



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2020

Summary

- The Group's revenue reduced by 27.9%, mainly contributed by the Movement Control Order ("MCO") and reduced customer demand.
- Contributions from our joint venture and associates were also lower by 41.3% and 33.8% respectively.
- As a result, profit before tax for the quarter decreased to RM31.3 million.

Results

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2020 RM mil	2019 (Restated) RM mil	Change %	2020 RM mil	2019 (Restated) RM mil	Change %
Revenue	374.0	519.1	(27.9)	374.0	519.1	(27.9)
Profit before tax	31.3	64.3	(51.4)	31.3	64.3	(51.4)
<i>On going business</i>	31.3	52.4	(40.4)	31.3	52.4	(40.4)
<i>One-off gains from disposals</i>	--	11.9	(100.0)	--	11.9	(100.0)
Profit / (loss) for the period	30.3	58.7	(48.4)	30.3	58.7	(48.4)
<i>Continuing operations</i>	30.5	61.5	(50.5)	30.5	61.5	(50.5)
<i>Discontinued operation</i>	(0.2)	(2.8)	93.7	(0.2)	(2.8)	93.7
Profit attributable to equity holders of the Company	27.2	49.7	(45.2)	27.2	49.7	(45.2)
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	7.0	12.7	(45.2)	7.0	12.7	(45.2)
<i>Continuing operations</i>	7.0	13.4	(47.8)	7.0	13.4	(47.8)
<i>Discontinued operation</i>	(0.1)	(0.7)	93.2	(0.1)	(0.7)	93.2
	As at 31 Mar 2020 RM mil	As at 31 Dec 2019 RM mil				
Equity attributable to the equity holders of the Company	1,748.9	1,748.9	0.0			
	RM	RM				
Net assets per share	4.47	4.47	0.0			
	Interim 2020 Sen	Interim 2019 Sen		YTD 2020 Sen	YTD 2019 Sen	
Dividend per share	--	--	--	--	--	--

Performance of sales by operations

	Q1'20 vs Q4'19	Q1'20 vs Q1'19	YTD Mar'20 vs YTD Mar'19
Total Industry Volume (TIV) **	- 34.0	- 25.6	- 25.6
Total Group's Vehicles Sales	- 31.7	- 23.0	- 23.0
Subsidiaries			
DMSB : Daihatsu & Hino trucks	- 41.9	- 9.7	- 9.7
DMMS : Perodua vehicles	- 30.5	- 23.0	- 23.0
FAHB : Volvo & Volkswagen vehicles	- 38.8	- 30.8	- 30.8
HASB	- 38.4	- 28.4	- 28.4
OMI	- 33.7	- 25.4	- 25.4
Service throughputs	- 13.6	- 4.0	- 4.0
Joint Venture			
AHSB	- 23.5	- 20.9	- 20.9
Associated companies			
Perodua vehicles	- 19.2	- 16.9	- 16.9

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
FAHB : Federal Auto Holdings Berhad
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) 2020 and 2019

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2020

Group Financial Performance

First quarter ended 31 March 2020 compared with first quarter ended 31 March 2019

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-20 RM'000	Quarter ended 31-Mar-19 RM'000	Change		Quarter ended 31-Mar-20 RM'000	Quarter ended 31-Mar-19 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	374,040	519,066	(145,026)	(27.9)	31,267	64,336	(33,069)	(51.4)
<u>Business segments:</u>								
Motor Trading	335,928	467,913	(131,985)	(28.2)	1,101	5,526	(4,425)	(80.1)
Auto Parts Manufacturing	37,640	50,754	(13,114)	(25.8)	988	2,422	(1,434)	(59.2)
Share of results of a joint venture					2,300	3,917	(1,617)	(41.3)
Share of results of associates					28,334	42,830	(14,496)	(33.8)
Others	472	399	73	18.3	(1,456)	(2,287)	831	36.3
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	13,384	(13,384)	(100.0)	(180)	(2,844)	2,664	93.7

Group

In the current quarter, the Group's revenue from its Continuing Operations reduced by RM145.0 million or 27.9% to close at RM374.0 million against the corresponding quarter mainly due to reduced volume during the MCO period. PBT for the quarter likewise reduced to RM31.3 million, a decrease of RM33.1 million or 51.4% as compared to the corresponding quarter with lower contributions from both our Business Divisions and lower share of profits from the joint venture entity and associates.

