



QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2017

Summary

- The Group's revenue increased by 8.1% due to higher vehicle sales
- The joint venture's results improved due to better demand
- Contribution from associates was lower
- An impairment loss on goodwill of RM10.8 million was recognised
- As a result, profit before tax decreased by 55.2%

Results

	Quarter ended 30 Sep			Year to date ended 30 Sep		
	2017	2016	Change	2017	2016	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	466.8	431.9	8.1	1,288.8	1,233.0	4.5
On going business	464.0	431.9	7.4	1,286.0	1,233.0	4.3
One-off property contribution	2.8	--	>100.0	2.8	--	>100.0
Profit before tax	11.7	26.1	(55.2)	54.1	71.6	(24.4)
On going business	11.0	26.1	(57.9)	53.4	71.6	(25.4)
One-off property contribution	0.7	--	>100.0	0.7	--	>100.0
Profit for the period	9.2	24.1	(62.0)	48.3	66.5	(27.4)
Profit attributable to owners of the Company	7.3	21.3	(65.6)	42.9	58.5	(26.6)
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic earnings per share	1.9	5.5	(65.5)	11.0	15.0	(26.7)
	As at 30 Sep 2017 RM mil	As at 31 Dec 2016 RM mil				
Equity attributable to owners of the Company	1,631.3	1,605.8	1.6			
	<u>RM</u>	<u>RM</u>				
Net assets per share	4.17	4.11	1.5			
	1st Interim 2017 <u>Sen</u>	1st Interim 2016 <u>Sen</u>		YTD 2017 <u>Sen</u>	YTD 2016 <u>Sen</u>	
Dividend per share	--	--	-	1.5	3.0	(50.0)

Performance of sales by operations

% Changes *	Q3'17	Q3'17	YTD Sep'17
	vs Q2'17	vs Q3'16	vs YTD Sep'16
Total Industry Volume (TIV) **	- 1.7	- 1.2	+ 1.7
Total Industry Production (TIP) **	+ 7.3	+ 1.5	- 1.5
Total Group's Vehicles Sales	+ 29.9	+ 13.3	- 2.3
Subsidiaries			
DMSB - Daihatsu & Hino trucks	+ 68.1	+ 34.3	- 23.9
DMMS Perodua vehicles	+ 30.4	+ 13.5	+ 1.0
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 6.1	- 0.2	- 22.2
HASB	+ 2.7	- 21.3	- 15.4
OMI	+ 1.1	+ 14.4	+ 11.6
Service throughputs	+ 3.4	+ 2.6	+ 1.7
Joint Venture			
AHSB	+ 15.0	- 0.5	- 5.0
Associated companies			
Perodua vehicles	- 0.7	- 4.0	+ 2.0
Hino trucks and buses	+ 14.8	+ 28.3	+ 20.2

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
HASB : Hirotako Acoustics Sdn Bhd
OMI : Oriental Metal Industries (M) Sdn Bhd
AHSB : Autoliv Hirotako Sdn Bhd

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

** Source : Malaysian Automotive Association (MAA) 2017 and 2016

QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2017

Group Financial Performance

Third quarter ended 30 September 2017 compared with third quarter ended 30 Septemebr 2016

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 30-Sep-17 RM'000	Quarter ended 30-Sep-16 RM'000	Change %	Quarter ended 30-Sep-17 RM'000	Quarter ended 30-Sep-16 RM'000	Change %
Consolidated Total	466,805	431,940	8.1	11,678	26,081	(55.2)
<u>Business segments:</u>						
Motor Trading	410,449	383,020	7.2	7,198	4,338	65.9
Auto Parts Manufacturing	53,199	48,886	8.8	(8,402)	(4,169)	(101.5)
Share of results of a joint venture				2,622	1,378	90.3
Share of results of associates				23,752	29,020	(18.2)
Others	3,157	34		(13,492)	(4,486)	(200.8)

Group

For the current quarter, the Group's revenue improved by 8.1% or RM34.9 million to RM466.8 million against the corresponding quarter. PBT, however, was lower by 55.2% or RM14.4 million to close at RM11.7 million mainly due to the recognition of an impairment on goodwill of RM10.8 million during the quarter as well as lower contribution from associates.

