



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2020

Summary

- The Group's revenue reduced by 53.7%, mainly contributed by the Movement Control Orders and reduced customer demand.
- Contributions from our joint venture and associates were also lower by 104.3% and 109.4% respectively.
- As a result, the Group closed the quarter with a loss before tax of RM2.8 million.
- The Group is steadfast in rolling out attractive sales programme and implementing cost reduction measures and Transformation programme to mitigate the economic uncertainties.

Results

	Quarter ended 30 June			Year to date ended 30 June		
	2020 RM mil	2019 RM mil	Change %	2020 RM mil	2019 RM mil	Change %
Revenue	258.6	558.0	(53.7)	632.6	1,077.1	(41.3)
Profit / (loss) before tax	(2.8)	89.3	(103.2)	28.4	153.6	(81.5)
<i>On going business</i>	(2.8)	64.5	(104.4)	28.4	116.9	(75.7)
<i>One-off gains from disposals</i>	--	24.8	(100.0)	--	36.7	(100.0)
Profit / (loss) for the period	(4.3)	81.1	(105.4)	25.9	139.7	(81.4)
<i>Continuing operations</i>	(4.2)	86.1	(104.9)	26.2	147.6	(82.2)
<i>Discontinued operation</i>	(0.1)	(5.0)	97.8	(0.3)	(7.8)	96.3
Profit / (loss) attributable to equity holders of the Company	(5.2)	74.0	(107.0)	22.0	123.7	(82.2)
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	(1.3)	18.9	(107.0)	5.6	31.7	(82.2)
<i>Continuing operations</i>	(1.3)	20.2	(106.4)	5.7	33.7	(83.0)
<i>Discontinued operation</i>	(0.0)	(1.3)	97.7	(0.1)	(2.0)	96.5
	As at 30 Jun 2020 RM mil	As at 31 Dec 2019 RM mil				
Equity attributable to the equity holders of the Company	1,743.5	1,748.9	(0.3)			
	RM	RM				
Net assets per share	4.46	4.47	(0.3)			
	Interim 2020 Sen	Interim 2019 Sen		YTD 2020 Sen	YTD 2019 Sen	
Dividend per share	5.0	6.0	(16.7)	5.0	6.0	(16.7)

Performance of sales by operations

% Changes *	Q2'20 vs Q1'20	Q2'20 vs Q2'19	YTD Jun'20 vs YTD Jun'19
Total Industry Volume (TIV) **	- 35.9	- 55.5	- 41.1
Total Industry Production (TIP) **	- 46.9	- 59.0	- 41.7
Total Group's Vehicles Sales	- 25.3	- 48.1	- 36.2
<i>Subsidiaries</i>			
DMSB : Daihatsu & Hino trucks	- 9.1	- 49.1	- 34.0
DMMS : Perodua vehicles	- 25.0	- 47.5	- 35.8
FAHB : Volvo & Volkswagen vehicles	- 56.8	- 42.9	- 43.2
HASB	- 43.1	- 62.7	- 46.3
OMI	- 56.0	- 68.0	- 46.9
Service throughputs	- 42.4	- 45.7	- 25.1
<i>Joint Venture</i>			
AHSB	- 50.6	- 57.0	- 38.1
<i>Associated companies</i>			
Perodua vehicles	- 48.3	- 57.4	- 37.2
Hino trucks and buses	- 42.2	- 50.1	- 39.4

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 second quarter ended 30 June 2020

Group Financial Performance

Second quarter ended 30 June 2020 compared with second quarter ended 30 June 2019

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-20	Quarter ended 30-Jun-19	Change		Quarter ended 30-Jun-20	Quarter ended 30-Jun-19	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total From Continuing Operations	258,596	558,045	(299,449)	(53.7)	(2,820)	89,309	(92,129)	(103.2)
<u>Business segments:</u>								
Motor Trading	241,048	505,094	(264,046)	(52.3)	4,956	9,438	(4,482)	(47.5)
Auto Parts Manufacturing	17,281	52,571	(35,290)	(67.1)	(1,524)	3,956	(5,480)	(138.5)
Share of results of a joint venture					(101)	2,364	(2,465)	(104.3)
Share of results of associates					(4,742)	50,451	(55,193)	(109.4)
Others	267	380	(113)	(29.7)	(1,409)	23,100	(24,509)	106.1
<u>Discontinued Operation:</u>								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	12,220	(12,220)	(100.0)	(108)	(4,987)	4,879	97.8

Group

In the current quarter, the Group's revenue from its Continuing Operations reduced by RM299.4 million or 53.7% to close at RM258.6 million against the corresponding quarter due to movement controls order ("MCO") implemented by the Government since 18 March 2020, followed by the Conditional MCO ("CMCO") and Recovery MCO ("RMCO"), which led to business suspension for approximately 1.5 months during this quarter. With these difficult operating conditions, the Group recorded Loss before tax ("LBT") of RM2.8 million PBT for the quarter with losses mainly coming from lower volume and the share of losses from the associates.