The Group's share of results in its joint venture closed at RM2.3 million, lower than the corresponding quarter by RM1.6 million or 41.3% mainly due to production shortfall from the two weeks of MCO in March 2020.

The share of associates' results likewise reduced by RM14.5 million or 33.8% against the corresponding quarter to close at RM28.3 million.

The investment holding costs under Others are lower as compared to the corresponding quarter due to higher investment income received during the current quarter.

Since June 2019, the Group's alloy wheel plant has been reclassified as Discontinued Operation.

Motor Trading

The Division's top line performance for the current quarter reduced by RM132.0 million or 28.2% as compared to the corresponding quarter.

With the sudden shut down of business operation, the Division was unable to register in time a number of vehicles due to the short notice prior to the shut down. Further, the Division continued to incur fixed costs despite the lack of revenue during this period. As such, operating profit for the quarter has been significantly impacted and reduced by RM4.4 million or 80.1% to closed at RM1.1 million.

Auto Parts Manufacturing

Similarly for our Auto Parts Manufacturing Division, revenue from Continuing Operations decreased by RM13.1 million or 25.8% to RM37.6 million against the corresponding quarter. Aside from the negative impact from the MCO, production demand has also been affected by other factors such as pricing issues for certain carmakers.

Consequently PBT for the quarter closed at RM1.0 million, lower than the corresponding quarter by RM1.4 million or 59.2%.

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2020

First quarter ended 31 March 2020 against previous quarter ended 31 December 2019

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 31-Mar-20 RM'000	Quarter ended 31-Dec-19 RM'000	Change		Quarter ended 31-Mar-20 RM'000	Quarter ended 31-Dec-19 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	374,040	492,809	(118,769)	(24.1)	31,267	47,293	(16,026)	(33.9)
<u>Business segments:</u>								
Motor Trading	335,928	434,952	(99,024)	(22.8)	1,101	(1,139)	2,240	(196.7)
Auto Parts Manufacturing	37,640	57,418	(19,778)	(34.4)	988	2,651	(1,663)	(62.7)
Share of results of a joint venture					2,300	3,291	(991)	(30.1)
Share of associates' results					28,334	43,709	(15,375)	(35.2)
Others	472	439	33	7.5	(1,456)	(1,219)	(237)	(19.4)
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	(6)	6	N/A	(180)	1,473	(1,653)	112.2

Group

Against the preceding quarter, revenue for the Group's Continuing Operations likewise decreased by RM118.8 million or 24.1% primarily coming from volume shortfall for both Divisions during the MCO. Consequently, PBT for the quarter was RM31.3 million, lower than the preceding quarter by RM16.0 million or 33.9%.

The Group's share of the joint venture's results was also lower than the preceding quarter by RM1.0 million or 30.1% to close at RM2.3 million due to lower production demand in March 2020.

The Group's share of its associates results closed at RM28.3 million, lower than the preceding quarter by RM15.4 million or 35.2%.

PROSPECTS

The Group expects the operating environment for the remaining year to be highly uncertain and challenging. The Management therefore has taken countered-measures by tightening operating costs and capital expenditures, implementing new marketing platforms to capture changing consumer behaviors as a result of the spread of Covid-19 virus, and accelerate our Transformation Programme to improve performance measurements as well as expansion of product and service offerings.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2020 - unaudited

