



## MBM Resources Berhad

Registration No. 199301029757 (284496-V)  
(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT**

**Unaudited Condensed Consolidated Financial Statements  
For The Second Quarter Ended 30 June 2023**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2023**

	Note	Current Quarter Ended 30/06/2023 RM'000 (Unaudited)	Comparative Quarter Ended 30/06/2022 RM'000 (Unaudited)	6 months Cumulative To Date 30/06/2023 RM'000 (Unaudited)	Comparative 6 months Cumulative To Date 30/06/2022 RM'000 (Unaudited)
<b>Continuing operations</b>					
Revenue	8	539,568	557,018	1,095,360	1,035,529
Cost of sales		<u>(495,601)</u>	<u>(511,144)</u>	<u>(1,003,210)</u>	<u>(949,592)</u>
Gross profit		43,967	45,874	92,150	85,937
Other income		10,500	12,471	21,522	53,573
Administrative and other expenses		(26,168)	(22,546)	(51,465)	(45,852)
Selling and marketing expenses		(17,749)	(15,594)	(34,819)	(29,948)
Finance costs		(193)	(197)	(290)	(346)
Interest income		1,529	978	3,114	2,146
Share of results of a joint venture, net of tax		4,674	3,602	12,012	6,691
Share of results of associates, net of tax		<u>45,202</u>	<u>54,344</u>	<u>113,182</u>	<u>105,219</u>
<b>Profit before tax</b>	8	<u>61,762</u>	<u>78,932</u>	<u>155,406</u>	<u>177,420</u>
Income tax expense	17	<u>(3,312)</u>	<u>(5,473)</u>	<u>(8,096)</u>	<u>(12,062)</u>
<b>Profit from continuing operations</b>		<u>58,450</u>	<u>73,459</u>	<u>147,310</u>	<u>165,358</u>
<b>Discontinued operation</b>					
Results from discontinued operation, net of tax		<u>(6)</u>	<u>8,070</u>	<u>(8)</u>	<u>12,119</u>
<b>Profit for the period</b>		<u>58,444</u>	<u>81,529</u>	<u>147,302</u>	<u>177,477</u>
<b>Profit / (loss) for the period attributable to:</b>					
Equity holders of the Company from:					
- Continuing operations		51,933	65,986	131,891	151,221
- Discontinued operation		<u>(6)</u>	<u>8,070</u>	<u>(8)</u>	<u>12,119</u>
		<u>51,927</u>	<u>74,056</u>	<u>131,883</u>	<u>163,340</u>
Non-controlling interests from:					
- Continuing operations		6,517	7,473	15,419	14,137
- Discontinued operation		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
		<u>6,517</u>	<u>7,473</u>	<u>15,419</u>	<u>14,137</u>
<b>Profit for the period</b>		<u>58,444</u>	<u>81,529</u>	<u>147,302</u>	<u>177,477</u>

These Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)**  
**For the six months ended 30 June 2023**

	Current Quarter Ended 30/06/2023 RM'000 (Unaudited)	Comparative Quarter Ended 30/06/2022 RM'000 (Unaudited)	6 months Cumulative To Date 30/06/2023 RM'000 (Unaudited)	Comparative 6 months Cumulative To Date 30/06/2022 RM'000 (Unaudited)
<b>Profit for the period</b>	58,444	81,529	147,302	177,477
<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 from fair value adjustments of assets in an associate	222	348	264	414
Share of foreign currency translation reserve of foreign operations of associates	31	7	30	12
<b>Other comprehensive income / (loss) for the period, net of tax</b>	253	355	294	426
<b>Total comprehensive income / (loss) for the period</b>	58,697	81,884	147,596	177,903
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity holders of the Company from:				
- Continuing operations	52,161	66,312	132,156	151,611
- Discontinued operation	(6)	8,070	(8)	12,119
	52,155	74,382	132,148	163,730
Non-controlling interests from:				
- Continuing operations	6,542	7,502	15,448	14,173
- Discontinued operation	--	--	--	--
	6,542	7,502	15,448	14,173
<b>Total comprehensive income / (loss) for the period</b>	58,697	81,884	147,596	177,903
<b>Earnings / (loss) per ordinary share</b>	sen	sen	sen	sen
Basic and diluted from:				
- Continuing operations	13.29	16.88	33.74	38.69
- Discontinued operation	-	2.06	-	3.10
22	13.29	18.94	33.74	41.79

These Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 30 June 2023**

	Note	As at end of Current Quarter 30/06/2023 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2022 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		171,686	174,481
Right-of-use assets		4,323	3,797
Investment properties		68,631	69,539
Prepaid land lease payments		38,618	38,905
Investment in a joint venture		89,977	88,165
Investment in associates		1,560,217	1,525,596
Other investments		2,280	2,280
Deferred tax assets		3,169	3,169
Goodwill on consolidation		1,104	1,104
		<u>1,940,005</u>	<u>1,907,036</u>
<b>Total Non-Current Assets</b>			
<b>Current Assets</b>			
Inventories		143,545	115,649
Trade and other receivables and prepaid expenses		198,122	198,999
Tax recoverable		4,625	2,015
Cash and bank balances		267,341	284,764
		<u>613,633</u>	<u>601,427</u>
Assets classified as held for sale		20,128	20,128
		<u>633,761</u>	<u>621,555</u>
<b>Total Current Assets</b>			
<b>TOTAL ASSETS</b>	8	<u><u>2,573,766</u></u>	<u><u>2,528,591</u></u>

These Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

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

**As at 30 June 2023**

	Note	As at end of Current Quarter 30/06/2023 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2022 RM'000 (Audited)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital		391,651	391,651
Reserves		<u>1,689,493</u>	<u>1,662,885</u>
Equity attributable to the equity holders of the Company		2,081,144	2,054,536
Non-controlling interests		<u>287,852</u>	<u>287,194</u>
Total Equity		<u>2,368,996</u>	<u>2,341,730</u>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		3,900	3,900
Provision for retirement benefits		2,579	2,112
Lease liabilities - non-current portion		<u>1,719</u>	<u>1,339</u>
Total Non-Current Liabilities		<u>8,198</u>	<u>7,351</u>
<b>Current Liabilities</b>			
Short term borrowings	19	13,794	--
Trade and other payables and accrued expenses		175,594	171,235
Amount owing to holding company		31	34
Lease liabilities - current portion		2,508	2,396
Tax liabilities		<u>4,645</u>	<u>5,845</u>
Total Current Liabilities		<u>196,572</u>	<u>179,510</u>
Total Liabilities	8	<u>204,770</u>	<u>186,861</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,573,766</b></u>	<u><b>2,528,591</b></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>			
		<u><b>5.32</b></u>	<u><b>5.26</b></u>

These Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the six months ended 30 June 2023**

Note	Share capital RM'000	/--- Non-distributable reserve ---/ Fair value reserve RM'000	Foreign currency translation reserve RM'000	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
<b>6 months ended 30 June 2022 (Unaudited)</b>							
<b>At 1 January 2022</b>	391,651	2,995	(58)	1,523,401	1,917,989	270,273	2,188,262
Dividends distributed to owners of the Company	--	--	--	(82,086)	(82,086)	--	(82,086)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	(9,337)	(9,337)
Capital distribution to non-controlling interests of a subsidiary	--	--	--	--	--	(15)	(15)
Profit for the period	--	--	--	163,340	163,340	14,137	177,477
Other comprehensive income for the period	--	379	11	--	390	36	426
Total comprehensive income	--	379	11	163,340	163,730	14,173	177,903
<b>At 30 June 2022</b>	<b>391,651</b>	<b>3,374</b>	<b>(47)</b>	<b>1,604,655</b>	<b>1,999,633</b>	<b>275,094</b>	<b>2,274,727</b>
<b>6 months ended 30 June 2023 (Unaudited)</b>							
<b>At 1 January 2023</b>	391,651	3,762	(1)	1,659,124	2,054,536	287,194	2,341,730
Dividends distributed to owners of the Company	--	--	--	(105,540)	(105,540)	--	(105,540)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	(14,790)	(14,790)
Profit for the period	--	--	--	131,883	131,883	15,419	147,302
Other comprehensive income for the period	--	238	27	--	265	29	294
Total comprehensive income	--	238	27	131,883	132,148	15,448	147,596
<b>At 30 June 2023</b>	<b>391,651</b>	<b>4,000</b>	<b>26</b>	<b>1,685,467</b>	<b>2,081,144</b>	<b>287,852</b>	<b>2,368,996</b>

These Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the six months ended 30 June 2023**

	6 months ended 30/06/2023 RM'000 (Unaudited)	6 months ended 30/06/2022 RM'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from :		
- <i>Continuing operations</i>	155,406	177,420
- <i>Discontinued operation</i>	(8)	12,119
	<u>155,398</u>	<u>189,539</u>
Adjustments for :		
Share of results of associates	(113,182)	(105,219)
Share of results of a joint venture	(12,012)	(6,691)
Depreciation and amortisation	9,318	9,288
Finance costs	290	346
Gain on disposal of assets classified as held for sale	--	(44,771)
Other non-cash items	278	304
Other non-operating items	(3,299)	(2,356)
Operating profit before working capital changes	36,791	40,440
Changes in working capital		
(Increase) / Decrease in trade & other receivables	773	(15,229)
(Increase) / Decrease in inventories	(28,051)	(7,456)
Increase / (Decrease) in trade & other payables	2,875	(252)
Net changes in other current assets & liabilities	464	138
Income tax refunded	142	1,057
Income tax paid	(10,564)	(8,838)
Net cash from / (used in) operating activities	<u>2,430</u>	<u>9,860</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	78,855	--
Dividends received from a joint venture	10,200	10,200
Interest income	3,119	2,146
Purchase of property, plant & equipment	(3,804)	(3,600)
Purchase of prepaid land lease payments	--	(8,712)
Proceeds from disposal of property, plant & equipment	211	213
Proceeds from disposal of assets classified as held for sale	--	69,316
Net cash from / (used in) investing activities	<u>88,581</u>	<u>69,563</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(105,540)	(82,086)
Dividends paid to non-controlling interests of subsidiaries	(14,790)	(9,337)
Capital distribution to non-controlling interest of a subsidiary	--	(15)
Finance costs paid	(290)	(346)
Bank borrowings	13,794	(101)
Lease payables	(1,608)	(1,596)
Net cash from / (used in) financing activities	<u>(108,434)</u>	<u>(93,481)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,423)</b>	<b>(14,058)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>284,764</b>	<b>256,603</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>267,341</b>	<b>242,545</b>
Cash and cash equivalents comprise :		
Cash and bank balances	267,341	245,814
Bank overdrafts	--	(3,269)
	<u>267,341</u>	<u>242,545</u>

These Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), MFRS134: Interim Financial Reporting, the requirements of the Companies Act 2016 in Malaysia and comply with applicable disclosure provisions under Paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad .

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

### 2. Significant accounting policies

The accounting policies adopted for this unaudited condensed consolidated interim financial statements are consistent with those adopted by the Group's audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following new amendments to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") :

#### Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to:	
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS 17 and MFRS 9 Comparative Information
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group.

At the date of authorisation for issue of this unaudited interim financial statements, the new MFRSs and amendments to MFRSs which were in issue but not yet effective and has not been early adopted by the Group are as listed below :

#### Effective for annual periods beginning on or after 1 January 2024

Amendments to:	
MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 101	Non-current Liabilities with Covenants

#### Standards and Amendments effective date deferred to a date to be announced by MASB

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

The adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

### 3. Seasonal and cyclical factors

During the financial period under review, the Group's operations were not materially affected by any seasonal or cyclical factors.

### 4. Exceptional items

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

### 5. Estimates

There were no changes in the estimates of amounts reported in the prior interim period of the current financial year or the interim period of the prior financial year that have a material effect on the results for the current quarter under review.

### 6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.



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

**7. Dividends paid**

	Quarter ended 30/06/2023	Year to date 6 months ended 30/06/2023	Quarter ended 30/06/2023	Year to date 6 months ended 30/06/2023
	Per Ordinary Share		Amount	
	Sen	Sen	RM'000	RM'000
<u>In respect of the financial year ended 31 December 2022:</u>				
Second interim single tier dividend, declared on 20 February 2023 and paid on 21 March 2023.	--	6.0	--	23,453
Special single tier dividend, declared on 20 February 2023 and paid on 21 March 2023.	--	15.0	--	58,633
Final single tier dividend, proposed on 13 April 2023, approved by shareholders at the last Annual General Meeting on 1 June 2023 and paid on 30 June 2023.	6.0	6.0	23,453	23,453
	<u>6.0</u>	<u>27.0</u>	<u>23,453</u>	<u>105,540</u>

**8. Operating segments**

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is 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, vibration and harshness ("NVH") products and provision of tyre assembly services.
- (iii) All others : Investment holding, corporate headquarters and other dormant companies.