Excluding the goodwill impairment, the Group's PBT would have been RM22.5 million, representing a reduction of 13.9% or RM3.6 million.

The Group's share of associates' results contracted by 18.2% or RM5.3 million to close at RM23.8 million.

The Group's share of results in it's joint venture improved by 90.3% or RM1.2 million due to recovery in demand from a major OEM customer.

Motor Trading

Revenue for the current quarter increased by 7.2% or RM27.4 million to RM410.4 million against the corresponding period. The improved performance is principally driven by higher sales volume for most of the brands within the Group, aided by revised sales and marketing strategies and on going cost structure review. The Division's Perodua models registered improved sales during the quarter, likewise for other brands within the Division. For Volvo, the XC90 continued to generate interest although at reduced momentum.

Consequently, PBT was higher by 65.9% or RM2.9 million to close at RM7.2 million compared to the corresponding quarter.

Auto Parts Manufacturing

Revenue for the quarter increased by 8.8% or RM4.3million to RM53.2 million against the corresponding quarter mainly due to gradual recovery of demand from the Division's major OEM customers.

Despite the improved revenue, the Division incurred higher losses of RM4.2 million for the quarter to close at a loss of RM8.4 million. The higher losses were mainly due to the Division's alloy wheel plant operation as well as additional provisions of approximately RM2.5 million made on inventory and tooling. Rising raw material prices also affected the Division's margin.

QUARTERLY ANNOUNCEMENT
For the third quarter ended 30 September 2017

Third quarter ended 30 September 2017 against previous quarter ended 30 June 2017

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 30-Sep-17 RM'000	Quarter ended 30-Jun-17 RM'000	Change %	Quarter ended 30-Sep-17 RM'000	Quarter ended 30-Jun-17 RM'000	Change %
Consolidated Total	466,805	403,909	15.6	11,678	19,821	(41.1)
<u>Business segments:</u>						
Motor Trading	410,449	351,136	16.9	7,198	4,301	67.4
Auto Parts Manufacturing	53,199	52,519	1.3	(8,402)	(4,510)	(86.3)
Share of results of a joint venture				2,622	1,311	100.0
Share of associates' results				23,752	23,199	2.4
Others	3,157	254		(13,492)	(4,480)	(201.2)

Group

Revenue for the Group was higher against the preceding quarter by 15.6% or RM62.9 million, whereas the PBT was lower by 41.1% or RM8.1 million to close at RM11.7 million due to the recognition of an impairment on goodwill of RM10.8 million during the quarter.

The Group's share of associates' results was marginally higher by 2.4% or RM0.6 million against the preceding quarter.

For current quarter, the Group's share of results in its joint venture increased twofold or RM1.3 million as compared to the preceding quarter.

Motor Trading

The revenue for current quarter was higher by 16.9% or RM59.3 million against the preceding quarter. Likewise, the Division's result also improved by 67.4% or RM2.9 million to close at RM7.2 million.

Higher market demand for the brands within the Group, revised sales and marketing strategies and ongoing cost structure review have contributed to the improved performance for the current quarter.

Auto Parts Manufacturing

The Division's revenue increased marginally by 1.3% or RM0.7 million against the preceding quarter.

Loss before tax for the quarter under review increased by 86.3% or RM3.9 million which principally came from further losses in the alloy wheel plant, and the additional provisions made on inventory and tooling.

PROSPECTS

Although the economic indicators have shown some improvements in current year, domestic consumer sentiments remained below the optimistic threshold. Total Industry Volume (TIV) in the current quarter was lower by 1.7% as compared to preceding quarter.

The Group anticipates little change in the market environment. For the Motor Trading Division, strong discounting pressures from competition, strict hire-purchase approvals, and uncertainties in the industry environment, among others, will remain as the major factors affecting the Division's performance. New models launched by Perodua and Volvo in the last quarter of the year are expected to contribute positively.