		(Restated)		(Unaudited) (Restated)
	Current	Comparative	3 months	Comparative
	Quarter	Quarter	Cumulative	3 months
	Ended	Ended	To Date	Cumulative
	31/03/2020	31/03/2019	31/03/2020	To Date
Note	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	374,040	519,066	374,040	519,066
Cost of sales	<u>(343,820)</u>	<u>(481,433)</u>	<u>(343,820)</u>	<u>(481,433)</u>
Gross profit	30,220	37,633	30,220	37,633
Other income	7,236	21,172	7,236	21,172
Administrative and other expenses	(23,475)	(23,874)	(23,475)	(23,874)
Selling and marketing expenses	(14,602)	(17,596)	(14,602)	(17,596)
Finance costs	(357)	(652)	(357)	(652)
Interest income	1,611	906	1,611	906
Share of results of a joint venture, net of tax	2,300	3,917	2,300	3,917
Share of results of associates, net of tax	<u>28,334</u>	<u>42,830</u>	<u>28,334</u>	<u>42,830</u>
Profit before tax	31,267	64,336	31,267	64,336
Income tax expense	<u>(813)</u>	<u>(2,838)</u>	<u>(813)</u>	<u>(2,838)</u>
Profit from continuing operations	<u>30,454</u>	<u>61,498</u>	<u>30,454</u>	<u>61,498</u>
Discontinued operation				
Results from discontinued operation, net of tax	<u>(180)</u>	<u>(2,844)</u>	<u>(180)</u>	<u>(2,844)</u>
Profit for the period	<u><u>30,274</u></u>	<u><u>58,654</u></u>	<u><u>30,274</u></u>	<u><u>58,654</u></u>
Profit for the period attributable to:				
Equity holders of the Company from:				
- Continuing operations	27,409	52,499	27,409	52,499
- Discontinued operation	<u>(180)</u>	<u>(2,844)</u>	<u>(180)</u>	<u>(2,844)</u>
	<u>27,229</u>	<u>49,655</u>	<u>27,229</u>	<u>49,655</u>
Non-controlling interests from:				
- Continuing operations	3,045	8,999	3,045	8,999
- Discontinued operation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	<u>3,045</u>	<u>8,999</u>	<u>3,045</u>	<u>8,999</u>
Profit for the period	<u><u>30,274</u></u>	<u><u>58,654</u></u>	<u><u>30,274</u></u>	<u><u>58,654</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 three months ended 31 March 2020 - unaudited

	Current Quarter Ended 31/03/2020 RM'000	(Restated) Comparative Quarter Ended 31/03/2019 RM'000	3 months Cumulative To Date 31/03/2020 RM'000	(Unaudited) (Restated) Comparative 3 months Cumulative To Date 31/03/2019 RM'000
Note				
Profit for the period	30,274	58,654	30,274	58,654
Other comprehensive income / (loss), net of tax				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Share of revaluation surplus arising from fair value adjustments of assets in an associate	130	2,522	130	2,522
Net gain / (loss) on cash flow hedges and revaluation of an associate	34	40	34	40
Other comprehensive income / (loss) for the period, net of tax	164	2,562	164	2,562
Total comprehensive income for the period	<u>30,438</u>	<u>61,216</u>	<u>30,438</u>	<u>61,216</u>
Total comprehensive income attributable to:				
Equity holders of the Company from:				
- Continuing operations	27,557	54,812	27,557	54,812
- Discontinued operation	(180)	(2,844)	(180)	(2,844)
	<u>27,377</u>	<u>51,968</u>	<u>27,377</u>	<u>51,968</u>
Non-controlling interests from:				
- Continuing operations	3,061	9,248	3,061	9,248
- Discontinued operation	--	--	--	--
	<u>3,061</u>	<u>9,248</u>	<u>3,061</u>	<u>9,248</u>
Total comprehensive income for the period	<u>30,438</u>	<u>61,216</u>	<u>30,438</u>	<u>61,216</u>
Earnings per ordinary share	sen	sen	sen	sen
Basic from:				
- Continuing operations	7.01	13.43	7.01	13.43
- Discontinued operation	(0.05)	(0.73)	(0.05)	(0.73)
	<u>6.96</u>	<u>12.70</u>	<u>6.96</u>	<u>12.70</u>
	23			
Diluted from:				
- Continuing operations	7.01	13.42	7.01	13.42
- Discontinued operation	(0.05)	(0.73)	(0.05)	(0.73)
	<u>6.96</u>	<u>12.69</u>	<u>6.96</u>	<u>12.69</u>
	23			