The Group's share of results in its joint venture closed at a minimal loss of RM0.1 million as production was suspended during the MCO and part of the CMCO period.

The share of associates' results likewise reduced by RM55.2 million or 109.4% against the corresponding quarter to close at a loss of RM4.7 million.

Included in Others are investment holding costs and a one-off gain on disposal of 22% shareholding in our investment in Hino that was completed in the corresponding 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 RM264.0 million or 52.3% as compared to the corresponding quarter in line with the business shutdown for both vehicle sales and aftersales during the MCO and CMCO periods.

Despite the business shutdown during the quarter, the Division retained a PBT of RM5.0 million against RM9.4 million in the corresponding quarter. The profit was a direct result of mitigative actions taken during the MCO to tighten cost controls and manage working capital.

Auto Parts Manufacturing

Similarly for our Auto Parts Manufacturing Division, revenue from Continuing Operations decreased by RM35.3 million or 67.1% to RM17.3 million against the corresponding quarter. Aside from the negative impact from the MCO and CMCO, sales volume was also affected by change in customer mix. Consequently the Division closed at a LBT of RM1.5 million.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2020

Second quarter ended 30 June 2020 against previous quarter ended 31 March 2020

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-20 RM'000	Quarter ended 31-Mar-20 RM'000	Change		Quarter ended 30-Jun-20 RM'000	Quarter ended 31-Mar-20 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	258,596	374,040	(115,444)	(30.9)	(2,820)	31,267	(34,087)	(109.0)
<u>Business segments:</u>								
Motor Trading	241,048	335,928	(94,880)	(28.2)	4,956	1,101	3,855	350.1
Auto Parts Manufacturing	17,281	37,640	(20,359)	(54.1)	(1,524)	988	(2,512)	(254.3)
Share of results of a joint venture					(101)	2,300	(2,401)	(104.4)
Share of associates' results					(4,742)	28,334	(33,076)	(116.7)
Others	267	472	(205)	(43.4)	(1,409)	(1,456)	47	3.2
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	N/A	(108)	(180)	72	40.0

Group

Against the preceding quarter, revenue for the Group's Continuing Operations similarly decreased by RM115.4 million or 30.9%. Consequently, the Group closed at a LBT of RM2.8 million for the quarter mainly coming from the share of losses from the associates and our Auto Parts Manufacturing Division due to lower volume.

The Group's share of the joint venture's results was also lower than the preceding quarter by RM2.4 million or 104.4% to close at a LBT of RM0.1 million.

The Group's share of its associates results closed at a LBT of RM4.7 million, with a profit reduction against the preceding quarter by RM33.1 million or 116.7%.

PROSPECTS

With the Covid-19 cases remain on the rise globally, the Group expects the uncertainties and negative economic impacts to continue to undermine performance for the remaining year. However, we are seeing very positive response to the various Government stimulus packages introduced thus far in particular the sales tax exemptions which brought in impressive sales volume for the past two months.

The Management is therefore working hard to sustain the interest seen in sales, aftersales and our manufacturing products and services through engaging with relevant stakeholders, sales, aftersales and marketing related activities, delivering good customer experience at all our touch points and training and retaining of our staff. Further, measures introduced earlier to mitigate the negative impact from the MCOs including the cost reduction measures and Transformation Programme aimed at improving overall performance will be continued as planned.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2020 - unaudited

