



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2014

Summary

- Group's revenue recorded a marginal decline of 1.4% against Q2 2013
- Operating profits improved 4.6% due to the effect of higher margins on vehicle sales and aftersales contribution
- Associates' contribution declined by 18.0% due to lower volumes and start up costs on new manufacturing facilities
- As a result, profit before tax declined by 9.9%
- The Board declared an interim dividend of 4 sen per share

Results

	Quarter ended 30 June			Year to date ended 30 June		
	2014 RM mil	2013 RM mil	Change %	2014 RM mil	2013 RM mil	Change %
Revenue	565.6	573.6	(1.4)	1,073.8	1,183.5	(9.3)
Profit before tax	47.3	52.5	(9.9)	83.7	99.3	(15.7)
Profit for the period	42.0	47.4	(11.4)	74.3	89.1	(16.6)
Profit attributable to owners of the Company	31.2	37.2	(15.9)	54.7	69.9	(21.8)
	Sen	Sen		Sen	Sen	
Basic earnings per share	8.0	9.5	(16.0)	14.0	17.9	(21.8)
	As at 31 Mar 2014 RM mil	As at 31 Dec 2013 RM mil				
Equity attributable to owners of the Company	1,485.0	1,441.8	3.0			
	RM	RM				
Net assets per share	3.80	3.69	3.0			
	1st Interim 2014 Sen	1st Interim 2013 Sen		YTD 2014 Sen	YTD 2013 Sen	
Dividend per share	4.0	3.0	33.3	4.0	3.0	33.3

Performance of sales by operations

% Changes *	Q2'14	Q2'14	YTD June'14
	vs Q1'14	vs Q2'13	vs YTD June'13
Total Industry Volume (TIV) **	+ 8.3	+ 11.2	+ 6.3
Total Industry Production (TIP) **	+ 7.3	+ 11.6	+ 8.3
Total Group's Vehicles Sales	+ 14.7	- 0.9	- 5.5
Subsidiaries			
DMSB - Daihatsu & Hino trucks	+ 33.7	- 17.2	- 20.1
DMMS Perodua vehicles	+ 19.7	+ 4.9	- 1.0
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 17.1	- 20.7	- 18.9
HHB	+ 19.5	+ 15.3	+ 11.4
OMI	+ 25.4	+ 41.7	+ 27.3
Associated companies			
Perodua vehicles	- 3.6	- 3.8	+ 0.9
Hino trucks	+ 17.2	- 9.9	- 14.6

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 second quarter ended 30 June 2014

Group Financial Performance

Second quarter ended 30 June 2014 compared with second quarter ended 30 June 2013

	Revenue			Profit before tax		
	Quarter ended 30-Jun-14 RM'000	Quarter ended 30-Jun-13 RM'000	Change %	Quarter ended 30-Jun-14 RM'000	Quarter ended 30-Jun-13 RM'000	Change %
Consolidated Total	565,628	573,604	(1.4)	47,311	52,516	(9.9)
Business segments:						
Motor Trading	445,113	475,374	(6.4)	3,268	3,347	(2.4)
Auto parts manufacturing	120,515	98,230	22.7	17,195	15,618	10.1
Share of associates' results				31,733	38,705	(18.0)
Others				(4,885)	(5,154)	5.2
Operating profit before interests, tax and associates				18,938	18,107	4.6

Group

The Group's revenue declined by 1.4% to RM565.6 million, whilst operating profits improved by 4.6% to RM18.9 million. Share of results of associate companies fell by 18.0% to RM31.7 million. Net profit attributable to owners of the Company declined by 15.9% to RM31.2 million.

Overall improvement in operating profits was mainly attributable to higher deliveries by the manufacturing division in line with higher production volumes from major car makers.

Associates' results declined 18.0% to RM31.7million due to lower volumes and start up costs of new manufacturing facilities during the quarter.

The Group's gross debt to equity ratio as at 30 June 2014 was 24.2% compared with 31.5% as at the end of the same period last year.

Net assets per share rose to RM3.80 as at the end of 30 June 2014.

Motor Trading

Revenues from motor trading fell short by 6.4% to RM445.1 million, with profit from motor trading lower by 2.4% to RM3.3 million. This was mainly due to lower Volkswagen and commercial vehicles sales. However, improved Perodua vehicle sales by DMM Sales and overall higher aftersales revenues helped cushioned this effect.