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 31 March 2020 - unaudited

	Note	As at end of Current Quarter 31/03/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		230,157	232,547
Right-of-use assets		2,543	3,200
Investment properties		55,879	56,260
Prepaid land lease payments		31,567	31,685
Investment in a joint venture		71,122	68,822
Investment in associates		1,252,113	1,223,614
Available-for-sale financial asset		1,862	1,862
Deferred tax assets		2,190	2,190
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,648,537</u>	<u>1,621,284</u>
Current Assets			
Inventories		143,050	107,754
Trade & other receivables and prepaid expenses		108,194	140,332
Amount owing by a joint venture		--	15,300
Tax recoverable		7,970	5,077
Cash and bank balances		218,509	265,592
		477,723	534,055
Assets classified as held for sale		38,295	38,295
Total Current Assets		<u>516,018</u>	<u>572,350</u>
TOTAL ASSETS	14	<u><u>2,164,555</u></u>	<u><u>2,193,634</u></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 31 March 2020 - unaudited

		As at end of Current Quarter 31/03/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
	Note		
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,357,250</u>	<u>1,357,235</u>
Equity attributable to the equity holders of the Company		1,748,901	1,748,886
Non-controlling interests		<u>266,757</u>	<u>263,709</u>
Total Equity		<u>2,015,658</u>	<u>2,012,595</u>
Non-Current Liabilities			
Long term borrowings	20	17,324	18,834
Deferred tax liabilities		4,886	4,886
Provision for retirement benefits		2,632	2,632
Lease liabilities - non-current portion		<u>1,304</u>	<u>1,539</u>
Total Non-Current Liabilities		<u>26,146</u>	<u>27,891</u>
Current Liabilities			
Provision for liabilities		268	268
Short term borrowings	20	12,137	17,060
Trade & other payables and accrued expenses		108,633	132,977
Amount owing to holding company		--	36
Lease liabilities - current portion		1,310	1,735
Tax liabilities		<u>403</u>	<u>1,072</u>
Total Current Liabilities		<u>122,751</u>	<u>153,148</u>
Total Liabilities	14	<u>148,897</u>	<u>181,039</u>
TOTAL EQUITY AND LIABILITIES		<u>2,164,555</u>	<u>2,193,634</u>
Net assets per share (RM)		4.47	4.47

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 three months ended 31 March 2020 - unaudited

Note	/----- Non-distributable reserve -----/					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	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Equity-settled employee benefits reserve RM'000				
3 months ended 31 March 2019 - unaudited									
At 1 January 2019	391,651	--	(40)	--	347	1,187,313	1,579,271	249,239	1,828,510
Dividends distributed to owners of the Company	--	--	--	--	--	(11,727)	(11,727)	--	(11,727)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(9)	(9)
Profit for the period	--	--	--	--	--	49,655	49,655	8,999	58,654
Other comprehensive income for the period	--	2,277	36	--	--	--	2,313	249	2,562
Total comprehensive income	--	2,277	36	--	--	49,655	51,968	9,248	61,216
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	--	--	--	--	--
At 31 March 2019	391,651	2,277	(4)	--	347	1,225,241	1,619,512	258,478	1,877,990
3 months ended 31 March 2020 - unaudited									
At 1 January 2020	391,651	3,569	(31)	996	--	1,352,701	1,748,886	263,709	2,012,595
Dividends distributed to owners of the Company	--	--	--	--	--	(27,362)	(27,362)	--	(27,362)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(13)	(13)
Profit for the period	--	--	--	--	--	27,229	27,229	3,045	30,274
Other comprehensive income for the period	--	117	31	--	--	--	148	16	164
Total comprehensive income	--	117	31	--	--	27,229	27,377	3,061	30,438
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	--	--	--	--	--
At 31 March 2020	391,651	3,686	--	996	--	1,352,568	1,748,901	266,757	2,015,658

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 three months ended 31 March 2020 - unaudited

