



**QUARTERLY ANNOUNCEMENT**  
**For the third quarter ended 30 September 2020**

**Summary**

- Against the corresponding quarter, the Group's current quarter revenue improved significantly by 16.5%, contributed mainly by the sales tax exemptions which boosted higher vehicle sales and manufacturing volume.
- Contributions from our joint venture entity was also higher by 93.1%.
- Share of associates' profit was RM55.4 million, an increase of 2.9%.
- As a result, profit before tax for the quarter increased to RM79.6 million.

**Results**

	Quarter ended 30 Sep			Year to date ended 30 Sep		
	2020 RM mil	2019 RM mil	Change %	2020 RM mil	2019 RM mil	Change %
Revenue	600.4	515.3	16.5	1,233.1	1,592.4	(22.6)
Profit before tax	79.6	67.4	18.2	108.0	221.0	(51.1)
<i>On going business</i>	79.6	67.4	18.2	108.0	184.3	(41.4)
<i>One-off gains from disposals</i>	--	--	--	--	36.7	(100.0)
Profit / (loss) for the period	74.9	63.2	18.5	100.8	202.9	(50.3)
<i>Continuing operations</i>	75.0	64.9	15.5	101.2	212.5	(52.4)
<i>Discontinued operation</i>	(0.1)	(1.8)	94.9	(0.4)	(9.6)	96.1
Profit attributable to equity holders of the Company	65.0	55.8	16.5	87.0	179.5	(51.5)
	Sen	Sen		Sen	Sen	
Basic earnings / (loss) per share	16.6	14.3	16.5	22.3	45.9	(51.5)
<i>Continuing operations</i>	16.7	14.7	13.1	22.4	48.4	(53.8)
<i>Discontinued operation</i>	(0.0)	(0.5)	95.6	(0.1)	(2.5)	95.9
	As at 30 Sep 2020 RM mil	As at 31 Dec 2019 RM mil				
Equity attributable to the equity holders of the Company	1,754.0	1,748.9	0.3			
	RM	RM				
Net assets per share	4.49	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)

**Performance of sales by operations**

% Changes *	Q3'20 vs Q2'20	Q3'20 vs Q3'19	YTD Sep'20 vs YTD Sep'19
<b>Total Industry Volume (TIV) **</b>	+ 144.4	+ 13.7	- 22.9
<b>Total Industry Production (TIP) **</b>	+ 160.1	+ 6.2	- 25.9
<b>Total Group's Vehicles Sales</b>	+ 123.9	+ 31.0	- 14.8
<b>Subsidiaries</b>			
DMSB : Daihatsu & Hino trucks	+ 176.5	+ 8.9	- 15.0
DMMS : Perodua vehicles	+ 116.4	+ 36.1	- 14.0
FAHB : Volvo & Volkswagen vehicles	+ 205.2	+ 1.4	- 26.1
HASB	+ 162.4	+ 0.8	- 30.5
OMI	+ 213.7	+ 16.0	- 27.8
Service throughputs	+ 106.0	+ 3.8	- 14.9
<b>Joint Venture</b>			
AHSB	+ 199.1	+ 31.8	- 15.9
<b>Associated companies</b>			
Perodua vehicles	+ 182.9	+ 20.8	- 17.9
Hino trucks and buses	+ 109.4	- 24.5	- 33.7

**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

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**Group Financial Performance**

**Third quarter ended 30 September 2020 compared with third quarter ended 30 September 2019**

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-20	Quarter ended 30-Sep-19	Change		Quarter ended 30-Sep-20	Quarter ended 30-Sep-19	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total From Continuing Operations	600,447	515,321	85,126	16.5	79,601	67,351	12,250	18.2
<u>Business segments:</u>								
Motor Trading	547,431	468,521	78,910	16.8	17,339	8,795	8,544	97.1
Auto Parts Manufacturing	52,576	46,412	6,164	13.3	4,011	2,300	1,711	74.4
Share of results of a joint venture					4,445	2,302	2,143	93.1
Share of results of associates					55,396	53,828	1,568	2.9
Others	440	388	52	13.4	(1,590)	126	(1,716)	(1,361.9)
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(90)	(1,761)	1,671	94.9

