



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2018

Summary

- The Group's revenue increased by 22.1% mainly due to the GST holiday which boosted higher car sales
- Contribution from our joint venture and associates also improved
- As a result, profit before tax for the quarter was higher by 118.0% to RM43.2 million
- The Board declared an interim dividend of 3.0 sen per share

Results

	Quarter ended 30 Jun			Year to date ended 30 Jun		
	2018	2017	Change	2018	2017	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	493.3	403.9	22.1	956.8	822.0	16.4
<i>On going business</i>	493.3	403.9	22.1	955.5	822.0	16.2
<i>One-off property contribution</i>	--	--	>100.0	1.3	--	>100.0
Profit before tax	43.2	19.8	118.0	82.5	42.4	94.3
<i>On going business</i>	43.3	20.0	116.3	82.4	42.2	95.0
<i>One-off property contribution</i>	(0.1)	(0.2)	(50.0)	0.1	0.2	(50.0)
Profit for the period	40.5	18.1	123.9	77.6	39.1	98.4
Profit attributable to owners of the Company	34.5	16.2	113.9	67.4	35.6	89.3
	Sen	Sen		Sen	Sen	
Basic earnings per share	8.8	4.1	114.0	17.2	9.1	89.3
	As at 30 Jun 2018 RM mil	As at 31 Dec 2017 RM mil				
Equity attributable to owners of the Company	1,491.6	1,449.7	2.9			
	RM	RM				
Net assets per share	3.82	3.71	2.9			
	1st Interim 2018 Sen	1st Interim 2017 Sen		YTD 2018 Sen	YTD 2017 Sen	
Dividend per share	3.0	1.5	100.0	3.0	1.5	100.0

Performance of sales by operations

% Changes *	Q2'18	Q2'18	YTD Jun'18
	vs Q1'18	vs Q2'17	vs YTD Jun'17
<u>Total Industry Volume (TIV) **</u>	+ 14.4	+ 7.6	+ 1.8
<u>Total Industry Production (TIP) **</u>	-20.2	+ 6.3	+ 10.0
<u>Total Group's Vehicles Sales</u>	+ 15.7	+ 33.2	+ 20.9
<u>Subsidiaries</u>			
DMSB - Daihatsu & Hino trucks	+ 17.8	+ 52.4	+ 28.4
DMMS Perodua vehicles	+ 14.8	+ 32.2	+ 20.9
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 25.9	+ 36.0	+ 17.7
HASB	- 6.9	+ 8.9	+ 7.5
OMI	- 15.0	+ 0.7	+ 16.2
Service throughputs	- 6.0	+ 4.8	+ 6.4
<u>Joint Venture</u>			
AHSB	- 2.2	+ 28.5	+ 15.5
<u>Associated companies</u>			
Perodua vehicles	- 9.8	+ 9.6	+ 7.7
Hino trucks and buses	- 12.6	+ 1.8	- 0.6

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
HASB : Hirota Acoustics Sdn Bhd
OMI : Oriental Metal Industries (M) Sdn Bhd
AHSB : Autoliv Hirota 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) 2018 and 2017

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2018

Group Financial Performance

Second quarter ended 30 June 2018 compared with second quarter ended 30 June 2017

	Revenue				Profit Before Tax ("PBT")			
	Quarter ended 30-Jun-18	Quarter ended 30-Jun-17	Change		Quarter ended 30-Jun-18	Quarter ended 30-Jun-17	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Consolidated Total	493,316	403,909	89,407	22.1	43,209	19,821	23,388	118.0
<u>Business segments:</u>								
Motor Trading	439,587	351,136	88,451	25.2	6,511	4,301	2,210	51.4
Auto Parts Manufacturing	53,390	52,519	871	1.7	(3,971)	(4,510)	539	12.0
Share of results of a joint venture					4,417	1,311	3,106	236.9
Share of results of associates					39,213	23,199	16,014	69.0
Others	339	254	85	33.5	(2,961)	(4,480)	1,519	33.9

Group

For the current quarter, the Group's revenue improved by RM89.4 million or 22.1% to RM493.3 million against the corresponding quarter. PBT increased by RM23.4 million or 118.0% to close at RM43.2 million due to improved sales from all Divisions as well as higher profits from both the associates and joint venture entity.