	2020	(Unaudited) 2019
	3 months ended	3 months ended
	31/03/2020	31/03/2019
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	31,267	64,336
- <i>Discontinued operation</i>	<u>(180)</u>	<u>(2,844)</u>
	31,087	61,492
Adjustments for :		
Share of results of associates	(28,334)	(42,830)
Share of results of a joint venture	(2,300)	(3,917)
Depreciation and amortisation	4,301	5,010
Finance costs from :		
- <i>Continuing operations</i>	357	652
- <i>Discontinued operation</i>	--	1,231
Gain on disposal of assets classified as held for sale	--	(11,928)
Other non-cash items	<u>(1,675)</u>	<u>(606)</u>
Operating profit before working capital changes	3,436	9,104
Changes in working capital		
(Increase) / Decrease in trade & other receivables	32,126	(34,475)
(Increase) / Decrease in inventories	(35,296)	(29,471)
Increase / (Decrease) in trade & other payables	(24,346)	3,143
Net changes in other current assets & liabilities	(36)	(232)
Income tax refunded	--	--
Income tax paid	<u>(4,374)</u>	<u>(3,182)</u>
Net cash from / (used in) operating activities	<u><u>(28,490)</u></u>	<u><u>(55,113)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from a joint venture	15,300	10,200
Interest income	1,611	906
Purchase of property, plant & equipment	(907)	(3,771)
Proceeds from disposal of property, plant & equipment	215	135
Proceeds from disposal of assets classified as held for sale	<u>--</u>	<u>13,250</u>
Net cash from / (used in) investing activities	<u><u>16,219</u></u>	<u><u>20,720</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(27,362)	(11,727)
Dividends paid to non-controlling interests of subsidiaries	(13)	(9)
Finance costs paid	(357)	(1,883)
Bank borrowings	(5,700)	6,562
Finance lease payables	--	(518)
Hire-purchase payables	--	(2)
Lease payables	<u>(660)</u>	<u>(578)</u>
Net cash from / (used in) financing activities	<u><u>(34,092)</u></u>	<u><u>(8,155)</u></u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,363)	(42,548)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>258,860</u>	<u>189,066</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u><u>212,497</u></u>	<u><u>146,518</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	218,509	152,705
Bank overdrafts	<u>(6,012)</u>	<u>(6,187)</u>
	<u><u>212,497</u></u>	<u><u>146,518</u></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"), MFRS134: 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 2019.

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 2019, 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 2020

Amendments to:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
MFRS 3	Definition of a Business
MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
MFRS 101 and MFRS 108	Definition of Material

The initial adoption of the above new and revised MFRSs, amendments to MFRSs and IC interpretations did not result in significant changes in the accounting policies of the Group and do not have any significant effect on the financial statements of the Group.

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and amendments to MFRSs 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 2021

MFRS 17	Insurance Contracts
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Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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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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The adoption of these MFRSs or amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

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 2019 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 2019.

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 issued share capital of the Group and the Company during the financial period was as follows:

	Period ended 31/03/2020	
	Number of Shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2020 / 31 March 2020	390,887	391,651

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

7. Debt and equity securities (cont'd)

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").

There are no outstanding shares under the PSP and RSP during the financial period.

8. Dividends paid

A second interim single tier dividend of 7.0 sen per share on 390,887,653 ordinary shares amounting to RM27,362,136 in respect of the financial year ended 31 December 2019 was paid on 30 March 2020.

9. Subsequent material events

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

10. Changes in composition of the Group

There were no material changes in the composition of the Group during for the current quarter under review.

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 31 March 2020 is as follows :

	<u>RM'000</u>
Approved and contracted for	83
Approved and not contracted for	<u>14,091</u>

12. Significant related party transactions

During the period ended 31 March 2020, the Group and the Company had the following transactions with related parties:

	Period ended 31/03/2020 <u>RM'000</u>
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	254,032
Sales to a subsidiary of Perodua	22
Sales to an associate of Perodua	5,703
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	<u>9,709</u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	12,587
- associates	--
Management fees from subsidiaries	161
Interest income on advances to subsidiaries	<u>1,181</u>

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.

