.5)	6.0	8.4	(28.5)
	As at 31 Mar 2014 RM mil	As at 31 Dec 2013 RM mil				
Equity attributable to owners of the Company	1,453.7	1,441.8	0.8			
	RM	RM				
Net assets per share	3.72	3.69	0.8			

**Performance of sales by operations**

	Q1'14 vs Q4'13	Q1'14 vs Q1'13	YTD Mar'14 vs YTD Mar'13
<b>Total Industry Volume (TIV) **</b>	- 4.7	+ 1.4	+ 1.4
<b>Total Industry Production (TIP) **</b>	- 5.1	+ 5.0	+ 5.0
<b>Total Group's Vehicles Sales</b>	- 7.1	- 10.3	- 10.3
<b>Subsidiaries</b>			
DMSB - Daihatsu & Hino trucks	- 3.8	- 23.6	- 23.6
DMMS Perodua vehicles	- 15.5	- 7.2	- 7.2
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 70.5	- 17.3	- 17.3
HHB	- 21.3	+ 7.1	+ 7.1
OMI	- 13.9	+ 12.9	+ 12.9
<b>Associated companies</b>			
Perodua vehicles	+ 10.2	+ 6.0	+ 6.0
Hino trucks	- 22.0	- 19.5	- 19.5

**Legend**

DMSB : Daihatsu (Malaysia) Sdn Bhd  
DMMS : DMM Sales Sdn Bhd  
HHB : Hirota 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) 2014 and 2013

**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2014**

**Group Financial Performance**

**First quarter ended 31 March 2014 compared with first quarter ended 31 March 2013**

	Revenue			Profit before tax		
	Quarter ended 31-Mar-14 RM'000	Quarter ended 31-Mar-13 RM'000	Change %	Quarter ended 31-Mar-14 RM'000	Quarter ended 31-Mar-13 RM'000	Change %
Consolidated Total	508,205	609,921	(16.7)	36,363	46,763	(22.2)
<u>Business segments:</u>						
Motor Trading	408,870	518,497	(21.1)	2,620	3,040	(13.8)
Auto parts manufacturing	99,335	91,241	8.9	11,653	14,231	(18.1)
Share of associates' results				27,314	35,779	(23.7)
Others				(5,224)	(6,287)	16.9
Operating profit before interests, tax and associates				12,185	14,901	(18.2)

**Group**

The Group's revenue and operating profits declined by 16.7% to RM508.2 million and 18.2% to RM12.2 million respectively. Share of results of associates fell by 23.7% to RM27.3 million. Net profit attributable to owners of the Company declined by 28.5% to RM23.4 million.

The overall lower performance was mainly attributed to lower vehicle sales and start-up losses from new investments in manufacturing facilities. However, the manufacturing division recorded higher deliveries on the back of higher production volumes from major car makers.

Associates' results were lower as the new manufacturing facilities incurred start-up costs during the quarter.

The Group's gross debt to equity ratio as at 31 March 2014 was 26.4% compared with 33.9% as at the end of the same period last year.

Net assets per share rose to RM3.72 as at the end of 31 March 2014.

**Motor Trading**

Revenues from motor trading declined by 21.1% to RM408.9 million, as sales were affected by intense market competition. As a result profit from motor trading fell by 13.8% to RM2.6 million. Despite lower vehicle sales, there was increased income from aftersales as a result of upgrading and capacity expansion of the Group's service centres.

**Auto Parts Manufacturing**

Auto parts manufacturing revenues improved by 8.9% to RM99.3 million, mainly attributed to the increased demand from major car makers. However, operating profits declined by 18.1% to RM11.7 million mainly due to higher operating costs as a result of the upward revision of utility prices and losses from the new alloy wheel manufacturing plant.

**Associates**

Associates' results declined 23.7% to RM27.3 million due to start-up costs from new manufacturing facilities.

**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2014**

**First quarter ended 31 March 2014 against previous quarter ended 31 December 2013**

	Revenue			Profit before tax		
	Quarter ended 31-Mar-14 RM'000	Quarter ended 31-Dec-13 RM'000	Change %	Quarter ended 31-Mar-14 RM'000	Quarter ended 31-Dec-13 RM'000	Change %
Consolidated Total	508,205	501,410	1.4	36,363	44,961	(19.1)
<u>Business segments:</u>						
Motor Trading	408,870	378,593	8.0	2,620	5,958	(56.0)
Auto parts manufacturing	99,335	122,817	(19.1)	11,653	18,119	(35.7)
Share of associates' results				27,314	26,763	2.1
Others				(5,224)	(5,879)	11.1
Operating profit before interests, tax and associates				12,185	20,882	(41.6)

**Group**

The Group's revenue improved by 1.4% mainly due to better vehicle sales in the continental makes. Operating profits declined by 41.6%, whilst the share of results of associate companies improved by 2.1%. Net profit attributable to owners of company declined by 28.3%.