The Group's share of results in its joint venture improved by RM3.1 million or 236.9% to close at RM4.4 million due to higher sales and foreign currency gains.

The Group's share of associates' results increased by RM16.0 million or 69.0% against the corresponding quarter to close at RM39.2 million.

Motor Trading

Revenue for the current quarter increased by RM88.5 million or 25.2% to RM439.6 million against the corresponding period. The improved performance is driven by higher demand for all models especially our Perodua and Volkswagen models resulting from the GST-free pricing.

Consequently, PBT was higher by RM2.2 million or 51.4% to close at RM6.5 million compared to the corresponding quarter.

Auto Parts Manufacturing

Revenue for the quarter increased marginally by RM0.9 million or 1.7% to RM53.4 million against the corresponding quarter mainly due to product mix and higher demand for alloy wheels.

The Division closed at a loss before tax of RM4.0 million, an improvement of RM0.5 million or 12.0% as compared to the corresponding quarter's loss before tax of RM4.5 million. The improvement came on the back of slightly improved margin from the modular assembly plant.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2018

Second quarter ended 30 June 2018 against previous quarter ended 31 March 2018

	Revenue				Profit Before Tax ("PBT")			
	Quarter ended 30-Jun-18 RM'000	Quarter ended 31-Mar-18 RM'000	Change		Quarter ended 30-Jun-18 RM'000	Quarter ended 31-Mar-18 RM'000	Change	
			RM'000	%			RM'000	%
Consolidated Total	493,316	463,460	29,856	6.4	43,209	39,248	3,961	10.1
<u>Business segments:</u>								
Motor Trading	439,587	399,702	39,885	10.0	6,511	5,233	1,278	24.4
Auto Parts Manufacturing	53,390	62,175	(8,785)	(14.1)	(3,971)	(3,797)	(174)	(4.6)
Share of results of a joint venture					4,417	3,367	1,050	31.2
Share of associates' results					39,213	36,786	2,427	6.6
Others	339	1,583	(1,244)	(78.6)	(2,961)	(2,341)	(620)	(26.5)

Group

Revenue for the Group was higher against the preceding quarter by RM29.9 million or 6.4% driven by higher sales from the Motor Trading Division. PBT for the quarter was RM43.2 million, an improvement of RM4.0 million or 10.1%.

The share of the joint venture's results also increase by RM1.1 million or 31.2%, whereas the share of associates' results contributed to the increase at RM2.4 million or 6.6%.

Motor Trading

The revenue for the current quarter was higher by RM39.9 million or 10.0% against the preceding quarter. In tandem with the higher revenue, the Division's PBT was also higher against the preceding quarter by RM1.3 million or 24.4% to close at a PBT of RM6.5 million.

The higher performance was contributed by higher volume coming from all vehicle sales.

Auto Parts Manufacturing

The Division's revenue was lower by RM8.8 million or 14.1% against the preceding quarter. With the lower revenue, the loss before tax of RM4.0 million was marginally higher by RM0.2 million or 4.6%.

The lower revenue was mainly due to OEMs' plant closure during the festive holiday in June as well as reduced production demand by certain car makers.

PROSPECTS

The Group's vehicle sales in the second quarter have benefited from the zero-rated GST effective 1 June 2018. The improved sales trend will continue into third quarter with consumers taking advantage of the lower vehicle pricing. However, the higher demand will be suppressed by the uncertainties upon reintroduction of SST as well as the constraint from insufficient stocks to meet market demand during this limited GST-free period. Overall, the Group expects the performance in its Motor Trading Division to maintain for the coming quarters.

Likewise for the Auto Parts Manufacturing Division, the Group anticipates improvements in demand from certain OEM customers in the third quarter although this positive effect is likely to be limited by the car makers' production capacity and lead time.