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

14. Operating segments (cont'd)

Period ended 31 March 2020

	Motor	Auto Parts Manufacturing		Property	All others	Group
	Trading	Continuing	Discontinued	Development		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	335,928	37,640	--	--	472	374,040
Results for reportable segments	336	996	(180)	(34)	(1,919)	(801)
Share of results of a jointly venture	--	2,300	--	--	--	2,300
Share of results of associates	28,849	(515)	--	--	--	28,334
Interest income	787	81	--	6	737	1,611
Finance costs	(22)	(89)	--	--	(246)	(357)
Profit/(loss) before tax for reportable segment	29,950	2,773	(180)	(28)	(1,428)	31,087
Depreciation and amortisation	(2,809)	(876)	--	(1)	(615)	(4,301)
Other significant non-cash items						
- Gain on disposal of property, plant and equipment	73	31	--	--	--	104
Capital expenditure	816	87	--	--	4	907
Segment assets	526,033	115,957	27,333	2,591	169,406	841,320
Jointly controlled entity	--	48,223	--	--	22,899	71,122
Investment in associates	1,187,207	64,906	--	--	--	1,252,113
Segment liabilities	(90,712)	(27,890)	(344)	(985)	(28,966)	(148,897)

Period ended 31 March 2019 (restated)

	Motor	Auto Parts Manufacturing		Property	All others	Group
	Trading	Continuing	Discontinued	Development		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	467,913	50,754	13,384	--	399	532,450
Results for reportable segments	17,039	2,514	(1,613)	(436)	(1,782)	15,722
Share of results of a joint venture	--	3,917	--	--	--	3,917
Share of results of associates	41,444	1,386	--	--	--	42,830
Interest income	605	41	--	1	259	906
Finance costs	(190)	(133)	(1,231)	--	(329)	(1,883)
Profit/(loss) before tax for reportable segment	58,898	7,725	(2,844)	(435)	(1,852)	61,492
Depreciation and amortisation	(2,722)	(1,486)	(374)	--	(428)	(5,010)
Other significant non-cash items						
- Gain on disposal of assets classified as held for sale	11,928	--	--	--	--	11,928
- Allowance for slow moving inventories	--	--	(300)	--	--	(300)
Capital expenditure	3,219	552	--	--	--	3,771
Segment assets	534,219	123,073	44,419	5,643	128,745	836,099
Jointly controlled entity	--	53,266	--	--	22,899	76,165
Investment in associates	1,166,710	86,615	--	--	--	1,253,325
Segment liabilities	(103,674)	(44,874)	(107,015)	(1,463)	(30,573)	(287,599)

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 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	373,568	532,051
All others	472	399
Elimination of discontinued operation	--	(13,384)
Revenue, as reported	<u>374,040</u>	<u>519,066</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including		
finance costs and interest income	1,881	16,597
All others	(1,428)	(1,852)
Share of results of jointly controlled entity	2,300	3,917
Share of results of associates	28,334	42,830
Elimination of discontinued operation	180	2,844
Profit before tax, as reported	<u>31,267</u>	<u>64,336</u>
<u>Assets</u>		
Total assets for Group's reportable segments	671,914	707,354
All others	169,406	128,745
Jointly controlled entity	71,122	76,165
Investment in associates	1,252,113	1,253,325
Total assets, as reported	<u>2,164,555</u>	<u>2,165,589</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	119,931	257,026
All others	28,966	30,573
Total liabilities, as reported	<u>148,897</u>	<u>287,599</u>

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.

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 2018 except for:

The results of the Group's indirect wholly owned subsidiary, OMI Alloy (M) Sdn Bhd ("OMIA"), has been classified as "Discontinued Operation" on 30 June 2019 due to the cessation of its alloy wheel plant's operation. The comparative condensed consolidated statement of comprehensive income has been re-presented to show OMIA as Discontinued Operation separately from the Continuing Operations. The property, plant and equipment of OMIA has also been presented as "Assets classified as held for sale".