Auto Parts Manufacturing

Auto parts manufacturing revenues improved by 22.7% to RM120.5 million, mainly attributed to the increased deliveries in line with higher demand of major car makers. The higher profit from improved revenues was partially offset by the losses incurred from the new alloy wheel manufacturing operations. Profit from the auto parts manufacturing division improved by 10.1% to RM17.2 million.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2014

Second quarter ended 30 June 2014 against previous quarter ended 31 March 2014

	Revenue			Profit before tax		
	Quarter ended 30-Jun-14 RM'000	Quarter ended 31-Mar-14 RM'000	Change %	Quarter ended 30-Jun-14 RM'000	Quarter ended 31-Mar-14 RM'000	Change %
Consolidated Total	565,628	508,205	11.3	47,311	36,363	30.1
<u>Business segments:</u>						
Motor Trading	445,113	408,870	8.9	3,268	2,620	24.7
Auto parts manufacturing	120,515	99,335	21.3	17,195	11,653	47.6
Share of associates' results				31,733	27,314	16.2
Others				(4,885)	(5,224)	6.5
Operating profit before interests, tax and associates				18,938	12,185	55.4

Group

The Group's revenue improved by 11.3% due to higher sales from motor trading and auto parts manufacturing. Profit from operations improved by 55.4%, whilst the share of results of associate companies improved by 16.2%. Net profit attributable to owners of company improved by 33.4%.

Motor Trading

The increase in revenues was mainly attributable to higher pre-Hari Raya festive season demand from customers and also higher commercial vehicles sales from the new Daihatsu Gran Max facelift.

Auto Parts Manufacturing

Revenues improved by 21.3% to RM120.5 million mainly due to higher demand from major car makers. As a result, operating profits improved by 47.6% to RM17.2 million.

PROSPECTS

The trading environment remains challenging due to factors affecting consumer purchases, such as tighter financing conditions for consumers.

The Group is also experiencing the effect of startup costs of its new manufacturing investments in OMI Alloy and associates. However, we expect to reap the benefits of these investments starting next year.

The Group's investment in expanding the aftersales servicing capacity will continue to contribute to higher operating margins.

Board of Directors
MBM Resources Berhad
19 August 2014

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2014 - unaudited

	Note	Current Quarter Ended 30/06/2014 RM'000	Comparative Quarter Ended 30/06/2013 RM'000	6 months Cumulative To Date 30/06/2014 RM'000	Comparative 6 months Cumulative To Date 30/06/2013 RM'000
Revenue	18	565,628	573,604	1,073,833	1,183,525
Cost of sales		(514,737)	(526,712)	(980,502)	(1,097,465)
Gross profit		50,891	46,892	93,331	86,060
Other income		10,088	10,306	17,487	21,409
Administrative and other expenses		(23,860)	(21,963)	(45,623)	(44,247)
Selling and marketing expenses		(18,181)	(17,128)	(34,072)	(30,214)
Operating profits		18,938	18,107	31,123	33,008
Interest income		1,913	1,845	3,973	3,686
Finance costs		(5,273)	(6,141)	(10,469)	(11,899)
Net (finance costs)/interest income		(3,360)	(4,296)	(6,496)	(8,213)
Share of results of associates, net of tax		31,733	38,705	59,047	74,484
Profit before tax	18	47,311	52,516	83,674	99,279
Income tax expense	19	(5,304)	(5,089)	(9,355)	(10,174)
Profit for the period		42,007	47,427	74,319	89,105
Profit attributable to:					
Owners of the Company		31,237	37,156	54,658	69,907
Non-controlling interests		10,770	10,271	19,661	19,198
Profit for the period		42,007	47,427	74,319	89,105

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 six months ended 30 June 2014 - unaudited

	Note	Current Quarter Ended 30/06/2014 RM'000	Comparative Quarter Ended 30/06/2013 RM'000	6 months Cumulative To Date 30/06/2014 RM'000	Comparative 6 months Cumulative To Date 30/06/2013 RM'000
Profit for the period		42,007	47,427	74,319	89,105
Other comprehensive (loss)/income, net of tax					
<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)
Gain on sale of available-for-sale financial assets		--	--	--	417
Net gain/(loss) on cash flow hedges of an associate		101	1,678	291	1,996
Other comprehensive income for the period, net of tax		101	1,678	291	1,996
Total comprehensive income for the period		<u>42,108</u>	<u>49,105</u>	<u>74,610</u>	<u>91,101</u>
Total comprehensive income attributable to:					
Owners of the Company		31,349	38,671	54,926	71,679
Non-controlling interests		10,759	10,434	19,684	19,422
Total comprehensive income for the period		<u>42,108</u>	<u>49,105</u>	<u>74,610</u>	<u>91,101</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	7.99	9.51	13.99	17.89
Diluted	20	7.99	9.23	13.98	17.36