**Group**

Against the corresponding quarter in 2019, the Group's current quarter's revenue from its Continuing Operations is remarkably higher by RM85.1 million or 16.5% to close at RM600.4 million, with the improvements coming from both Motor Trading and Auto Parts Manufacturing Divisions. With the higher volume, the Group achieved a PBT of RM79.6 million for the quarter, an increase of RM12.2 million or 18.2% against the corresponding quarter in 2019.

The Group's share of results in its joint venture also improved significantly with RM2.1 million or 93.1% increase in profit against the corresponding quarter to close at RM4.4 million for the quarter.

The share of associates' results similarly shown higher performance to close at a profit of RM55.4 million against the corresponding quarter, with an increase of RM1.6 million or 2.9%.

Included in Others are the Group's investment holding revenue and costs.

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 increased by RM78.9 million or 16.9% as compared to the corresponding quarter in 2019 mainly due to the announcement of the sales tax exemption on 15 June 2020 which pushed up customer demand, resulting in generally higher vehicle sales volume especially for our Perodua and Volkswagen volumes which were higher than the corresponding quarter by an impressive 36.1% and 10.3% respectively. Our commercial vehicle Daihatsu Granmax also benefited from increase demand from the booming e-commerce logistic service industry, with a 13.2% increase against the corresponding quarter in 2019. As for our Volvo brand, the limited supply for the current quarter has restricted the volume growth although we're anticipating our order book increase will bring in the volume for the last quarter of the year.

With the high volume achieved for the quarter, complimented by the cost reduction measures carried out since the last Movement Control Order (MCO), the Division's PBT increase significantly by RM8.5 million or 97.1% to close at RM17.3 million against the corresponding quarter in 2019.

**Auto Parts Manufacturing**

Similarly for our Auto Parts Manufacturing Division, revenue from Continuing Operations also increased by RM6.2 million or 13.3% to RM52.6 million against the corresponding quarter, arising mainly from increase demand from the carmakers for all the products within the Division.

Consequently, the Division's PBT for the quarter closed at RM4.0 million, an increase of RM1.7 million, or 74.4% higher than the

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**Third quarter ended 30 September 2020 against previous quarter ended 30 June 2020**

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-20 RM'000	Quarter ended 30-Jun-20 RM'000	Change		Quarter ended 30-Sep-20 RM'000	Quarter ended 30-Jun-20 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	600,447	258,596	341,851	132.2	79,601	(2,820)	82,421	2,922.7
<u>Business segments:</u>								
Motor Trading	547,431	241,048	306,383	127.1	17,339	4,956	12,383	249.9
Auto Parts Manufacturing	52,576	17,281	35,295	204.2	4,011	(1,524)	5,535	363.2
Share of results of a joint venture					4,445	(101)	4,546	4,501.0
Share of associates' results					55,396	(4,742)	60,138	1,268.2
Others	440	267	173	64.8	(1,590)	(1,409)	(181)	(12.8)
Discontinued Operation:								
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(90)	(108)	18	16.7

**Group**

Against the preceding quarter, the Group's performance from Continuing Operations also shown exceptional improvements with an increase of RM341.8 million or 132.2%, contributed by both Divisions. The increase is due to the strong rebound from the suppressed market condition under the various stages of MCO in the preceding quarter, further boosted by the high demand from the aforementioned sales tax exemption. Consequently, the Group's profit for the quarter also turned from a loss of RM2.8 million in the preceding quarter to a PBT of RM79.6 million, an increase of RM82.4 million, or 2922.7%.

The Group's share of the joint venture's results similarly reported a profit of RM4.4 million, an increase of RM4.5 million or 4,501.0% from the minimal loss of RM0.1 million in the preceding quarter.