At the alloy wheel plant, the Management will remain focus on production efficiency and improving sales volume.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018 - unaudited

		(Unaudited)		(Unaudited)	
	Current	Comparative	6 months	Comparative	
	Quarter	Quarter	Cumulative	6 months	
	Ended	Ended	To Date	Cumulative	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017	
Note	RM'000	RM'000	RM'000	RM'000	
Revenue	14	493,316	403,909	956,776	821,981
Cost of sales		<u>(459,339)</u>	<u>(378,561)</u>	<u>(892,399)</u>	<u>(771,485)</u>
Gross profit		33,977	25,348	64,377	50,496
Other income		11,120	6,795	19,355	13,656
Administrative and other expenses		(22,214)	(21,570)	(45,024)	(41,639)
Selling and marketing expenses		(21,339)	(12,233)	(36,489)	(27,046)
Finance costs		(3,097)	(3,717)	(6,053)	(7,849)
Interest income		1,132	688	2,508	1,826
Share of results of a joint venture, net of tax		4,417	1,311	7,784	3,691
Share of results of associates, net of tax		<u>39,213</u>	<u>23,199</u>	<u>75,999</u>	<u>49,308</u>
Profit before tax	14	43,209	19,821	82,457	42,443
Income tax expense	18	<u>(2,713)</u>	<u>(1,732)</u>	<u>(4,894)</u>	<u>(3,341)</u>
Profit for the period		<u>40,496</u>	<u>18,089</u>	<u>77,563</u>	<u>39,102</u>
Profit attributable to:					
Owners of the Company		34,548	16,154	67,363	35,579
Non-controlling interests		<u>5,948</u>	<u>1,935</u>	<u>10,200</u>	<u>3,523</u>
Profit for the period		<u><u>40,496</u></u>	<u><u>18,089</u></u>	<u><u>77,563</u></u>	<u><u>39,102</u></u>

The notes on pages 10 to 16 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 2018 - unaudited

	Note	Current Quarter Ended 30/06/2018 RM'000	(Unaudited) Comparative Quarter Ended 30/06/2017 RM'000	6 months Cumulative To Date 30/06/2018 RM'000	(Unaudited) Comparative 6 months Cumulative To Date 30/06/2017 RM'000
Profit for the period		40,496	18,089	77,563	39,102
Other comprehensive income/(loss), 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		(119)	5	5	5
Other comprehensive income/(loss) for the period, net of tax		(119)	5	5	5
Total comprehensive income for the period		<u>40,377</u>	<u>18,094</u>	<u>77,568</u>	<u>39,107</u>
Total comprehensive income attributable to:					
Owners of the Company		34,440	16,158	67,367	35,583
Non-controlling interests		<u>5,937</u>	<u>1,936</u>	<u>10,201</u>	<u>3,524</u>
Total comprehensive income for the period		<u>40,377</u>	<u>18,094</u>	<u>77,568</u>	<u>39,107</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	23	8.84	4.13	17.23	9.10
Diluted	23	8.83	4.13	17.22	9.09

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 June 2018 - unaudited

	Note	As at end of Current Quarter 30/06/2018 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2017 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		267,189	273,087
Investment properties		65,446	65,612
Prepaid land lease payments		35,827	36,111
Investment in a joint venture		75,904	83,420
Investment in associates		1,148,077	1,113,652
Available-for-sale financial asset		1,988	1,988
Deferred tax assets		3,294	3,294
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,598,829</u>	<u>1,578,268</u>
Current Assets			
Inventories		124,755	149,123
Trade & other receivables and prepaid expenses		162,009	147,915
Tax recoverable		13,891	13,677
Cash and bank balances		179,463	201,128
		480,118	511,843
Non-current assets classified as held for sale		<u>1,321</u>	<u>1,321</u>
Total Current Assets		<u>481,439</u>	<u>513,164</u>
TOTAL ASSETS	14	<u>2,080,268</u>	<u>2,091,432</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 30 June 2018 - unaudited