The Group will continue to monitor the performance of its Auto Parts Manufacturing Division, including the viability of the loss making operations.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the nine months ended 30 September 2017 - unaudited

	Note	Current Quarter Ended 30/9/2017 RM'000	(Unaudited) Comparative Quarter Ended 30/9/2016 RM'000	9 months Cumulative To Date 30/9/2017 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/9/2016 RM'000
Revenue	18	466,805	431,942	1,288,786	1,232,976
Cost of sales		<u>(441,451)</u>	<u>(399,799)</u>	<u>(1,212,936)</u>	<u>(1,146,154)</u>
Gross profit		25,354	32,143	75,850	86,822
Other income		10,015	4,931	23,671	17,424
Administrative and other expenses		(30,589)	(23,526)	(72,228)	(67,290)
Selling and marketing expenses		(16,765)	(14,826)	(43,811)	(44,754)
Finance costs		(3,868)	(4,754)	(11,717)	(14,043)
Interest income		1,157	1,719	2,983	4,943
Share of results of a joint venture, net of tax		2,622	1,378	6,313	6,180
Share of results of associates, net of tax		<u>23,752</u>	<u>29,019</u>	<u>73,060</u>	<u>82,339</u>
Profit before tax	18	<u>11,678</u>	<u>26,084</u>	<u>54,121</u>	<u>71,621</u>
Income tax expense	19	<u>(2,528)</u>	<u>(2,004)</u>	<u>(5,869)</u>	<u>(5,142)</u>
Profit for the period		<u>9,150</u>	<u>24,080</u>	<u>48,252</u>	<u>66,479</u>
Profit attributable to:					
Owners of the Company		7,334	21,298	42,913	58,504
Non-controlling interests		<u>1,816</u>	<u>2,782</u>	<u>5,339</u>	<u>7,975</u>
Profit for the period		<u><u>9,150</u></u>	<u><u>24,080</u></u>	<u><u>48,252</u></u>	<u><u>66,479</u></u>

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 nine months ended 30 September 2017 - unaudited

	Note	Current Quarter Ended 30/9/2017 RM'000	(Unaudited) Comparative Quarter Ended 30/9/2016 RM'000	9 months Cumulative To Date 30/9/2017 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/9/2016 RM'000
Profit for the period		9,150	24,080	48,252	66,479
Other comprehensive (loss)/income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on cash flow hedges and revaluation of an associate		(4)	--	1	(1,088)
Other comprehensive income for the period, net of tax		(4)	--	1	(1,088)
Total comprehensive income for the period		<u>9,146</u>	<u>24,080</u>	<u>48,253</u>	<u>65,391</u>
Total comprehensive income attributable to:					
Owners of the Company		7,331	21,298	42,914	57,575
Non-controlling interests		<u>1,815</u>	<u>2,782</u>	<u>5,339</u>	<u>7,816</u>
Total comprehensive income for the period		<u>9,146</u>	<u>24,080</u>	<u>48,253</u>	<u>65,391</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	1.88	5.45	10.98	14.97
Diluted	20	1.87	5.45	10.97	14.97

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 September 2017 - unaudited

	Note	As at end of Current Quarter 30/9/2017 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2016 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		339,369	353,620
Investment properties		67,057	68,996
Prepaid land lease payments		36,953	37,365
Investment in a joint venture		136,258	145,496
Investment in associates		1,080,416	1,059,889
Available-for-sale financial asset		1,100	--
Deferred tax assets		5,070	5,070
Goodwill on consolidation		146,742	157,508
Total Non-Current Assets		<u>1,812,965</u>	<u>1,827,944</u>
Current Assets			
Inventories		180,551	191,851
Trade & other receivables and prepaid expenses		153,547	177,513
Amount owing by associates		11	--
Tax recoverable		12,489	11,149
Cash and bank balances		185,662	172,971
Total Current Assets		<u>532,260</u>	<u>553,484</u>
TOTAL ASSETS	18	<u><u>2,345,225</u></u>	<u><u>2,381,428</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 September 2017 - unaudited