**Motor Trading**

The increase in revenues was mainly due to increased sales in the continental makes. However, this was not sufficient to offset the effect of lower sales in Perodua by DMM Sales and commercial vehicles due to unavailability of stocks which resulted in lower operating profits from motor trading.

**Auto Parts Manufacturing**

Revenues declined by 19.1% to RM99.3 million mainly due to lower production volumes from major car makers. Consequently, overall operating profits declined coupled with higher operating costs from increased utility prices and labour costs.

**PROSPECTS**

The trading environment remains challenging, as customers are cautious in their spending in view of rising costs of living.

Hire purchase financing has become more stringent and at the same time financial institutions have increased interest rates from 1 April 2014 which is presently affecting demand.

The start-up costs of the Group's major investments in expanding its distribution network and manufacturing facilities are continuing to have an impact on the Group's current profitability. However, these initiatives will strengthen the Group's competitiveness in the market and the segments it represents.

**Board of Directors**  
**MBM Resources Berhad**  
**20 May 2014**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the three months ended 31 March 2014 - unaudited**

	Note	Current Quarter Ended 31/03/2014 RM'000	Comparative Quarter Ended 31/03/2013 RM'000	3 months Cumulative To Date 31/03/2014 RM'000	Comparative 3 months Cumulative To Date 31/03/2013 RM'000
Revenue	18	508,205	609,921	508,205	609,921
Cost of sales		(465,765)	(570,753)	(465,765)	(570,753)
Gross profit		42,440	39,168	42,440	39,168
Other income		7,399	11,103	7,399	11,103
Administrative and other expenses		(21,763)	(22,284)	(21,763)	(22,284)
Selling and marketing expenses		(15,891)	(13,086)	(15,891)	(13,086)
<b>Results from operating activities</b>		<b>12,185</b>	<b>14,901</b>	<b>12,185</b>	<b>14,901</b>
Interest income		2,060	1,841	2,060	1,841
Finance costs		(5,196)	(5,758)	(5,196)	(5,758)
Net (finance costs)/interest income		(3,136)	(3,917)	(3,136)	(3,917)
Share of results of associates, net of tax		27,314	35,779	27,314	35,779
<b>Profit before tax</b>	18	<b>36,363</b>	<b>46,763</b>	<b>36,363</b>	<b>46,763</b>
Income tax expense	19	(4,051)	(5,085)	(4,051)	(5,085)
<b>Profit for the period</b>		<b>32,312</b>	<b>41,678</b>	<b>32,312</b>	<b>41,678</b>
<b>Profit attributable to:</b>					
Owners of the Company		23,421	32,751	23,421	32,751
Non-controlling interests		8,891	8,927	8,891	8,927
<b>Profit for the period</b>		<b>32,312</b>	<b>41,678</b>	<b>32,312</b>	<b>41,678</b>

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)**  
**For the three months ended 31 March 2014 - unaudited**

	Note	Current Quarter Ended 31/03/2014 RM'000	Comparative Quarter Ended 31/03/2013 RM'000	3 months Cumulative To Date 31/03/2014 RM'000	Comparative 3 months Cumulative To Date 31/03/2013 RM'000
<b>Profit for the period</b>		32,312	41,678	32,312	41,678
<b>Other comprehensive (loss)/income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>		--	--	--	--
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Changes in fair value of available- for-sale financial asset		--	(417)	--	(417)
Gain on sale of available-for-sale financial assets		--	417	--	417
Net gain/(loss) on cash flow hedges of an associate		190	318	190	318
<b>Other comprehensive income for the period, net of tax</b>		190	318	190	318
<b>Total comprehensive income for the period</b>		<u>32,502</u>	<u>41,996</u>	<u>32,502</u>	<u>41,996</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		23,577	33,008	23,577	33,008
Non-controlling interests		8,925	8,988	8,925	8,988
<b>Total comprehensive income for the period</b>		<u>32,502</u>	<u>41,996</u>	<u>32,502</u>	<u>41,996</u>
<b>Earnings per ordinary share</b>		sen	sen	sen	sen
Basic	20	5.99	8.38	5.99	8.38
Diluted	20	5.97	8.14	5.97	8.14