		As at end of Current Quarter 30/06/2018 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2017 RM'000
	Note		
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,099,966</u>	<u>1,058,059</u>
Equity attributable to owners of the Company		1,491,617	1,449,710
Non-controlling interests		<u>243,890</u>	<u>216,523</u>
Total Equity		<u>1,735,507</u>	<u>1,666,233</u>
Non-Current Liabilities			
Long term borrowings	20	96,474	103,987
Deferred tax liabilities		4,926	4,926
Provision for retirement benefits		2,633	2,866
Finance lease payables - non-current portion		--	1,510
Hire purchase payables - non-current portion		<u>8</u>	<u>15</u>
Total Non-Current Liabilities		<u>104,041</u>	<u>113,304</u>
Current Liabilities			
Provision for liabilities		268	268
Short term borrowings	20	121,179	175,644
Trade & other payables and accrued expenses		114,477	132,067
Amount owing to holding company		114	114
Finance lease payables - current portion		2,514	1,964
Hire purchase payables - current portion		14	14
Tax liabilities		<u>2,154</u>	<u>1,824</u>
Total Current Liabilities		<u>240,720</u>	<u>311,895</u>
Total Liabilities	14	<u>344,761</u>	<u>425,199</u>
TOTAL EQUITY AND LIABILITIES		<u>2,080,268</u>	<u>2,091,432</u>
Net assets per share (RM)		3.82	3.71

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2018 - 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	Hedging reserve RM'000	Equity-settled employee benefits reserve RM'000				
6 months ended 30 June 2017									
At 1 January 2017	390,711	500	44,585	(39)	528	1,169,536	1,605,821	266,584	1,872,405
Dividends distributed to owners of the Company	--	--	--	--	--	(11,727)	(11,727)	--	(11,727)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(38,960)	(38,960)
Profit for the period	--	--	--	--	--	35,579	35,579	3,523	39,102
Other comprehensive income/(loss) for the period	--	--	--	4	--	--	4	1	5
Total comprehensive income	--	--	--	4	--	35,579	35,583	3,524	39,107
Long-Term Incentive Plan ("LTIP"):									
Recognition of share-based payments	--	--	--	--	79	--	79	--	79
Share issued	174	258	--	--	(432)	--	--	--	--
Warrant exercised	8	--	(1)	--	--	--	7	--	7
Warrant expired	--	--	(44,584)	--	--	44,584	--	--	--
Transfer arising from "no par value" regime	758	(758)	--	--	--	--	--	--	--
At 30 June 2017	391,651	--	--	(35)	175	1,237,972	1,629,763	231,148	1,860,911
6 months ended 30 June 2018									
At 1 January 2018	391,651	--	--	(10)	254	1,057,815	1,449,710	216,523	1,666,233
Dividends distributed to owners of the Company	--	--	--	--	--	(5,863)	(5,863)	--	(5,863)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(764)	(764)
Profit for the period	--	--	--	--	--	67,363	67,363	10,200	77,563
Other comprehensive income/(loss) for the period	--	--	--	4	--	--	4	1	5
Total comprehensive income	--	--	--	4	--	67,363	67,367	10,201	77,568
Long-Term Incentive Plan ("LTIP"):									
Recognition of share-based payments	--	--	--	--	79	--	79	--	79
Acquisition from non-controlling interests	--	--	--	--	--	(19,676)	(19,676)	17,930	(1,746)
At 30 June 2018	391,651	--	--	(6)	333	1,099,639	1,491,617	243,890	1,735,507

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended 30 June 2018 - unaudited