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 30 June 2014 - unaudited

	Note	As at end of Current Quarter 30/06/2014 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2013 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		397,450	385,612
Prepaid land lease payments		38,689	38,950
Investment properties		34,995	31,633
Investment in associates		905,294	892,479
Other investment		1,000	1,000
Intangible assets		4,632	5,407
Deferred tax assets		2,953	2,953
Goodwill on consolidation		227,007	227,007
Total Non-Current Assets		<u>1,612,020</u>	<u>1,585,041</u>
Current Assets			
Property development costs		113,924	84,578
Inventories		261,483	282,439
Trade & other receivables and prepaid expenses		268,996	257,606
Amount owing by associates		--	10
Tax recoverable		12,100	13,783
Cash and bank balances		331,312	324,508
Deferred tax assets		6,072	6,072
Total Current Assets		<u>993,887</u>	<u>968,996</u>
TOTAL ASSETS	18	<u><u>2,605,907</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 30 June 2014 - unaudited

	Note	As at end of Current Quarter 30/06/2014 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2013 RM'000
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		390,711	390,711
Reserves		<u>1,094,324</u>	<u>1,051,120</u>
Equity attributable to owners of the Company		1,485,035	1,441,831
Non-controlling interests		<u>339,567</u>	<u>323,402</u>
Total Equity		<u>1,824,602</u>	<u>1,765,233</u>
Non-Current Liabilities			
Long term borrowings	23	314,640	321,344
Deferred tax liabilities		3,347	3,373
Provision for retirement benefits		<u>1,728</u>	<u>2,436</u>
Total Non-Current Liabilities		<u>319,715</u>	<u>327,153</u>
Current Liabilities			
Provision for liabilities		5,666	5,310
Short term borrowings	23	127,335	156,842
Trade & other payables and accrued expenses		323,005	295,556
Amount owing to holding company		161	191
Tax liabilities		<u>5,423</u>	<u>3,752</u>
Total Current Liabilities		<u>461,590</u>	<u>461,651</u>
Total Liabilities	18	<u>781,305</u>	<u>788,804</u>
TOTAL EQUITY AND LIABILITIES		<u>2,605,907</u>	<u>2,554,037</u>
Net assets per share (RM)		3.80	3.69

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 six months ended 30 June 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				
6 months ended 30 June 2013										
At 1 January 2013	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	--	--	--	--	--	--	(23,438)	(23,438)	--	(23,438)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(2,706)	(2,706)
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	--	--	--	--	--	--	69,907	69,907	19,198	89,105
Other comprehensive income for the period	--	--	--	(417)	(30)	1,802	417	1,772	224	1,996
Issue of shares:										
Exercise of warrants	74	206	(45)	--	--	--	--	235	--	235
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	5	5
At 30 June 2013	390,711	500	44,585	--	681	522	949,557	1,386,556	321,926	1,708,482
6 months ended 30 June 2014										
At 1 January 2014	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	--	--	--	--	--	--	54,658	54,658	19,661	74,319
Other comprehensive income/(loss) for the period	--	--	--	--	--	267	--	267	23	290
Issue of shares:										
Exercise of warrants	--	--	--	--	--	--	(11,721)	(11,721)	(3,547)	(15,268)
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	28	28
At 30 June 2014	390,711	500	44,585	--	681	--	1,048,558	1,485,035	339,567	1,824,602

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 six months ended 30 June 2014 - unaudited

	2014 6 months ended 30/06/2014 Note	2013 6 months ended 30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	74,319	89,105
Adjustments for :		
Income tax expense	9,355	10,174
Share of results of associates	(59,047)	(74,484)
Depreciation and amortisation	15,498	11,487
Other Non-cash items	1	60
Non-operating items	<u>6,513</u>	<u>8,904</u>
Operating profit before working capital changes	46,639	45,246
Changes in working capital		
Decrease / (Increase) in trade & other receivables	(10,495)	(9,972)
Decrease / (Increase) in inventories	20,956	129,507
(Decrease) / Increase in trade & other payables	27,447	(63,137)
Net changes in other current assets & liabilities	(372)	(1,965)
Income tax refunded	9,445	446
Income tax paid	<u>(15,446)</u>	<u>(14,310)</u>
Net cash from operating activities	<u><u>78,174</u></u>	<u><u>85,815</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	45,605	40,460
Interest income	3,973	3,687
Purchase of property, plant & equipment	(25,919)	(78,976)
Additions to investment property	(3,441)	--
Additions to development expenditure	(320)	(256)
Additions to property development costs	(29,346)	(7,477)
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>(9,448)</u></u>	<u><u>41,119</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(11,721)	(23,438)
Dividends paid to minorities of a subsidiary	(3,548)	(2,706)
Proceeds from exercise of warrants	--	235
Proceeds from issue of shares in a subsidiary to minorities	27	5
Finance costs	(10,469)	(11,982)
Bank borrowings	<u>(37,447)</u>	<u>(15,347)</u>
Net cash used in financing activities	<u><u>(63,158)</u></u>	<u><u>(53,233)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,568	73,701
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>323,759</u>	<u>290,334</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>329,327</u></u>	<u><u>364,035</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	24 331,312	367,241
Bank overdrafts	<u>(1,985)</u>	<u>(3,206)</u>
	<u><u>329,327</u></u>	<u><u>364,035</u></u>