	Note	As at end of Current Quarter 30/9/2017 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2016 RM'000
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		390,892	390,711
Reserves		<u>1,240,378</u>	<u>1,215,110</u>
Equity attributable to owners of the Company		1,631,270	1,605,821
Non-controlling interests		<u>232,963</u>	<u>266,584</u>
Total Equity		<u>1,864,233</u>	<u>1,872,405</u>
Non-Current Liabilities			
Long term borrowings	22	149,726	203,371
Deferred tax liabilities		4,439	4,439
Provision for retirement benefits		2,650	3,055
Finance lease payables - non-current portion		2,018	3,474
Hire purchase payables - non-current portion		<u>9</u>	<u>29</u>
Total Non-Current Liabilities		<u>158,842</u>	<u>214,368</u>
Current Liabilities			
Provision for liabilities		268	268
Short term borrowings	22	178,364	166,251
Trade & other payables and accrued expenses		141,342	126,065
Amount owing to holding company		241	55
Finance lease payables - current portion		1,920	1,787
Hire purchase payables - current portion		15	14
Tax liabilities		<u>--</u>	<u>215</u>
Total Current Liabilities		<u>322,150</u>	<u>294,655</u>
Total Liabilities	18	<u>480,992</u>	<u>509,023</u>
TOTAL EQUITY AND LIABILITIES		<u>2,345,225</u>	<u>2,381,428</u>
Net assets per share (RM)		4.17	4.11

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended 30 September 2017 - unaudited

Note	/----- 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 capital RM'000	Share premium RM'000	Warrants reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Equity-settled employee benefits reserve RM'000				
9 months ended 30 September 2016										
At 1 January 2016	390,711	500	44,585	978	(62)	--	1,126,910	1,563,622	265,663	1,829,285
Dividends distributed to owners of the Company	--	--	--	--	--	--	(23,443)	(23,443)	--	(23,443)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(4,074)	(4,074)
Profit for the period	--	--	--	--	--	--	58,504	58,504	7,975	66,479
Other comprehensive income for the period	--	--	--	(978)	49	--	--	(929)	(159)	(1,088)
Total comprehensive income	--	--	--	(978)	49	--	58,504	57,575	7,816	65,391
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	340	340
At 30 September 2016	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>--</u>	<u>(13)</u>	<u>--</u>	<u>1,161,971</u>	<u>1,597,754</u>	<u>269,745</u>	<u>1,867,499</u>
9 months ended 30 September 2017										
At 1 January 2017	390,711	500	44,585	--	(39)	528	1,169,536	1,605,821	266,584	1,872,405
Recognition of share-based payments	174	258	--	--	--	(314)	--	118	--	118
Dividends distributed to owners of the Company	--	--	--	--	--	--	(17,590)	(17,590)	--	(17,590)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(38,960)	(38,960)
Profit for the period	--	--	--	--	--	--	42,913	42,913	5,339	48,252
Other comprehensive income/(loss) for the period	--	--	--	--	1	--	--	1	--	1
Total comprehensive income	--	--	--	--	1	--	42,913	42,914	5,339	48,253
Exercise of warrants	7	1	(1)	--	--	--	--	7	--	7
Warrants expired on 14 June 2017	--	--	(44,584)	--	--	--	44,584	--	--	--
At 30 September 2017	<u>390,892</u>	<u>759</u>	<u>--</u>	<u>--</u>	<u>(38)</u>	<u>214</u>	<u>1,239,443</u>	<u>1,631,270</u>	<u>232,963</u>	<u>1,864,233</u>

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 nine months ended 30 September 2017 - unaudited