	2018 6 months ended 30/06/2018 RM'000	2017 6 months ended 30/06/2017 RM'000
Note	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	77,563	39,102
Adjustments for :		
Income tax expense	4,894	3,341
Share of results of associates	(75,999)	(49,308)
Share of results of a joint venture	(7,784)	(3,691)
Depreciation and amortisation	10,090	11,859
Other Non-cash items	1,616	1
Non-operating items	<u>3,375</u>	<u>5,834</u>
Operating profit before working capital changes	13,755	7,138
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(14,894)	47,635
(Increase) / Decrease in inventories	23,569	(65,025)
Increase / (Decrease) in trade & other payables	(17,595)	53,025
Net changes in other current assets & liabilities	(233)	(305)
Income tax refunded	1	--
Income tax paid	<u>(4,779)</u>	<u>(4,632)</u>
Net cash from / (used in) operating activities	<u>(176)</u>	<u>37,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	41,580	52,117
Dividends received from a joint venture	15,300	15,551
Interest income	2,508	1,826
Purchase of property, plant & equipment	(3,013)	(1,540)
Additions to investment property	(741)	--
Proceeds from disposal of property, plant & equipment	249	392
Proceeds from disposal of investment property	--	600
Acquisition from non-controlling interests	<u>(1,746)</u>	<u>--</u>
Net cash from investing activities	<u>54,137</u>	<u>68,946</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(5,863)	(11,727)
Dividends paid to non-controlling interests of subsidiaries	(764)	(38,960)
Finance costs	(6,053)	(7,849)
Bank borrowings	(58,991)	(48,359)
Finance lease payables	(960)	(872)
Hire-purchase payables	<u>(7)</u>	<u>(16)</u>
Net cash used in financing activities	<u>(72,638)</u>	<u>(107,783)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,677)	(1,001)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>188,104</u>	<u>172,971</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>169,427</u>	<u>171,970</u>
Cash and cash equivalents comprise :		
Cash and bank balances	179,463	172,199
Bank overdrafts	<u>(10,036)</u>	<u>(229)</u>
	<u>169,427</u>	<u>171,970</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and the requirements of the Malaysian Companies Act, 2016 and comply with applicable disclosure provisions under Paragraph 9.22 of the Listing Requirements of the 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 2017.

2. Significant accounting policies

The accounting policies and method of computation applied by the Group in these unaudited 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 2017, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations during the current financial period :

Effective for financial periods beginning on or after 1 January 2018

Amendment to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
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 Considerations

The initial adoption of the above MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group saved for the key changes to the Group's accounting policies as summarised in 2.1.

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 2019

Annual Improvements to MFRSs 2015-2017 Cycle	
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits - Plan Amendments, Curtailment or Settlement
MFRS 16	Leases
MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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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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2.1 Key changes to the Group's accounting policies

The key changes to the Group's accounting policies are summarised below:

MFRS 9: Financial Instruments

Classification and measurement

Investment classified as loans and receivables that's held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding were carried at amortised cost, and will continue to be measured at amortised cost upon the application of MFRS 9;

Other investments being equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured were previously classified as available-for-sale investments carried at cost, less accumulated impairment. Upon the application of MFRS 9, these financial assets are measured at 'fair value through other comprehensive income' (FVTOCI); and

All other financial assets and financial liabilities will continue to be measured on the same bases as was previously adopted under MFRS 139.

Impairment

MFRS 9 requires the Group to record expected credit losses on all of trade and other receivables and amount owing by subsidiaries either on a 12-month or lifetime basis. The Group elected to apply the simplified approach and record lifetime expected losses on all receivables. Upon application of the expected credit loss model, the loss allowance is not significantly different from the loss allowance under the previous basis of impairment.

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

3. 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 2017 was not qualified.

4. 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.

5. Exceptional items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period under review.

6. Estimates

In preparing the condensed interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key estimation made were consistent with those applied in the financial statements of the Group for the year ended 31 December 2017.

7. 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 share-based payments during the period was as follows:

	<u>Period ended 30/06/2018</u>	
	Number of shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2018	390,887	391,651
Share-based payments	-	-
As at 30 June 2018	<u>390,887</u>	<u>391,651</u>

The Long-Term Incentive Plan ("LTIP") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 November 2014. The LTIP was implemented on 26 September 2016 and will be in force for a period of 10 years from the effective date.