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

Notes to the condensed consolidated interim financial statements

MBM Resources Berhad ("MBMR") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 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 19 August 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

No dividends were paid during the financial quarter under review.

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

8. Debt and equity securities

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

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

	Par value RM	Period ended 30/06/2014	
		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 30 June 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 30 June 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 30 June 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 30 June 2014, the Group and the Company had the following transactions with related parties :

	Period ended 30/06/2014 RM'000
<u>Group</u>	
Purchases from a subsidiary of Perodua	492,663
Sales to subsidiaries of Perodua	53,020
Purchases from Toyota Tsusho Co. and/or its subsidiaries and associates	5,521
Purchases from affiliated companies of Autoliv AB Sweden	31,177
Sales to affiliated companies of Autoliv AB Sweden	1,027
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	314
	<u> </u>
<u>Company</u>	
Management fees from:	
- subsidiaries	72
	<u> </u>

* Includes all subsidiaries and associates of Daihatsu Motor Co., Ltd. other than the subsidiaries of the Company.

12. Capital commitments

The amount of commitments in respect of the acquisition of property, plant and equipments not provided for in the interim financial statements as at 30 June 2014 is as follows :

	<u>RM'000</u>
Approved and contracted for	3,365
Approved and not contracted for	<u>30,000</u>

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 and alloy wheels and discs, seat belts, car airbag modules, noise, vibration and harshness ("NVH") products and provision of tyre assembly services
- (iii) All others : Investment holding, corporate headquarters and other dormant companies.

(Continued next page)

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

18. Operating segments (cont'd)

Period ended 30 June 2014

	Motor Trading	Automotive Components	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	853,983	219,850	--	1,073,833
Operating profits/(loss) for reportable segments	6,605	28,624	(4,106)	31,123
Share of results of associates	57,605	1,442	--	59,047
Interest income	943	1,744	1,286	3,973
Finance costs	(1,660)	(1,520)	(7,289)	(10,469)
Depreciation and amortisation	5,338	10,076	84	15,498
Other significant non-cash items				
- Provisions	374	--	--	374
Capital expenditure	5,543	20,376	3,441	29,360
Segment assets	656,291	503,788	540,534	1,700,613
Investment in associates	859,446	45,848	--	905,294
Segment liabilities	200,854	173,292	407,159	781,305

Period ended 30 June 2013

	Motor Trading	Automotive Components	All others	Group
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	993,871	189,471	183	1,183,525
Operating profits/(loss) for reportable segments	7,779	28,565	(3,336)	33,008
Share of results of associates	72,307	2,177	--	74,484
Interest income	887	1,596	1,203	3,686
Finance costs	(2,279)	(312)	(9,308)	(11,899)
Depreciation and amortisation	4,259	7,060	168	11,487
Other significant non-cash items				
- Provisions	558	--	--	558
Capital expenditure	18,832	22,157	37,987	78,976
Segment assets	726,095	441,973	493,872	1,661,940
Investment in associates	809,324	44,156	--	853,480
Segment liabilities	281,357	145,471	380,110	806,938