Likewise for the Group's share of its associates results which closed at a PBT of RM55.4 million, an increase of RM60.1 million or 1,268.2% against the preceding quarter.

**PROSPECTS**

With the remarkable performance achieved in Q3 2020 and the continuous positive customer response seen in Q4 to-date, we are cautiously optimistic on our Q4 2020 prospects as we believe the tax exemptions and incentives by the Government on passenger vehicles will sustain the volume until the end of the year. Further, we are seeing good results from the measures introduced earlier to mitigate negative impacts from the various MCOs including various cost reduction measures and Transformation Programme aimed at improving overall performance, and we expect these measures to continue to drive up our performance moving forward.

Nevertheless, with the recent surge in Covid-19 cases globally and within the country, the Group expects the Covid-19 pandemic to remain as the key risk factor to undermine the Group's performance in the near term. This is compounded by foreign and local political uncertainties which will put further strain on the economic prospects moving forward.

The Group will however, continue to focus on delivering good customer experience at all our touch points and engaging with relevant stakeholders for sales, aftersales and our manufacturing activities.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the nine months ended 30 September 2020 - unaudited**

		Current Quarter Ended 30/09/2020 RM'000	Comparative Quarter Ended 30/09/2019 RM'000	9 months Cumulative To Date 30/09/2020 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/09/2019 RM'000
	Note				
<b>Continuing operations</b>					
Revenue	14	600,447	515,321	1,233,083	1,592,432
Cost of sales		<u>(552,212)</u>	<u>(474,959)</u>	<u>(1,134,825)</u>	<u>(1,471,805)</u>
Gross profit		48,235	40,362	98,258	120,627
Other income		10,944	11,444	28,047	67,562
Administrative and other expenses		(21,203)	(23,229)	(62,254)	(68,842)
Selling and marketing expenses		(18,852)	(17,781)	(44,484)	(55,538)
Finance costs		(225)	(485)	(906)	(1,594)
Interest income		861	910	3,755	3,089
Share of results of a joint venture, net of tax		4,445	2,302	6,644	8,583
Share of results of associates, net of tax		<u>55,396</u>	<u>53,828</u>	<u>78,988</u>	<u>147,109</u>
<b>Profit before tax</b>	14	<u>79,601</u>	<u>67,351</u>	<u>108,048</u>	<u>220,996</u>
Income tax expense	18	<u>(4,639)</u>	<u>(2,431)</u>	<u>(6,871)</u>	<u>(8,510)</u>
<b>Profit from continuing operations</b>		<u>74,962</u>	<u>64,920</u>	<u>101,177</u>	<u>212,486</u>
<b>Discontinued operation</b>					
Results from discontinued operation, net of tax		<u>(90)</u>	<u>(1,761)</u>	<u>(378)</u>	<u>(9,592)</u>
<b>Profit for the period</b>		<u>74,872</u>	<u>63,159</u>	<u>100,799</u>	<u>202,894</u>
<b>Profit / (loss) for the period attributable to:</b>					
Equity holders of the Company from:					
- Continuing operations		65,069	57,525	87,400	189,049
- Discontinued operation		<u>(90)</u>	<u>(1,761)</u>	<u>(378)</u>	<u>(9,592)</u>
		<u>64,979</u>	<u>55,764</u>	<u>87,022</u>	<u>179,457</u>
Non-controlling interests from:					
- Continuing operations		9,893	7,395	13,777	23,437
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>9,893</u>	<u>7,395</u>	<u>13,777</u>	<u>23,437</u>
<b>Profit for the period</b>		<u>74,872</u>	<u>63,159</u>	<u>100,799</u>	<u>202,894</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 nine months ended 30 September 2020 - unaudited**