The LTIP comprises of two schemes, namely, the Performance Share Plan ("PSP") and Restricted Share Plan ("RSP").

The outstanding number of shares under the PSP during the financial period are 262,400 shares and will expire on 30 April 2019. There are no outstanding shares under the RSP during the financial period.

8. Dividends paid

No dividends were paid during the financial quarter under review.

9. Subsequent material events

There were no material subsequent events to be disclosed at at the date of this report.

10. Changes in composition of the Group

On 12 February 2018, the Group increased its stake in Oriental Metal Industries Sdn Bhd ("OMI") by way of acquisition of the remaining non-controlling interests comprise of 2,310,000 ordinary shares representing 22.00% of the ordinary share capital of OMI for a cash consideration of RM1,746,360. The acquisition was completed on 12 March 2018 and OMI became a wholly-owned subsidiary of the Group.

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

11. 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 2018 is as follows :

	<u>RM'000</u>
Approved and contracted for	2,050
Approved and not contracted for	<u>8,438</u>

12. Significant related party transactions

During the period ended 30 June 2018, the Group and the Company had the following transactions with related parties :

	Period ended 30/06/2018 <u>RM'000</u>
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	484,042
Sales to a subsidiary of Perodua	17
Sales to an associate of Perodua	7,892
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	15,607
Purchases from Toyota Tsusho Corporation, its subsidiaries and associates	3,343
Purchases from Toyota Tsusho (Malaysia) Sdn. Bhd., its subsidiaries and associates	<u>175</u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	21,767
- associates	33,264
Management fees from:	
- subsidiaries	70
- associates	<u>60</u>

Toyota Tsusho Corporation ("TT") ceased to be a corporate shareholder of Oriental Metal Industries (M) Sdn Bhd ("OMI"), a subsidiary of the Group due to the change in the composition of the Group on 13 March 2018. Therefore, TT and Toyota Tsusho (Malaysia) Sdn Bhd ("TTM"), a subsidiary of TT ceased to be related parties of the Group.

13. Contingent liabilities or assets

The Group does not have any significant contingent liabilities or assets which upon due or enforceable, may have a material impact on the results of the Group.

14. 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)

14. Operating segments (cont'd)

Period ended 30 June 2018

	Motor Trading RM'000	Auto Parts Manufacturing RM'000	Property development RM'000	All others RM'000	Group RM'000
Revenues from external customers	839,289	115,565	1,261	661	956,776
Results for reportable segments	10,555	(5,015)	118	(3,439)	2,219
Share of results of a jointly venture	--	7,784	--	--	7,784
Share of results of associates	73,459	2,540	--	--	75,999
Interest income	1,411	85	--	1,012	2,508
Finance costs	(222)	(2,838)	--	(2,993)	(6,053)
Profit/(loss) before tax for reportable segment	85,203	2,556	118	(5,420)	82,457
Depreciation and amortisation	(4,428)	(4,823)	(12)	(827)	(10,090)
Other significant non-cash items					
- Allowance for doubtful debts	(800)	--	--	--	(800)
- Allowance for slow moving inventories	(800)	--	--	--	(800)
Capital expenditure	2,355	1,399	--	--	3,754
Segment assets	534,972	158,652	11,226	151,437	856,287
Jointly controlled entity	--	53,005	--	22,899	75,904
Investment in associates	1,065,004	83,073	--	--	1,148,077
Segment liabilities	(119,489)	(152,412)	(2,768)	(70,092)	(344,761)

Period ended 30 June 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	721,223	100,403	--	355	821,981
Results for reportable segments	8,097	(8,229)	234	(4,635)	(4,533)
Share of results of a joint venture	--	3,691	--	--	3,691
Share of results of associates	46,087	3,221	--	--	49,308
Interest income	958	257	--	611	1,826
Finance costs	(297)	(2,822)	--	(4,730)	(7,849)
Profit/(loss) before tax for reportable segment	54,845	(3,882)	234	(8,754)	42,443
Depreciation and amortisation	(4,305)	(6,689)	(14)	(851)	(11,859)
Capital expenditure	540	1,000	--	--	1,540
Segment assets	603,859	236,925	16,125	326,324	1,183,233
Jointly controlled entity	--	79,706	--	53,930	133,636
Investment in associates	983,440	73,635	--	--	1,057,075
Segment liabilities	(194,771)	(151,544)	(7,785)	(158,933)	(513,033)