		Current Quarter Ended 30/06/2020 RM'000	Comparative Quarter Ended 30/06/2019 RM'000	6 months Cumulative To Date 30/06/2020 RM'000	(Unaudited) Comparative 6 months Cumulative To Date 30/06/2019 RM'000
	Note				
Continuing operations					
Revenue	14	258,596	558,045	632,636	1,077,111
Cost of sales		<u>(238,793)</u>	<u>(515,412)</u>	<u>(582,613)</u>	<u>(996,846)</u>
Gross profit		19,803	42,633	50,023	80,265
Other income		9,867	34,946	17,103	56,118
Administrative and other expenses		(17,576)	(21,740)	(41,051)	(45,613)
Selling and marketing expenses		(11,030)	(20,161)	(25,632)	(37,757)
Finance costs		(324)	(457)	(681)	(1,109)
Interest income		1,283	1,273	2,894	2,179
Share of results of a joint venture, net of tax		(101)	2,364	2,199	6,281
Share of results of associates, net of tax		<u>(4,742)</u>	<u>50,451</u>	<u>23,592</u>	<u>93,281</u>
Profit / (loss) before tax	14	<u>(2,820)</u>	<u>89,309</u>	<u>28,447</u>	<u>153,645</u>
Income tax expense	18	<u>(1,419)</u>	<u>(3,241)</u>	<u>(2,232)</u>	<u>(6,079)</u>
Profit / (loss) from continuing operations		<u>(4,239)</u>	<u>86,068</u>	<u>26,215</u>	<u>147,566</u>
Discontinued operation					
Results from discontinued operation, net of tax		<u>(108)</u>	<u>(4,987)</u>	<u>(288)</u>	<u>(7,831)</u>
Profit / (loss) for the period		<u>(4,347)</u>	<u>81,081</u>	<u>25,927</u>	<u>139,735</u>
Profit / (loss) for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		(5,078)	79,025	22,331	131,524
- Discontinued operation		<u>(108)</u>	<u>(4,987)</u>	<u>(288)</u>	<u>(7,831)</u>
		<u>(5,186)</u>	<u>74,038</u>	<u>22,043</u>	<u>123,693</u>
Non-controlling interests from:					
- Continuing operations		839	7,043	3,884	16,042
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>839</u>	<u>7,043</u>	<u>3,884</u>	<u>16,042</u>
Profit / (loss) for the period		<u>(4,347)</u>	<u>81,081</u>	<u>25,927</u>	<u>139,735</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 2020 - unaudited

	Current Quarter Ended 30/06/2020 RM'000	Comparative Quarter Ended 30/06/2019 RM'000	6 months Cumulative To Date 30/06/2020 RM'000	(Unaudited) Comparative 6 months Cumulative To Date 30/06/2019 RM'000
Profit / (loss) for the period	(4,347)	81,081	25,927	139,735
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	(243)	157	(113)	2,679
Net gain / (loss) on cash flow hedges and revaluation of an associate	57	4	91	44
Other comprehensive income / (loss) for the period, net of tax	(186)	161	(22)	2,723
Total comprehensive income / (loss) for the period	<u>(4,533)</u>	<u>81,242</u>	<u>25,905</u>	<u>142,458</u>
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company from:				
- Continuing operations	(5,246)	79,171	22,311	133,983
- Discontinued operation	(108)	(4,987)	(288)	(7,831)
	<u>(5,354)</u>	<u>74,184</u>	<u>22,023</u>	<u>126,152</u>
Non-controlling interests from:				
- Continuing operations	821	7,058	3,882	16,306
- Discontinued operation	--	--	--	--
	<u>821</u>	<u>7,058</u>	<u>3,882</u>	<u>16,306</u>
Total comprehensive income / (loss) for the period	<u>(4,533)</u>	<u>81,242</u>	<u>25,905</u>	<u>142,458</u>
Earnings / (loss) per ordinary share				
Basic from:	sen	sen	sen	sen
- Continuing operations	(1.30)	20.22	5.71	33.65
- Discontinued operation	(0.03)	(1.28)	(0.07)	(2.00)
	<u>(1.33)</u>	<u>18.94</u>	<u>5.64</u>	<u>31.65</u>
23				
Diluted from:				
- Continuing operations	(1.30)	20.20	5.71	33.63
- Discontinued operation	(0.03)	(1.27)	(0.07)	(2.00)
	<u>(1.33)</u>	<u>18.93</u>	<u>5.64</u>	<u>31.63</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 30 June 2020 - unaudited