**Period ended 30 June 2023**

	Motor Trading RM'000	Auto Parts Manufacturing Continuing RM'000	Discontinued RM'000	All others RM'000	Group RM'000
Revenues from external customers	946,793	147,276	--	1,291	1,095,360
Results for reportable segments	20,827	9,527	(13)	(2,966)	27,375
Share of results of a jointly venture	--	12,012	--	--	12,012
Share of results of associates	110,343	2,839	--	--	113,182
Interest income	1,632	817	5	665	3,119
Finance costs	(183)	(107)	--	--	(290)
Profit/(loss) before tax for reportable segment	132,619	25,088	(8)	(2,301)	155,398
Depreciation and amortisation	(5,067)	(3,399)	--	(852)	(9,318)
Other significant non-cash items					
- Property, plant and equipment written off	(14)	(5)	--	--	(19)
- Allowance for slow moving inventories	(156)	--	--	--	(156)
- Allowance for expected credit losses	(63)	--	--	(41)	(104)
Capital expenditure	1,752	2,042	--	10	3,804
Segment assets	564,121	174,022	208	185,221	923,572
Jointly controlled entity	--	67,078	--	22,899	89,977
Investment in associates	1,491,364	68,853	--	--	1,560,217
Segment liabilities	(146,867)	(47,916)	(17)	(9,970)	(204,770)

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

**8. Operating segments (cont'd)**

**Period ended 30 June 2022**

	Motor Trading RM'000	Auto Parts Manufacturing Continuing RM'000	Discontinued RM'000	All others RM'000	Group RM'000
Revenues from external customers	894,070	140,361	--	1,098	1,035,529
Results for reportable segments	26,906	40,024	12,119	(3,220)	75,829
Share of results of a joint venture	--	6,691	--	--	6,691
Share of results of associates	101,770	3,449	--	--	105,219
Interest income	1,094	325	--	727	2,146
Finance costs	(222)	(124)	--	--	(346)
Profit/(loss) before tax for reportable segment	129,548	50,365	12,119	(2,493)	189,539
Depreciation and amortisation	(5,367)	(3,072)	--	(849)	(9,288)
Other significant non-cash items					
- Allowance for slow moving inventories	(113)	--	--	--	(113)
- Allowance for expected credit losses	(191)	--	--	--	(191)
Capital expenditure	611	11,701	--	--	12,312
Segment assets	516,648	174,666	14,622	138,945	844,881
Jointly controlled entity	--	55,979	--	22,899	78,878
Investment in associates	1,456,798	65,367	--	--	1,522,165
Segment liabilities	(116,136)	(49,834)	(1,069)	(4,158)	(171,197)

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

	Period ended 30/06/2023 RM'000	Period ended 30/06/2022 RM'000
<b><u>Revenues</u></b>		
Total revenues for Group's reportable segments	1,094,069	1,034,431
All others	1,291	1,098
Elimination of discontinued operation	--	--
Revenue, as reported	<u>1,095,360</u>	<u>1,035,529</u>
<b><u>Profit or loss</u></b>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	32,505	80,122
All others	(2,301)	(2,493)
Share of results of jointly controlled entity	12,012	6,691
Share of results of associates	113,182	105,219
Elimination of discontinued operation	8	(12,119)
Profit before tax, as reported	<u>155,406</u>	<u>177,420</u>
<b><u>Assets</u></b>		
Total assets for Group's reportable segments	738,351	705,936
All others	185,221	138,945
Jointly controlled entity	89,977	78,878
Investment in associates	1,560,217	1,522,165
Total assets, as reported	<u>2,573,766</u>	<u>2,445,924</u>
<b><u>Liabilities</u></b>		
Total liabilities for Group's reportable segments	194,800	167,039
All others	9,970	4,158
Total liabilities, as reported	<u>204,770</u>	<u>171,197</u>

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

**8. Operating segments (cont'd)**

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.