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

18. Operating segments (cont'd)

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

	Period ended 30/06/2014 RM'000	Period ended 30/06/2013 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,073,833	1,183,342
All others	--	183
	<hr/>	<hr/>
Revenue, as reported	<u>1,073,833</u>	<u>1,183,525</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	34,736	36,236
All others	(10,109)	(11,441)
Share of results of associates	59,047	74,484
	<hr/>	<hr/>
Profit before tax, as reported	<u>83,674</u>	<u>99,279</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,160,079	1,168,068
All others	540,534	493,872
Investment in associates	905,294	853,480
	<hr/>	<hr/>
Total assets, as reported	<u>2,605,907</u>	<u>2,515,420</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	374,146	426,828
All others	407,159	380,110
	<hr/>	<hr/>
Total liabilities, as reported	<u>781,305</u>	<u>806,938</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 30/06/2014 RM'000	Year to date 30/06/2014 RM'000
Current year's provision	5,304	9,355
Add :		
Under/(Over) provision in prior years	--	--
	<u>5,304</u>	<u>9,355</u>
Deferred taxation	--	--
Income tax expense	<u><u>5,304</u></u>	<u><u>9,355</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 30/06/2014 %	Year to date 30/06/2014 %
Statutory income tax rate in Malaysia	25.0	25.0
Adjustment for tax applicable to share of results in associates	(16.8)	(17.6)
Expenses not deductible for tax purpose / (Income not subject to tax)	3.0	3.8
	<u>11.2</u>	<u>11.2</u>

20. Earnings per ordinary share (EPS)

	Quarter 3 months ended		Year to date 6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	31,237	37,156	54,658	69,907
Weighted average number of ordinary shares ('000)	390,711	390,711	390,711	390,711
Bonus issue	--	-	--	--
Effect of exercise of rights issue #	--	-	--	--
	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>
Basic earnings per share (sen)	7.99	9.51	13.99	17.89

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

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

	Quarter		Year to date	
	3 months ended		6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	31,237	37,156	54,658	69,907
Adjusted weighted average number of ordinary shares in issue and issuable	390,863	402,733	390,863	402,733
Diluted earnings per share (sen)	7.99	9.23	13.98	17.36

	No of ordinary shares of RM1.00 each	
	30/06/2014	30/06/2013
Weighted average number of ordinary shares	390,710,753	390,710,753
Adjustment for assumed exercise of warrants	151,955	12,022,676
Adjusted weighted average number of ordinary shares in issue and issuable	390,862,708	402,733,429

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 30 June 2014 are as follows:

<u>Purpose</u>	<u>Expected timeframe for utilisation</u>	<u>Expected utilisation RM'000</u>	<u>Utilisation at 30 June 2014 RM'000</u>	<u>Balance unutilised 30 June 2014 RM'000</u>
Expansion of the retail and service network	within 24 months	30,000	21,828	8,172
Expansion of the automotive manufacturing division	within 24 months	50,000	39,487	10,513
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	--
		<u>103,895</u>	<u>85,210</u>	<u>18,685</u>

The Rights Issue with Warrants was completed on 21 June 2012 with cash proceeds received of RM103,895,487. The utilisation of the proceeds in accordance with the prospectus expired on 21 June 2014. In accordance to the Rights Issue prospectus dated 23 May 2012, the unutilised amount of RM18,685,000 will be used by the Company for working capital purposes and/or repayment of borrowings.

23. Loans and Borrowings

	<u>Short Term Borrowings RM'000</u>	<u>Long Term Borrowings RM'000</u>
Denominated in Malaysian Currency (RM)		
Secured	127,335	314,640
Unsecured	--	--
Total	<u>127,335</u>	<u>314,640</u>

24. Cash and Cash Equivalents

	<u>The Group As at</u>	
	<u>30/06/2014 RM'000</u>	<u>30/06/2013 RM'000</u>
Cash on hand and at at banks	75,460	143,787
Deposits with licensed banks	<u>255,852</u>	<u>223,454</u>
Cash and bank balances	331,312	367,241
Less : Bank overdrafts	(1,985)	(3,206)
Cash and cash equivalents	<u>329,327</u>	<u>364,035</u>
Cash and bank balances	331,312	367,241
Less :		
Total borrowings*	(441,975)	(539,015)
Net cash position (after total borrowings)	<u>(110,663)</u>	<u>(171,774)</u>

(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 11 August 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 30 June 2014 into realised and unrealised profits or losses.

	30/06/2014	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	712,396	238,812
Unrealised	(2,094)	(2,095)
Total retained earnings from the associates		
Realised	719,993	--
Unrealised	(22,509)	--
Less : Consolidation adjustments	(359,228)	--
Total retained earnings as per statement of financial position	<u>1,048,558</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 is pleased to declare a first interim dividend of 4.0 sen per share tax exempted (single tier dividend) amounting to approximately RM15,628,430 for the year ending 31 December 2014.

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

**WONG PEIR CHYUN
 COMPANY SECRETARY
 KUALA LUMPUR
 DATED : 19 AUGUST 2014**