Results of discontinued operation:

	Quarter ended		Year to date 3 months ended	
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Revenue	-	13,384	-	13,384
Cost of sales	-	(14,238)	-	(14,238)
Gross loss	-	(854)	-	(854)
Other income	39	3	39	3
Administrative and other expenses	(219)	(762)	(219)	(762)
Finance costs	-	(1,231)	-	(1,231)
Loss before tax	(180)	(2,844)	(180)	(2,844)
Income tax expense	-	-	-	-
Loss from discontinued operation	<u>(180)</u>	<u>(2,844)</u>	<u>(180)</u>	<u>(2,844)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	14	(116)
Net cash from / (used in) investing activities	-	-
Net cash used in financing activities	-	(2,796)
Net decrease in cash and cash equivalents	<u>14</u>	<u>(2,912)</u>

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

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.

18. Income tax expense

	Current Quarter 31/03/2020 RM'000	Year to date 31/03/2020 RM'000
Current year's provision	813	813
Add : Under/(Over) provision in prior years	--	--
	<u>813</u>	<u>813</u>
Deferred taxation	--	--
Income tax expense	<u><u>813</u></u>	<u><u>813</u></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 31/03/2020 %	Year to date 31/03/2020 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(21.7)	(21.7)
Adjustment for tax applicable to share of results of a joint venture	(1.8)	(1.8)
Expenses not deductible for tax purpose / (Income not subject to tax)	2.1	2.1
	<u><u>2.6</u></u>	<u><u>2.6</u></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	12,137	17,324
Unsecured	--	--
Total	<u><u>12,137</u></u>	<u><u>17,324</u></u>

21. Material litigations

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

22. Dividend

The Board did not declare any dividend for the current quarter.

A final single tier dividend of 9.0 sen per ordinary share amounting to approximately RM35,179,889 in respect of the financial year ended 31 December 2019, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 23 June 2020, will be paid on 28 July 2020 to shareholders whose names appear in the Record of Depositors of the Company on 10 July 2020.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 3 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Basic earnings / (loss) per ordinary share	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company:				
- Continuing operations	27,409	52,499	27,409	52,499
- Discontinued operation	(180)	(2,844)	(180)	(2,844)
	27,229	49,655	27,229	49,655
Number of ordinary shares in issue	'000 390,887	'000 390,887	'000 390,887	'000 390,887
Basic earnings per share (sen):				
- Continuing operations	7.01	13.43	7.01	13.43
- Discontinued operation	(0.05)	(0.73)	(0.05)	(0.73)
	6.96	12.70	6.96	12.70
Diluted earnings / (loss) per ordinary share	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company:				
- Continuing operations	27,409	52,499	27,409	52,499
- Discontinued operation	(180)	(2,844)	(180)	(2,844)
	27,229	49,655	27,229	49,655
Number of ordinary shares in issue	'000 390,887	'000 390,887	'000 390,887	'000 390,887
Adjustments for assumed full exercise of LTIP	-	262	-	262
Number of ordinary shares used in the calculation of diluted earnings per share	390,887	391,149	390,887	391,149
Diluted earnings per share (sen):				
- Continuing operations	7.01	13.42	7.01	13.42
- Discontinued operation	(0.05)	(0.73)	(0.05)	(0.73)
	6.96	12.69	6.96	12.69

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 3 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,611	906	1,611	906
b) Interest expense	(357)	(1,883)	(357)	(1,883)
c) Depreciation and amortisation	(4,301)	(5,010)	(4,301)	(5,010)
d) Allowance for slow-moving inventories	--	(300)	--	(300)
e) Gain on disposal of property, plant and equipment	104	--	104	--
f) Gain on disposal of assets classified as held for sale	--	11,928	--	11,928
g) Realised loss on foreign exchange	(11)	(58)	(11)	(58)

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 31 March 2020.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 20 May 2020.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 20 MAY 2020

For further information, please contact Ms Annie Chin, Group Chief Financial Officer at Tel : +603-2273 8803
Our Quarterly Announcement for the first quarter ended 31 March 2020 can be downloaded from the internet at
www.bursamalaysia.com or www.mbmr.com.my