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

14. Operating segments (cont'd)

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

	Period ended 30/06/2018 RM'000	Period ended 30/06/2017 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	956,115	821,626
All others	661	355
	<u>956,776</u>	<u>821,981</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	4,094	(1,802)
All others	(5,420)	(8,754)
Share of results of jointly controlled entity	7,784	3,691
Share of results of associates	75,999	49,308
	<u>82,457</u>	<u>42,443</u>
<u>Assets</u>		
Total assets for Group's reportable segments	704,850	856,909
All others	151,437	326,324
Jointly controlled entity	75,904	133,636
Investment in associates	1,148,077	1,057,075
	<u>2,080,268</u>	<u>2,373,944</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	274,669	354,100
All others	70,092	158,933
	<u>344,761</u>	<u>513,033</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 2017. 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.

15. Review of Group performance

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

16. Current year prospects

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

17. Variance from profit forecast or profit guarantee

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

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

18. Income tax expense

	Current Quarter 30/06/2018 RM'000	Year to date 30/06/2018 RM'000
Current year's provision	2,713	4,894
Add : Under/(Over) provision in prior years	--	--
	2,713	4,894
Deferred taxation	--	--
Income tax expense	<u>2,713</u>	<u>4,894</u>

A reconciliation of the statutory income tax rate at 24% to the effective income tax rate of the Group for the current

	Current Quarter 30/06/2018 %	Year to date 30/06/2018 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(21.8)	(22.1)
Adjustment for tax applicable to share of results in jointly controlled entity	(2.5)	(2.3)
Expenses not deductible for tax purpose / (Income not subject to tax)	6.5	6.3
	<u>6.2</u>	<u>5.9</u>

19. Corporate proposals

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

20. Group borrowings and debt securities

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	123,707	96,482
Unsecured	--	--
Total	<u>123,707</u>	<u>96,482</u>

21. Material litigations

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

22. Dividend

The Board is pleased to declare a first interim single tier dividend of 3.0 sen per ordinary share amounting to approximately RM11,726,630 for the current financial year ending 31 December 2018.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 6 months ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Basic earnings per ordinary share	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	34,548	16,154	67,363	35,579
	'000	'000	'000	'000
Number of ordinary shares in issue	390,887	390,885	390,887	390,885
Basic earnings per share (sen)	8.84	4.13	17.23	9.10
Diluted earnings per ordinary share	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	34,548	16,154	67,363	35,579
	'000	'000	'000	'000
Number of ordinary shares in issue	390,887	390,885	390,887	390,885
Adjustments for assumed full exercise of LTIP	262	444	262	444
Number of ordinary shares used in the calculation of diluted earnings per share	391,149	391,329	391,149	391,329
Diluted earnings per share (sen)	8.83	4.13	17.22	9.09

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 6 months ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,132	688	2,508	1,826
b) Interest expense	(3,097)	(3,717)	(6,053)	(7,849)
c) Depreciation and amortisation	(5,063)	(5,842)	(10,090)	(11,859)
d) Allowance for doubtful debts	(800)	--	(800)	--
e) Allowance for slow-moving inventories	(800)	--	(800)	--
f) Gain on disposal of property, plant and equipment	144	31	249	31
g) Property, plant and equipment written off	--	--	(16)	(1)
h) Realised gain / (loss) on foreign exchange	(255)	17	(582)	126

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, provisions for and write off of receivable and inventories, gain or loss on derivatives, disposal of quoted or unquoted investments or properties, and other exceptional items for the current financial period ended 30 June 2018.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2018.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 28 AUGUST 2018