	Current Quarter Ended 30/09/2020 RM'000	Comparative Quarter Ended 30/09/2019 RM'000	9 months Cumulative To Date 30/09/2020 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/09/2019 RM'000
<b>Profit for the period</b>	74,872	63,159	100,799	202,894
<b>Other comprehensive income / (loss), net of tax</b>				
<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				
	213	141	100	2,820
Net gain / (loss) on cash flow hedges and revaluation of an associate				
	(18)	(10)	73	34
<b>Other comprehensive income for the period, net of tax</b>	<u>195</u>	<u>131</u>	<u>173</u>	<u>2,854</u>
<b>Total comprehensive income for the period</b>	<u><u>75,067</u></u>	<u><u>63,290</u></u>	<u><u>100,972</u></u>	<u><u>205,748</u></u>
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Company from:				
- Continuing operations	65,245	57,643	87,556	191,626
- Discontinued operation	(90)	(1,761)	(378)	(9,592)
	<u>65,155</u>	<u>55,882</u>	<u>87,178</u>	<u>182,034</u>
Non-controlling interests from:				
- Continuing operations	9,912	7,408	13,794	23,714
- Discontinued operation	--	--	--	--
	<u>9,912</u>	<u>7,408</u>	<u>13,794</u>	<u>23,714</u>
<b>Total comprehensive income for the period</b>	<u><u>75,067</u></u>	<u><u>63,290</u></u>	<u><u>100,972</u></u>	<u><u>205,748</u></u>
<b>Earnings / (loss) per ordinary share</b>				
Basic from:				
- Continuing operations	16.65	14.72	22.36	48.36
- Discontinued operation	(0.02)	(0.45)	(0.10)	(2.45)
23	<u>16.63</u>	<u>14.27</u>	<u>22.26</u>	<u>45.91</u>
Diluted from:				
- Continuing operations	16.65	14.71	22.36	48.33
- Discontinued operation	(0.02)	(0.45)	(0.10)	(2.45)
23	<u>16.63</u>	<u>14.26</u>	<u>22.26</u>	<u>45.88</u>

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 September 2020 - unaudited**

	Note	As at end of Current Quarter 30/09/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		222,205	232,547
Right-of-use assets		2,877	3,200
Investment properties		59,086	56,260
Prepaid land lease payments		31,332	31,685
Investment in a joint venture		75,466	68,822
Investment in associates		1,286,109	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>1,682,231</u>	<u>1,621,284</u>
<b>Current Assets</b>			
Inventories		94,826	107,754
Trade & other receivables and prepaid expenses		177,080	140,332
Amount owing by a joint venture		--	15,300
Tax recoverable		8,469	5,077
Cash and bank balances		176,720	265,592
		457,095	534,055
Assets classified as held for sale		<u>38,217</u>	<u>38,295</u>
Total Current Assets		<u>495,312</u>	<u>572,350</u>
<b>TOTAL ASSETS</b>	14	<b><u>2,177,543</u></b>	<b><u>2,193,634</u></b>

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

**As at 30 September 2020 - unaudited**

	Note	As at end of Current Quarter 30/09/2020 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2019 RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital		391,651	391,651
Reserves		<u>1,362,327</u>	<u>1,357,235</u>
Equity attributable to the equity holders of the Company		1,753,978	1,748,886
Non-controlling interests		<u>268,378</u>	<u>263,709</u>
Total Equity		<u>2,022,356</u>	<u>2,012,595</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	20	332	18,834
Deferred tax liabilities		4,886	4,886
Provision for retirement benefits		2,570	2,632
Lease liabilities - non-current portion		<u>1,308</u>	<u>1,539</u>
Total Non-Current Liabilities		<u>9,096</u>	<u>27,891</u>
<b>Current Liabilities</b>			
Provision for liabilities		268	268
Short term borrowings	20	13,336	17,060
Trade & other payables and accrued expenses		130,196	132,977
Amount owing to holding company		38	36
Lease liabilities - current portion		1,810	1,735
Tax liabilities		<u>443</u>	<u>1,072</u>
Total Current Liabilities		<u>146,091</u>	<u>153,148</u>
Total Liabilities	14	<u>155,187</u>	<u>181,039</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,177,543</u></b>	<b><u>2,193,634</u></b>
<b>Net assets per share (RM)</b>		<b>4.49</b>	<b>4.47</b>