	2017 9 months ended 30/9/2017 RM'000	2016 9 months ended 30/9/2016 RM'000
Note	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	48,252	66,479
Adjustments for :		
Income tax expense	5,869	5,142
Share of results of associates	(73,060)	(82,339)
Share of results of jointly controlled entity	(6,313)	(6,180)
Depreciation and amortisation	17,428	19,775
Other Non-cash items	12,406	2,796
Non-operating items	<u>8,586</u>	<u>9,412</u>
Operating profit before working capital changes	13,168	15,085
Changes in working capital		
(Increase) / Decrease in trade & other receivables	24,333	(7,189)
(Increase) / Decrease in inventories	9,800	(5,845)
Increase / (Decrease) in trade & other payables	14,770	19,908
Net changes in other current assets & liabilities	(231)	(375)
Income tax refunded	--	640
Income tax paid	<u>(7,425)</u>	<u>(9,189)</u>
Net cash from operating activities	<u><u>54,415</u></u>	<u><u>13,035</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	52,524	42,147
Dividends received from jointly controlled entity	15,551	15,300
Interest income	2,983	4,943
Purchase of property, plant & equipment	(2,185)	(12,307)
Additions to available-for-sale financial asset	(1,100)	--
Proceeds from disposal of property, plant & equipment	900	42
Proceeds from disposal of investment property	<u>600</u>	<u>--</u>
Net cash from investing activities	<u><u>69,273</u></u>	<u><u>50,125</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,590)	(23,443)
Dividends paid to minorities of subsidiaries	(38,960)	(4,074)
Proceeds from issue of shares in a subsidiary to minorities	--	340
Finance costs	(11,717)	(14,043)
Bank borrowings	(50,673)	(8,515)
Finance lease payables	(1,324)	5,680
Hire-purchase payables	<u>(19)</u>	<u>(10)</u>
Net cash used in financing activities	<u><u>(120,283)</u></u>	<u><u>(44,065)</u></u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	3,405	19,095
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>172,971</u>	<u>211,518</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u><u>176,376</u></u>	<u><u>230,613</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	23 185,662	232,225
Bank overdrafts	<u>(9,286)</u>	<u>(1,612)</u>
	<u><u>176,376</u></u>	<u><u>230,613</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 nine months ended 30 September 2017 consist of the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly venture and associates.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 November 2017.

1. Basis of preparation

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, 2016 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 25, 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 2016.

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 2016, except for the adoption of the following MFRSs and amendments to MFRSs during the current financial period :

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Disclosures Initiatives
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014-2016 Cycle (Amendments to MFRS 12)	

The adoption of the above amendments to FRSs does not have any significant impact on the financial statements of the Group.

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and IC interpretation have been issued by the MASB but are not yet effective and have not been adopted by the Group :

Effective for financial periods beginning on or after 1 January 2018

Annual Improvements to MFRSs 2014-2016 Cycle (Amendments to MFRS 1 and MFRS 128)	
Amendment to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
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MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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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

Dividends paid to minorities of subsidiaries

For the third quarter ended 30 September 2017

Company No. 284496-V

Notes to the condensed consolidated interim financial statements (cont'd)**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 2016 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 first interim tax exempted (single tier) dividend of 1.5 sen per share on 390,887,653 ordinary shares amounting to RM5,863,315 in respect of financial year ended 31 December 2017 was paid on 27 September 2017.

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 share capital of the Company arising from the conversion of warrants into ordinary shares and share-based payments during the period were as follows:

	<u>Period ended 30/9/2017</u>	
	Number of shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2017	390,711	390,711
Conversion of warrants	2	7
Share-based payments	174	174
As at 30 September 2017	<u>390,887</u>	<u>390,892</u>

a) Warrants

The warrants were listed on the Main Market of Bursa Malaysia Securities Berhad and were exercisable at any time within a period of five years to 14 June 2017. The warrants have since expired and been delisted.

Total issued	:	73,165,836
Exercised during the period	:	2,200
Exercise price	:	RM3.20 per warrant

b) Long-Term Incentive Plan

During the current financial year to-date, 174,700 ordinary shares were issued pursuant to the Restricted Shares Plan that was vested on 31 December 2016.

9. Subsequent material events

There were no material events subsequent to the current quarter under review to 16 November 2017, being a date not earlier than 7 days from the date of issue of the quarterly report.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter under review except:

On 21 August 2017, the Group via its subsidiary, Daihatsu (Malaysia) Sdn Bhd, had subscribed for new issuance of share capital in its associate, Nagoya Automobile Malaysia Holding Sdn Bhd ("NAM") amounting to RM1.1 million. Subsequent to the increase in share capital in NAM, the Group's shareholding in NAM had been effectively diluted from 20.6% to 5.15% and thereafter NAM ceased to be an associate of the Group.