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 31 March 2014 - unaudited**

	Note	As at end of Current Quarter 31/03/2014 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2013 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		383,689	385,612
Prepaid land lease payments		38,820	38,950
Investment properties		32,092	31,633
Investment in associates		919,964	892,479
Other investment		1,000	1,000
Intangible assets		5,005	5,407
Deferred tax assets		2,953	2,953
Goodwill on consolidation		227,007	227,007
Total Non-Current Assets		<u>1,610,530</u>	<u>1,585,041</u>
<b>Current Assets</b>			
Property development costs		97,189	84,578
Inventories		285,968	282,439
Trade & other receivables and prepaid expenses		267,347	257,606
Amount owing by associates		--	10
Tax recoverable		17,141	13,783
Cash and bank balances		308,027	324,508
Deferred tax assets		6,072	6,072
Total Current Assets		<u>981,744</u>	<u>968,996</u>
<b>TOTAL ASSETS</b>	18	<u><u>2,592,274</u></u>	<u><u>2,554,037</u></u>

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**  
**As at 31 March 2014 - unaudited**

	Note	As at end of Current Quarter 31/03/2014 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2013 RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital		390,711	390,711
Reserves		<u>1,063,010</u>	<u>1,051,120</u>
Equity attributable to owners of the Company		1,453,721	1,441,831
Non-controlling interests		<u>332,327</u>	<u>323,402</u>
Total Equity		<u>1,786,048</u>	<u>1,765,233</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	23	325,806	321,344
Deferred tax liabilities		3,347	3,373
Provision for retirement benefits		<u>2,429</u>	<u>2,436</u>
Total Non-Current Liabilities		<u>331,582</u>	<u>327,153</u>
<b>Current Liabilities</b>			
Provision for liabilities		5,117	5,310
Short term borrowings	23	145,545	156,842
Trade & other payables and accrued expenses		319,568	295,556
Amount owing to holding company		147	191
Tax liabilities		<u>4,267</u>	<u>3,752</u>
Total Current Liabilities		<u>474,644</u>	<u>461,651</u>
Total Liabilities	18	<u>806,226</u>	<u>788,804</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,592,274</u></b>	<b><u>2,554,037</u></b>
<b>Net assets per share (RM)</b>		<b>3.72</b>	<b>3.69</b>

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the three months ended 31 March 2014 - unaudited**

Note	Share capital RM'000	Non-distributable					Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share premium RM'000	Warrants reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000				
<b>3 months ended 31 March 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
Dividends distributed to owners of the Company	--	--	--	--	--	--	--	--	--	--
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	--	--
Partial disposal of shares in a subsidiary to a non-controlling interest	--	--	--	--	--	--	68,024	68,024	15,240	83,264
Realisation of post-acquisition reserves	--	--	--	--	--	--	(68,901)	(68,901)	68,901	--
Profit for the period	--	--	--	--	--	--	32,751	32,751	8,927	41,678
Other comprehensive income for the period	--	--	--	(417)	(30)	287	417	257	61	318
Issue of shares:										
Exercise of warrants	--	--	--	--	--	--	--	--	--	--
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	--	--
<b>At 31 March 2013</b>	<b>390,637</b>	<b>294</b>	<b>44,630</b>	<b>--</b>	<b>681</b>	<b>(993)</b>	<b>935,839</b>	<b>1,371,088</b>	<b>314,193</b>	<b>1,685,281</b>
<b>3 months ended 31 March 2014</b>										
<b>At 1 January 2014</b>	390,711	500	44,585	--	681	(267)	1,005,621	1,441,831	323,402	1,765,233
Dividends distributed to owners of the Company	--	--	--	--	--	--	--	--	--	--
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	--	23,421	23,421	8,891	32,312
Other comprehensive income/(loss) for the period	--	--	--	--	--	190	--	190	17	207
Issue of shares:										
Exercise of warrants	--	--	--	--	--	--	(11,721)	(11,721)	--	(11,721)
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	17	17
<b>At 31 March 2014</b>	<b>390,711</b>	<b>500</b>	<b>44,585</b>	<b>--</b>	<b>681</b>	<b>(77)</b>	<b>1,017,321</b>	<b>1,453,721</b>	<b>332,327</b>	<b>1,786,048</b>