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the nine months ended 30 September 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				
<b>9 months ended 30 September 2019 - unaudited</b>									
<b>At 1 January 2019</b>	391,651	--	(40)	--	347	1,187,313	1,579,271	249,239	1,828,510
Dividends distributed to owners of the Company	--	--	--	--	--	(58,633)	(58,633)	--	(58,633)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(6,454)	(6,454)
Profit for the period	--	--	--	--	--	179,457	179,457	23,437	202,894
Other comprehensive income for the period	--	2,546	31	--	--	--	2,577	277	2,854
Total comprehensive income	--	2,546	31	--	--	179,457	182,034	23,714	205,748
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	(347)	347	--	--	--
<b>At 30 September 2019</b>	<b>391,651</b>	<b>2,546</b>	<b>(9)</b>	<b>--</b>	<b>--</b>	<b>1,308,484</b>	<b>1,702,672</b>	<b>266,499</b>	<b>1,969,171</b>
<b>9 months ended 30 September 2020 - unaudited</b>									
<b>At 1 January 2020</b>	391,651	3,569	(31)	996	--	1,352,701	1,748,886	263,709	2,012,595
Dividends distributed to owners of the Company	--	--	--	--	--	(82,086)	(82,086)	--	(82,086)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	(9,125)	(9,125)
Profit for the period	--	--	--	--	--	87,022	87,022	13,777	100,799
Other comprehensive income for the period	--	90	66	--	--	--	156	17	173
Total comprehensive income	--	90	66	--	--	87,022	87,178	13,794	100,972
Long-Term Incentive Plan ("LTIP"): Recognition of share-based payments	--	--	--	--	--	--	--	--	--
<b>At 30 September 2020</b>	<b>391,651</b>	<b>3,659</b>	<b>35</b>	<b>996</b>	<b>--</b>	<b>1,357,637</b>	<b>1,753,978</b>	<b>268,378</b>	<b>2,022,356</b>



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the nine months ended 30 September 2020 - unaudited**

	2020	(Unaudited) 2019
	9 months ended 30/09/2020	9 months ended 30/09/2019
Note	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from :		
- <i>Continuing operations</i>	108,048	220,996
- <i>Discontinued operation</i>	<u>(378)</u>	<u>(9,592)</u>
	107,670	211,404
Adjustments for :		
Share of results of associates	(78,988)	(147,109)
Share of results of a joint venture	(6,644)	(8,583)
Depreciation and amortisation	13,047	14,665
Finance costs from :		
- <i>Continuing operations</i>	906	1,594
- <i>Discontinued operation</i>	--	2,674
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>(3,364)</u>	<u>(2,796)</u>
Operating profit before working capital changes	32,627	35,160
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(36,759)	(4,326)
(Increase) / Decrease in inventories	12,544	(31,452)
Increase / (Decrease) in trade & other payables	(2,783)	(1,015)
Net changes in other current assets & liabilities	(60)	(342)
Income tax refunded	3	3,229
Income tax paid	<u>(10,896)</u>	<u>(7,864)</u>
Net cash from / (used in) operating activities	<u>(5,324)</u>	<u>(6,610)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	16,666	36,695
Dividends received from a joint venture	15,300	10,200
Interest income	3,755	3,157
Purchase of property, plant & equipment	(3,154)	(9,126)
Proceeds from disposal of property, plant & equipment	151	251
Proceeds from disposal of investment property	--	2,661
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>32,718</u>	<u>131,463</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(82,086)	(58,633)
Dividends paid to non-controlling interests of subsidiaries	(9,125)	(6,454)
Finance costs paid	(906)	(4,268)
Bank borrowings	(21,465)	(94,421)
Finance lease payables	--	(1,510)
Hire-purchase payables	--	(15)
Lease payables	<u>(1,937)</u>	<u>(1,894)</u>
Net cash from / (used in) financing activities	<u>(115,519)</u>	<u>(167,195)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(88,125)</b>	<b>(42,342)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b><u>258,860</u></b>	<b><u>189,066</u></b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b><u>170,735</u></b>	<b><u>146,724</u></b>
Cash and cash equivalents comprise :		
Cash and bank balances	176,720	153,229
Bank overdrafts	<u>(5,985)</u>	<u>(6,505)</u>
	<u>170,735</u>	<u>146,724</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 30/09/2020	
	Number of Shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2020 / 30 September 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 first interim single tier dividend of 5.0 sen per share on 390,887,653 ordinary shares amounting to RM19,544,383 in respect of the financial year ending 31 December 2020 was paid on 25 September 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 30 September 2020 is as follows :