	Note	As at end of Current Quarter 30/06/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		228,014	232,547
Right-of-use assets		3,765	3,200
Investment properties		55,471	56,260
Prepaid land lease payments		31,450	31,685
Investment in a joint venture		71,021	68,822
Investment in associates		1,247,183	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>1,642,060</u>	<u>1,621,284</u>
Current Assets			
Inventories		112,464	107,754
Trade & other receivables and prepaid expenses		145,486	140,332
Amount owing by a joint venture		--	15,300
Tax recoverable		10,220	5,077
Cash and bank balances		194,315	265,592
		<u>462,485</u>	<u>534,055</u>
Assets classified as held for sale		38,295	38,295
Total Current Assets		<u>500,780</u>	<u>572,350</u>
TOTAL ASSETS	14	<u><u>2,142,840</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 30 June 2020 - unaudited

	Note	As at end of Current Quarter 30/06/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,351,896</u>	<u>1,357,235</u>
Equity attributable to the equity holders of the Company		1,743,547	1,748,886
Non-controlling interests		<u>258,470</u>	<u>263,709</u>
Total Equity		<u>2,002,017</u>	<u>2,012,595</u>
Non-Current Liabilities			
Long term borrowings	20	5,140	18,834
Deferred tax liabilities		4,886	4,886
Provision for retirement benefits		2,498	2,632
Lease liabilities - non-current portion		<u>1,906</u>	<u>1,539</u>
Total Non-Current Liabilities		<u>14,430</u>	<u>27,891</u>
Current Liabilities			
Provision for liabilities		268	268
Short term borrowings	20	22,345	17,060
Trade & other payables and accrued expenses		101,017	132,977
Amount owing to holding company		37	36
Lease liabilities - current portion		2,216	1,735
Tax liabilities		<u>510</u>	<u>1,072</u>
Total Current Liabilities		<u>126,393</u>	<u>153,148</u>
Total Liabilities	14	<u>140,823</u>	<u>181,039</u>
TOTAL EQUITY AND LIABILITIES		<u>2,142,840</u>	<u>2,193,634</u>
Net assets per share (RM)		4.46	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 six months ended 30 June 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				
6 months ended 30 June 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	--	--	--	--	--	(35,180)	(35,180)	--	(35,180)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(5,674)	(5,674)
Profit for the period	--	--	--	--	--	123,693	123,693	16,042	139,735
Other comprehensive income for the period	--	2,420	39	--	--	--	2,459	264	2,723
Total comprehensive income	--	2,420	39	--	--	123,693	126,152	16,306	142,458
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	--	--	--	--	--
At 30 June 2019	391,651	2,420	(1)	--	347	1,275,826	1,670,243	259,871	1,930,114
6 months ended 30 June 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	--	--	--	--	--	--	--	(9,121)	(9,121)
Profit for the period	--	--	--	--	--	22,043	22,043	3,884	25,927
Other comprehensive income for the period	--	(102)	82	--	--	--	(20)	(2)	(22)
Total comprehensive income	--	(102)	82	--	--	22,043	22,023	3,882	25,905
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	--	--	--	--	--
At 30 June 2020	391,651	3,467	51	996	--	1,347,382	1,743,547	258,470	2,002,017

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 2020 - unaudited

	2020	(Unaudited)
	6 months ended	6 months ended
	30/06/2020	30/06/2019
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	28,447	153,645
- <i>Discontinued operation</i>	<u>(288)</u>	<u>(7,831)</u>
	28,159	145,814
Adjustments for :		
Share of results of associates	(23,592)	(93,281)
Share of results of a joint venture	(2,199)	(6,281)
Depreciation and amortisation	8,519	9,896
Finance costs from :		
- <i>Continuing operations</i>	681	1,109
- <i>Discontinued operation</i>	--	2,424
Gain on disposal of investment in associates	--	(24,761)
Gain on disposal of assets classified as held for sale	--	(11,928)
Other non-cash items	<u>(2,958)</u>	<u>(513)</u>
Operating profit before working capital changes	8,610	22,479
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(5,165)	(52,303)
(Increase) / Decrease in inventories	(4,710)	(25,341)
Increase / (Decrease) in trade & other payables	(31,960)	16,679
Net changes in other current assets & liabilities	(134)	(335)
Income tax refunded	3	21
Income tax paid	<u>(7,940)</u>	<u>(5,620)</u>
Net cash from / (used in) operating activities	<u>(41,296)</u>	<u>(44,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	--	31,220
Dividends received from a joint venture	15,300	10,200
Interest income	2,894	2,179
Purchase of property, plant & equipment	(1,828)	(4,712)
Proceeds from disposal of property, plant & equipment	215	248
Proceeds from disposal of investment in associates	--	74,375
Proceeds from disposal of assets classified as held for sale	<u>--</u>	<u>13,250</u>
Net cash from / (used in) investing activities	<u>16,581</u>	<u>126,760</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(27,362)	(35,180)
Dividends paid to non-controlling interests of subsidiaries	(9,121)	(5,674)
Finance costs paid	(681)	(3,533)
Bank borrowings	(7,304)	9,321
Finance lease payables	--	(1,510)
Hire-purchase payables	--	(15)
Lease payables	<u>(1,003)</u>	<u>(1,178)</u>
Net cash from / (used in) financing activities	<u>(45,471)</u>	<u>(37,769)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,186)	44,571
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>258,860</u>	<u>189,066</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>188,674</u>	<u>233,637</u>
Cash and cash equivalents comprise :		
Cash and bank balances	194,315	239,794
Bank overdrafts	<u>(5,641)</u>	<u>(6,157)</u>
	<u>188,674</u>	<u>233,637</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 30/06/2020	
	Number of Shares	Share Capital
	'000	RM'000
Ordinary shares		
As at 1 January 2020 / 30 June 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