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

11. Significant related party transactions

During the period ended 30 September 2017, the Group and the Company had the following transactions with related parties :

	Period ended 30/9/2017 <u>RM'000</u>
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	708,097
Sales to a subsidiary of Perodua	40
Sales to an associate of Perodua	14,582
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	22,102
Purchases from Toyota Tsusho Corporation, its subsidiaries and associates	4,816
Purchases from Toyota Tsusho (Malaysia) Sdn. Bhd., its subsidiaries and associates	924
Sales to Toyota Tsusho Corporation, its subsidiaries and associates	9
Royalty fee payable to Central Motor Wheels Co. Ltd., a minority shareholder	<u>--</u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	74,767
- associates	38,571
Management fees from:	
- subsidiaries	36
- associates	<u>90</u>

12. Capital commitments

The amount of commitments in respect of the acquisition of property, plant and equipments not provided for in the interim financial statements as at 30 September 2017 is as follows :

	<u>RM'000</u>
Approved and contracted for	1,455
Approved and not contracted for	<u>2,821</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 Trading : Marketing and distribution of motor vehicles, spare parts and provision of related services.
- (ii) Auto Parts Manufacturing : Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services
- (iii) Property development (non-core) : Development of Menara MBMR
- (iv) All others : Investment holding, corporate headquarters and other dormant companies.

(Continued next page)

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

18. Operating segments (cont'd)

Period ended 30 September 2017

	Motor Trading RM'000	Auto Parts Manufacturing RM'000	Property development RM'000	All others RM'000	Group RM'000
Revenues from external customers	1,131,672	153,602	2,851	661	1,288,786
Results for reportable segments	15,174	(15,362)	915	(17,245)	(16,518)
Share of results of a jointly venture	--	6,313	--	--	6,313
Share of results of associates	68,772	4,288	--	--	73,060
Interest income	1,412	416	--	1,155	2,983
Finance costs	(630)	(4,250)	--	(6,837)	(11,717)
Profit/(loss) before tax for reportable segment	84,728	(8,595)	915	(22,927)	54,121
Depreciation and amortisation	(6,644)	(9,496)	(21)	(1,267)	(17,428)
Other significant non-cash items					
- Impairment loss of goodwill	--	--	--	(10,767)	(10,767)
- Allowance for slow moving inventories	--	(1,500)	--	--	(1,500)
Capital expenditure	744	1,441	--	--	2,185
Segment assets	572,867	382,658	15,817	157,209	1,128,551
Jointly controlled entity	--	136,258	--	--	136,258
Investment in associates	1,005,714	74,702	--	--	1,080,416
Segment liabilities	(157,232)	(159,238)	(6,959)	(157,563)	(480,992)

Period ended 30 September 2016

	Motor Trading RM'000	Auto Parts Manufacturing RM'000	Property development RM'000	All others RM'000	Group RM'000
Revenues from external customers	1,089,925	142,957	--	94	1,232,976
Results for reportable segments	9,957	(9,055)	--	(8,700)	(7,798)
Share of results of a joint venture	--	6,180	--	--	6,180
Share of results of associates	76,512	5,827	--	--	82,339
Interest income	3,014	433	--	1,496	4,943
Finance costs	(1,252)	(3,601)	--	(9,190)	(14,043)
Profit/(loss) before tax for reportable segment	88,231	(216)	--	(16,394)	71,621
Depreciation and amortisation	(8,142)	(9,708)	--	(1,925)	(19,775)
Other significant non-cash items					
- Inventory written down	(2,796)	--	--	--	(2,796)
Capital expenditure	2,647	9,311	--	349	12,307
Segment assets	624,077	432,222	18,826	154,154	1,229,279
Jointly controlled entity	--	139,969	--	--	139,969
Investment in associates	954,330	69,691	--	--	1,024,021
Segment liabilities	(164,979)	(157,354)	(4,437)	(199,000)	(525,770)

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 30/9/2017 RM'000	Period ended 30/9/2016 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,288,125	1,232,882
All others	661	94
Revenue, as reported	<u>1,288,786</u>	<u>1,232,976</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	(2,325)	(504)
All others	(22,927)	(16,394)
Share of results of jointly controlled entity	6,313	6,180
Share of results of associates	73,060	82,339
Profit before tax, as reported	<u>54,121</u>	<u>71,621</u>
<u>Assets</u>		
Total assets for Group's reportable segments	971,342	1,075,125
All others	157,209	154,154
Jointly controlled entity	136,258	139,969
Investment in associates	1,080,416	1,024,021
Total assets, as reported	<u>2,345,225</u>	<u>2,393,269</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	323,429	326,770
All others	157,563	199,000
Total liabilities, as reported	<u>480,992</u>	<u>525,770</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 2016. 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.

19. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,157	1,719	2,983	4,943
b) Interest expense	(3,868)	(4,754)	(11,717)	(14,043)
c) Depreciation and amortisation	(5,569)	(6,948)	(17,428)	(19,775)
d) Impairment loss on goodwill	(10,767)	--	(10,767)	--
e) Inventories written down	--	--	--	(2,796)
f) Allowance for slow-moving inventories	(1,500)	--	(1,500)	--

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

20. Income tax expense

	Current Quarter 30/9/2017 RM'000	Year to date 30/9/2017 RM'000
Current year's provision	1,793	5,134
Add :		
Under/(Over) provision in prior years	735	735
	2,528	5,869
Deferred taxation	--	--
Income tax expense	<u>2,528</u>	<u>5,869</u>

A reconciliation of the statutory income tax rate at 24% to the effective income tax rate of the Group for the current quarter and for the year-to-date are as follows :

	Current Quarter 30/9/2017 %	Year to date 30/9/2017 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(48.8)	(32.4)
Adjustment for tax applicable to share of results in jointly controlled entity	(5.4)	(2.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	51.8	22.0
	<u>21.6</u>	<u>10.8</u>

21. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	7,334	21,298	42,913	58,504
Weighted average number of ordinary shares ('000)	390,711	390,711	390,711	390,711
Share-based payments	174	-	174	--
	--	-	--	--
	<u>390,885</u>	<u>390,711</u>	<u>390,885</u>	<u>390,711</u>
Basic earnings per share (sen)	1.88	5.45	10.98	14.97
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	7,334	21,298	42,913	58,504
Adjusted weighted average number of ordinary shares in issue and issuable	391,329	390,711	391,329	390,711
Diluted earnings per share (sen)	1.87	5.45	10.97	14.97

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

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

	No of ordinary shares of RM1.00 each	
	30/9/2017	30/9/2016
Weighted average number of ordinary shares	390,710,753	390,710,753
Share-based payments	174,700	--
Adjustment for assumed share-based payment	443,500	--
Adjusted weighted average number of ordinary shares in issue and issuable	391,328,953	390,710,753

22. Corporate proposals

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

23. Loans and Borrowings

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	178,379	149,735
Unsecured	--	--
Total	<u>178,379</u>	<u>149,735</u>

24. Cash and Cash Equivalents

	The Group As at	
	30/9/2017 RM'000	30/9/2016 RM'000
Cash on hand and at at banks	45,671	91,492
Deposits with licensed banks	<u>139,991</u>	<u>140,733</u>
Cash and bank balances	185,662	232,225
Less : Bank overdrafts	<u>(9,286)</u>	<u>(1,612)</u>
Cash and cash equivalents	<u>176,376</u>	<u>230,613</u>

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

25. Supplementary information

The following information are provided pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Listing Requirements to disclose the breakdown of the unappropriated profits or accumulated losses of the Group and of the Company as of 30 September 2017 into realised and unrealised profits or losses.

	30/9/2017	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	604,392	376,148
Unrealised	(2,692)	(1,400)
Total retained earnings from the jointly controlled entity		
Realised	84,599	--
Unrealised	--	--
Total retained earnings from the associates		
Realised	904,146	--
Unrealised	13,979	--
Less : Consolidation adjustments	<u>(364,981)</u>	<u>--</u>
Total retained earnings as per statement of financial position	<u><u>1,239,443</u></u>	<u><u>374,748</u></u>

26. Material litigations

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

27. Contingent liabilities

As at the date of issue of this quarterly report, the Company is contingently liable to financial institutions on corporate guarantees given to financial institutions for credit facilities granted to certain subsidiaries. The credit facilities utilised by the subsidiaries, which are secured by such guarantees, amount to RM152,128,000. Save for the foregoing, the Group does not have other significant contingent liabilities which upon becoming due or becoming enforceable, may have a material impact on the results on our Group's financial position.

28. 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 : 22 NOVEMBER 2017**