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



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended 31 March 2014 - unaudited**

	2014 3 months ended 31/03/2014 Note	2013 3 months ended 31/03/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	32,312	41,678
Adjustments for :		
Income tax expense	4,051	5,085
Share of results of associates	(27,314)	(35,779)
Depreciation and amortisation	7,416	4,875
Other Non-cash items	1	4
Non-operating items	<u>3,156</u>	<u>2,354</u>
Operating profit before working capital changes	19,622	18,217
Changes in working capital		
Increase in trade & other receivables	(9,571)	(19,576)
(Increase) / Decrease in inventories	(3,529)	92,656
Increase / (Decrease) in trade & other payables	24,011	(19,099)
Net changes in other current assets & liabilities	(233)	(1,658)
Income tax refunded	977	687
Income tax paid	<u>(7,872)</u>	<u>(6,619)</u>
Net cash from operating activities	<u><u>23,405</u></u>	<u><u>64,608</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	2,060	3,738
Purchase of property, plant & equipment	(4,788)	(47,013)
Additions to investment property	(672)	--
Additions to development expenditure	(139)	(103)
Additions to property development costs	(12,611)	(3,845)
Proceeds from disposal of partial equity interest in a subsidiary	--	83,264
Other investment	<u>--</u>	<u>417</u>
Net cash (used in) / from investing activities	<u><u>(16,150)</u></u>	<u><u>36,458</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(11,721)	--
Proceeds from issue of shares in a subsidiary to minorities	17	--
Finance costs	(5,196)	(5,841)
Bank borrowings	<u>(8,508)</u>	<u>18,208</u>
Net cash (used in) / from financing activities	<u><u>(25,408)</u></u>	<u><u>12,367</u></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(18,153)	113,433
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>323,759</u>	<u>290,334</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<u><u>305,606</u></u>	<u><u>403,767</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 308,027	405,645
Bank overdrafts	<u>(2,421)</u>	<u>(1,878)</u>
	<u><u>305,606</u></u>	<u><u>403,767</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 three months ended 31 March 2014 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 May 2014.

### **1. Basis of preparation**

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia and comply with 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 2013.

### **2. Significant accounting policies**

The basis of accounting, basis of consolidation, the accounting policies and method of computation applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013.

### **3. Estimates**

In preparing the condensed interim financial statements, the critical 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 2013.

### **4. Independent Auditors' Report of Preceding Annual Financial Statements**

The independent auditors' report on the financial statements of the Group and of the Company as at and for the year ended 31 December 2013 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 390,710,753 ordinary shares amounting to RM11,721,323 in respect of financial year ended 31 December 2013 was paid on 28 March 2014.

**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 31/03/2014	
		Number of shares '000	Share Capital RM'000
Ordinary shares			
As at 1 January 2014	1.00	390,711	390,711
Conversion of warrants	1.00	-	-
As at 31 March 2014	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	:	Nil
Exercise price	:	RM3.20 per warrant

**9. Subsequent material events**

There were no material event or transaction during the period from 31 March 2014 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 March 2014 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 March 2014, the Group and the Company had the following transactions with related parties :

	Period ended 31/03/2014 RM'000
<b><u>Group</u></b>	
Purchases from a subsidiary of Perodua	245,761
Sales to subsidiaries of Perodua	27,389
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	1,927
Purchases from affiliated companies of Autoliv AB Sweden	7,696
Sales to affiliated companies of Autoliv AB Sweden	590
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	314
<b><u>Company</u></b>	
Management fees from:	
- subsidiaries	36

\* 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 March 2014 is as follows :

	<u>RM'000</u>
Approved and contracted for	43,967
Approved and not contracted for	36,412
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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, 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 March 2014

	Motor Trading	Automotive Components	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	408,870	99,335	--	508,205
Operating profits/(loss) for reportable segments	3,020	11,450	(2,285)	12,185
Share of results of associates	26,358	956	--	27,314
Interest income	517	901	642	2,060
Finance costs	(917)	(698)	(3,581)	(5,196)
Depreciation and amortisation	2,367	5,011	38	7,416
Other significant non-cash items				
- Provisions	--	--	--	--
Capital expenditure	2,348	2,830	282	5,460
Segment assets	679,255	490,399	502,656	1,672,310
Investment in associates	873,718	46,246	--	919,964
Segment liabilities	228,798	156,485	420,943	806,226