	<u>RM'000</u>
Approved and contracted for	--
Approved and not contracted for	<u>9,654</u>

**12. Significant related party transactions**

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

	Period ended 30/09/2020 <u>RM'000</u>
<b><u>Group</u></b>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	720,290
Sales to a subsidiary of Perodua	55
Sales to an associate of Perodua	17,681
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	<u>17,435</u>
<b><u>Company</u></b>	
Gross dividends from:	
- subsidiaries	26,454
- associates	11,661
Management fees from subsidiaries	370
Interest income on advances to subsidiaries	<u>2,909</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 September 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	1,124,407	107,497	--	--	1,179	1,233,083
Results for reportable segments	21,573	3,481	(378)	(49)	(5,438)	19,189
Share of results of a jointly venture	--	6,644	--	--	--	6,644
Share of results of associates	79,603	(615)	--	--	--	78,988
Interest income	1,905	245	--	6	1,599	3,755
Finance costs	(82)	(251)	--	--	(573)	(906)
Profit/(loss) before tax for reportable segment	102,999	9,504	(378)	(43)	(4,412)	107,670
Depreciation and amortisation	(8,208)	(2,952)	--	(1)	(1,886)	(13,047)
Other significant non-cash items						
-Property, plant and equipment written off	(42)	(2)	--	--	--	(44)
- Allowance for slow-moving inventories	(384)	--	--	--	--	(384)
Capital expenditure	2,155	995	--	--	4	3,154
Segment assets	540,357	123,128	27,043	2,576	122,864	815,968
Jointly controlled entity	--	52,567	--	--	22,899	75,466
Investment in associates	1,223,966	62,143	--	--	--	1,286,109
Segment liabilities	(104,378)	(36,801)	(92)	(985)	(12,931)	(155,187)

**Period ended 30 September 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	1,441,528	149,737	25,604	--	1,167	1,618,036
Results for reportable segments	49,609	17,922	(6,986)	(446)	(3,276)	56,823
Share of results of a joint venture	--	8,583	--	--	--	8,583
Share of results of associates	144,730	2,379	--	--	--	147,109
Interest income	2,008	253	68	1	827	3,157
Finance costs	(288)	(378)	(2,674)	--	(928)	(4,268)
Profit/(loss) before tax for reportable segment	196,059	28,759	(9,592)	(445)	(3,377)	211,404
Depreciation and amortisation	(8,297)	(3,653)	(842)	--	(1,873)	(14,665)
Other significant non-cash items						
- Property, plant and equipment written off	(25)	(12)	(664)	--	--	(701)
- 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	5,784	3,338	--	--	4	9,126
Segment assets	535,486	125,532	27,901	2,580	106,564	798,063
Jointly controlled entity	--	57,931	--	--	22,899	80,830
Investment in associates	1,209,463	62,126	--	--	--	1,271,589
Segment liabilities	(96,589)	(41,253)	(15,015)	(1,280)	(27,174)	(181,311)