No dividends were paid during the financial quarter under review.

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 30 June 2020 is as follows :

	<u>RM'000</u>
Approved and contracted for	150
Approved and not contracted for	<u>9,521</u>

12. Significant related party transactions

During the period ended 30 June 2020, the Group and the Company had the following transactions with related parties:

	Period ended 30/06/2020 <u>RM'000</u>
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	380,242
Sales to a subsidiary of Perodua	29
Sales to an associate of Perodua	8,822
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	<u>11,176</u>
<u>Company</u>	
Gross dividends from:	
- subsidiaries	22,259
- associates	--
Management fees from subsidiaries	280
Interest income on advances to subsidiaries	<u>2,193</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 30 June 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	576,976	54,921	--	--	739	632,636
Results for reportable segments	4,646	(528)	(288)	(70)	(3,605)	155
Share of results of a jointly venture	--	2,199	--	--	--	2,199
Share of results of associates	26,152	(2,560)	--	--	--	23,592
Interest income	1,466	166	--	6	1,256	2,894
Finance costs	(55)	(174)	--	--	(452)	(681)
Profit/(loss) before tax for reportable segment	32,209	(897)	(288)	(64)	(2,801)	28,159
Depreciation and amortisation	(5,435)	(1,826)	--	(1)	(1,257)	(8,519)
Other significant non-cash items						
- Gain on disposal of property, plant and equipment	73	31	--	--	--	104
Capital expenditure	1,149	675	--	--	4	1,828
Segment assets	505,381	113,931	27,252	2,555	175,517	824,636
Jointly controlled entity	--	48,122	--	--	22,899	71,021
Investment in associates	1,184,323	62,860	--	--	--	1,247,183
Segment liabilities	(85,218)	(27,170)	(371)	(985)	(27,079)	(140,823)

Period ended 30 June 2019

	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	973,007	103,325	25,604	--	779	1,102,715
Results for reportable segments	41,274	15,617	(5,407)	(443)	(3,435)	47,606
Share of results of a joint venture	--	6,281	--	--	--	6,281
Share of results of associates	91,125	2,156	--	--	--	93,281
Interest income	1,465	144	--	1	569	2,179
Finance costs	(205)	(264)	(2,424)	--	(640)	(3,533)
Profit/(loss) before tax for reportable segment	133,659	23,934	(7,831)	(442)	(3,506)	145,814
Depreciation and amortisation	(5,452)	(2,436)	(742)	--	(1,266)	(9,896)
Other significant non-cash items						
- Property, plant and equipment written off	--	(10)	(661)	--	--	(671)
- Gain on disposal of investment in associates	15,642	9,119	--	--	--	24,761
- Gain on disposal of assets classified as held for sale	11,928	--	--	--	--	11,928
- Allowance for slow moving inventories	(283)	--	(690)	--	--	(973)
Capital expenditure	3,936	776	--	--	--	4,712
Segment assets	565,101	122,739	111,004	5,765	127,224	931,833
Jointly controlled entity	--	55,629	--	--	22,899	78,528
Investment in associates	1,157,966	65,137	--	--	--	1,223,103
Segment liabilities	(132,667)	(42,488)	(98,209)	(1,593)	(28,393)	(303,350)