Period ended 31 March 2013

	Motor Trading	Automotive Components	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	518,497	91,241	183	609,921
Operating profits/(loss) for reportable segments	3,670	13,283	(2,052)	14,901
Share of results of associates	34,750	1,029	--	35,779
Interest income	401	987	453	1,841
Finance costs	(1,031)	(39)	(4,688)	(5,758)
Depreciation and amortisation	2,067	2,722	86	4,875
Other significant non-cash items				
- Provisions	238	--	--	238
Capital expenditure	12,208	5,016	29,789	47,013
Segment assets	760,375	448,190	504,831	1,713,396
Investment in associates	810,550	43,893	--	854,443
Segment liabilities	324,671	135,190	422,697	882,558

**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 31/03/2014 RM'000	Period ended 31/03/2013 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	508,205	609,738
All others	--	183
	<hr/>	<hr/>
Revenue, as reported	<u>508,205</u>	<u>609,921</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	14,273	17,271
All others	(5,224)	(6,287)
Share of results of associates	27,314	35,779
	<hr/>	<hr/>
Profit before tax, as reported	<u>36,363</u>	<u>46,763</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,169,654	1,208,565
All others	502,656	504,831
Investment in associates	919,964	854,443
	<hr/>	<hr/>
Total assets, as reported	<u>2,592,274</u>	<u>2,567,839</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	385,283	459,861
All others	420,943	422,697
	<hr/>	<hr/>
Total liabilities, as reported	<u>806,226</u>	<u>882,558</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 2013. 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 31/03/2014 RM'000	Year to date 31/03/2014 RM'000
Current year's provision	4,051	4,051
Add :		
Under/(Over) provision in prior years	--	--
	<u>4,051</u>	<u>4,051</u>
Deferred taxation	--	--
Income tax expense	<u><u>4,051</u></u>	<u><u>4,051</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 31/03/2014 %	Year to date 31/03/2014 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(18.8)	(18.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	4.9	4.9
	<u>11.1</u>	<u>11.1</u>

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

	Quarter 3 months ended		Year to date 3 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
<b>Basic earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	23,421	32,751	23,421	32,751
Weighted average number of ordinary shares ('000)	390,680	390,637	390,680	390,637
Bonus issue	--	-	--	--
Effect of exercise of rights issue #	--	-	--	--
	<u>390,680</u>	<u>390,637</u>	<u>390,680</u>	<u>390,637</u>
Basic earnings per share (sen)	5.99	8.38	5.99	8.38

**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 3 months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
<b>Diluted earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	23,421	32,751	23,421	32,751
Adjusted weighted average number of ordinary shares in issue and issuable	392,025	402,351	392,025	402,351
Diluted earnings per share (sen)	5.97	8.14	5.97	8.14

	No of ordinary shares of RM1.00 each	
	31/03/2014	31/03/2013
Weighted average number of ordinary shares	390,679,609	390,637,453
Adjustment for assumed exercise of warrants	1,345,219	11,713,847
Adjusted weighted average number of ordinary shares in issue and issuable	392,024,829	402,351,300

**21. Corporate proposals**

There were no corporate proposals made or undertaken by the Group and the Company during the current quarter.



**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 March 2014 are as follows:**

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 31 Mar 2014 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	145,545	325,806
Unsecured	--	--
Total	145,545	325,806

**24. Cash and Cash Equivalents**

	<u>The Group As at</u>	
	<u>31/03/2014 RM'000</u>	<u>31/03/2013 RM'000</u>
Cash on hand and at at banks	107,841	178,975
Deposits with licensed banks	200,186	226,670
Cash and bank balances	308,027	405,645
Less : Bank overdrafts	(2,421)	(1,877)
Cash and cash equivalents	305,606	403,768
Cash and bank balances	308,027	405,645
Less :		
Total borrowings*	(471,351)	(571,235)
Net cash position (after total borrowings)	(163,324)	(165,590)

(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 May 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 March 2014 into realised and unrealised profits or losses.

	31/03/2014	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	702,122	238,812
Unrealised	(2,094)	(2,095)
Total retained earnings from the associates		
Realised	688,260	--
Unrealised	(22,509)	--
Less : Consolidation adjustments	(348,458)	--
Total retained earnings as per statement of financial position	<u>1,017,321</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 2013.

**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 MAY 2014**