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 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,231,904	1,616,869
All others	1,179	1,167
Elimination of discontinued operation	--	(25,604)
Revenue, as reported	<u>1,233,083</u>	<u>1,592,432</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	26,450	59,089
All others	(4,412)	(3,377)
Share of results of jointly controlled entity	6,644	8,583
Share of results of associates	78,988	147,109
Elimination of discontinued operation	378	9,592
Profit before tax, as reported	<u>108,048</u>	<u>220,996</u>
<u>Assets</u>		
Total assets for Group's reportable segments	693,104	691,499
All others	122,864	106,564
Jointly controlled entity	75,466	80,830
Investment in associates	1,286,109	1,271,589
Total assets, as reported	<u>2,177,543</u>	<u>2,150,482</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	142,256	154,137
All others	12,931	27,174
Total liabilities, as reported	<u>155,187</u>	<u>181,311</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 9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	25,604
Cost of sales	-	-	-	(29,323)
Gross loss	-	-	-	(3,719)
Other income	2	91	41	94
Administrative and other expenses	(92)	(1,602)	(419)	(3,293)
Finance costs	-	(250)	-	(2,674)
Loss before tax	(90)	(1,761)	(378)	(9,592)
Income tax expense	-	-	-	-
Loss from discontinued operation	<u>(90)</u>	<u>(1,761)</u>	<u>(378)</u>	<u>(9,592)</u>

Net cash flows of discontinued operation:

Net cash from / (used in) operating activities	72	4,641
Net cash from / (used in) investing activities	-	25
Net cash used in financing activities	-	(91,700)
Net decrease in cash and cash equivalents	<u>72</u>	<u>(87,034)</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 30/09/2020 RM'000	Year to date 30/09/2020 RM'000
Current year's provision	4,671	6,903
Add : Under/(Over) provision in prior years	<u>(32)</u>	<u>(32)</u>
	4,639	6,871
Deferred taxation	<u>--</u>	<u>--</u>
Income tax expense	<u><u>4,639</u></u>	<u><u>6,871</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 30/09/2020 %	Year to date 30/09/2020 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(16.7)	(17.5)
Adjustment for tax applicable to share of results of a joint venture	(1.3)	(1.5)
Expenses not deductible for tax purpose / (Income not subject to tax)	<u>(0.1)</u>	<u>1.4</u>
	<u><u>5.9</u></u>	<u><u>6.4</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	13,336	332
Unsecured	<u>--</u>	<u>--</u>
Total	<u><u>13,336</u></u>	<u><u>332</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.

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>Basic earnings / (loss) per ordinary share</b>	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company:				
- Continuing operations	65,069	57,525	87,400	189,049
- Discontinued operation	(90)	(1,761)	(378)	(9,592)
	64,979	55,764	87,022	179,457
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	16.65	14.72	22.36	48.36
- Discontinued operation	(0.02)	(0.45)	(0.10)	(2.45)
	16.63	14.27	22.26	45.91
Diluted earnings / (loss) per share (sen):				
- Continuing operations	16.65	14.71	22.36	48.33
- Discontinued operation	(0.02)	(0.45)	(0.10)	(2.45)
	16.63	14.26	22.26	45.88

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 9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
a) Interest income	861	910	3,755	3,089
b) Interest expense	(225)	(1,678)	(906)	(4,268)
c) Depreciation and amortisation	(4,528)	(4,769)	(13,047)	(14,665)
d) Allowance for slow-moving inventories	--	--	(384)	(973)
e) Property, plant and equipment written off	(4)	(30)	(44)	(701)
f) Gain on disposal of property, plant and equipment	(66)	15	38	(7)
g) Gain on disposal of investment properties	--	1,320	--	1,320
h) Gain on disposal of investment in associates	--	--	--	24,761
i) Gain on disposal of assets classified as held for sale	--	--	--	11,928
j) Realised gain / (loss) on foreign exchange	2	(24)	40	(111)

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 September 2020.

25. Authorised for issue

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

BY ORDER OF THE BOARD  
MBM RESOURCES BERHAD

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