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 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	631,897	1,101,936
All others	739	779
Elimination of discontinued operation	--	(25,604)
Revenue, as reported	<u>632,636</u>	<u>1,077,111</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	5,169	49,758
All others	(2,801)	(3,506)
Share of results of jointly controlled entity	2,199	6,281
Share of results of associates	23,592	93,281
Elimination of discontinued operation	288	7,831
Profit before tax, as reported	<u>28,447</u>	<u>153,645</u>
<u>Assets</u>		
Total assets for Group's reportable segments	649,119	804,609
All others	175,517	127,224
Jointly controlled entity	71,021	78,528
Investment in associates	1,247,183	1,223,103
Total assets, as reported	<u>2,142,840</u>	<u>2,233,464</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	113,744	274,957
All others	27,079	28,393
Total liabilities, as reported	<u>140,823</u>	<u>303,350</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 2019.

The results of the Group's indirect wholly owned subsidiary, OMI Alloy (M) Sdn Bhd ("OMIA"), had been classified as "Discontinued Operation" on 30 June 2019 due to the cessation of its alloy wheel plant's operation. The property, plant and equipment of OMIA has since been presented as "Assets classified as held for sale".

Results of discontinued operation:

	Quarter ended		Year to date 6 months ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue	-	12,221	-	25,604
Cost of sales	-	(14,602)	-	(28,841)
Gross loss	-	(2,381)	-	(3,237)
Other income	-	-	39	4
Administrative and other expenses	(108)	(1,413)	(327)	(2,174)
Finance costs	-	(1,193)	-	(2,424)
Loss before tax	(108)	(4,987)	(288)	(7,831)
Income tax expense	-	-	-	-
Loss from discontinued operation	<u>(108)</u>	<u>(4,987)</u>	<u>(288)</u>	<u>(7,831)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	115	231
Net cash from / (used in) investing activities	-	25
Net cash used in financing activities	-	(6,008)
Net decrease in cash and cash equivalents	<u>115</u>	<u>(5,752)</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 30/06/2020 RM'000	Year to date 30/06/2020 RM'000
Current year's provision	1,419	2,232
Add : Under/(Over) provision in prior years	--	--
	<u>1,419</u>	<u>2,232</u>
Deferred taxation	--	--
Income tax expense	<u><u>1,419</u></u>	<u><u>2,232</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 30/06/2020 %	Year to date 30/06/2020 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(40.4)	(19.9)
Adjustment for tax applicable to share of results of a joint venture	(0.9)	(1.9)
Expenses not deductible for tax purpose / (Income not subject to tax)	(33.1)	5.6
	<u><u>(50.4)</u></u>	<u><u>7.8</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	22,345	5,140
Unsecured	--	--
Total	<u><u>22,345</u></u>	<u><u>5,140</u></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 5.0 sen per ordinary share amounting to approximately RM19,544,383 for the current financial year ending 31 December 2020.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Basic earnings / (loss) per ordinary share	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company:				
- Continuing operations	(5,078)	79,025	22,331	131,524
- Discontinued operation	(108)	(4,987)	(288)	(7,831)
	(5,186)	74,038	22,043	123,693
Number of ordinary shares in issue	'000	'000	'000	'000
	390,887	390,887	390,887	390,887
Basic earnings / (loss) per share (sen):				
- Continuing operations	(1.30)	20.22	5.71	33.65
- Discontinued operation	(0.03)	(1.28)	(0.07)	(2.00)
	(1.33)	18.94	5.64	31.65
Diluted earnings / (loss) per share (sen):				
- Continuing operations	(1.30)	20.20	5.71	33.63
- Discontinued operation	(0.03)	(1.27)	(0.07)	(2.00)
	(1.33)	18.93	5.64	31.63

The diluted earnings / (loss) per share of the Company is equal to the basic earnings / (loss) per share as the Company does not have any dilutive ordinary shares in issue.

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,283	1,273	2,894	2,179
b) Interest expense	(324)	(1,650)	(681)	(3,533)
c) Depreciation and amortisation	(4,218)	(4,886)	(8,519)	(9,896)
d) Allowance for slow-moving inventories	--	(673)	--	(973)
e) Property, plant and equipment written off	(40)	(671)	(40)	(671)
f) Gain on disposal of property, plant and equipment	--	(22)	104	(22)
g) Gain on disposal of investment in associates	--	24,761	--	24,761
h) Gain on disposal of assets classified as held for sale	--	--	--	11,928
i) Realised loss on foreign exchange	49	(29)	38	(87)

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 2020.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 19 August 2020.

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 19 AUGUST 2020