Results of discontinued operation:

	Quarter ended		Year to date 6 months ended	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Revenue	-	-	-	-
Other income	-	9,160	-	13,484
Administrative and other expenses	(6)	(1,090)	(13)	(1,365)
Interest income	-	-	5	-
Profit / (loss) before tax	(6)	8,070	(8)	12,119
Income tax expense	-	-	-	-
Profit / (loss) from discontinued operation	(6)	8,070	(8)	12,119
<u>Net cash flows of discontinued operation:</u>				
Net cash used in operating activities			(68)	(1,000)
Net cash from investing activities			-	14,652
Net Increase / (decrease) in cash and cash equivalents			(68)	13,652

**9. Material subsequent events**

There were no material subsequent events during the current quarter under review except for the followings:

On 26 July 2023, the Group completed the disposal its assets previously classified as held for sale involving a piece of freehold land located in Bandar Sri Sendayan, Negeri Sembilan, for a total consideration of RM49,431,000. The Group's gain on disposal of the land after considering Real Property Gains Tax and the incidental costs is approximately RM25,449,000.

**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 2023 is as follows :

	RM'000
Approved and contracted for	16,855
Approved and not contracted for	17,734

**12. Significant related party transactions**

During the period ended 30 June 2023, the Group and the Company had the following transactions with related parties:

	30/06/2023 RM'000
<b>Group</b>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	594,039
Sales to Perodua, its subsidiaries and associates	20,330
Purchases from Daihatsu Motor Co., Ltd	1,067
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	19,749
<b>Company</b>	
Gross dividends from:	
- subsidiaries	46,847
- associates	63,084
Management fees from subsidiaries	92

**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.

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

**14. Review of Group performance**

**Second quarter ended 30 June 2023 compared with second quarter ended 30 June 2022**

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-23 RM'000	Quarter ended 30-Jun-22 RM'000	Change		Quarter ended 30-Jun-23 RM'000	Quarter ended 30-Jun-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	539,568	557,018	(17,450)	(3.1)	61,762	78,932	(17,170)	(21.8)
<b><u>Business segments:</u></b>								
Motor Trading	470,009	485,399	(15,390)	(3.2)	10,293	17,171	(6,878)	(40.1)
Auto Parts Manufacturing	68,904	71,062	(2,158)	(3.0)	2,672	4,939	(2,267)	(45.9)
Share of results of a joint venture					4,674	3,602	1,072	29.8
Share of results of associates					45,202	54,344	(9,142)	(16.8)
Others	655	557	98	17.6	(1,079)	(1,124)	45	4.0
Total From Discontinued Operation	--	--	--	--	(6)	8,070	(8,076)	(100.1)
<b><u>Business segments:</u></b>								
Auto Parts Manufacturing	--	--	--	--	(6)	(40)	34	85.0
One-off gains from disposals~					--	8,110	(8,110)	(100.0)

~ The one-off gains from disposals are net of incidental costs.

**Group**

The Group closed the current quarter with RM539.6 million in revenue, slightly lower than the corresponding quarter in 2022 by RM17.5 million or 3.1%. The lower revenue came mainly from our Motor Trading Division. The Group PBT for current quarter was likewise lower at RM61.8 million with a reduction of RM17.2 million or 21.8% as vehicle sales came off the high demand experienced during the sales tax exemption period last year.

The share of results in joint venture posted an increase of RM1.1 million or 29.8% to close at RM4.7 million as the demand from the key market leaders especially Perodua and Proton, remained higher than the corresponding quarter to fulfil outstanding bookings and replenish stocks. The gradually improved supply chain issues also helped to improve production volume.

The share of associates' results retracted by RM9.1 million or 16.8% as compared to the same quarter last year mainly due to higher operating costs in line with higher production and sales volume.

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

**Motor Trading**

The Division closed the quarter with RM470.0 million in revenue, lower than the corresponding quarter by RM15.4 million or 3.2%. In line with the lower vehicle revenue, PBT for the Division retracted by RM6.9 million or 40.1% to close at RM10.3 million.

The reduction arose mainly from softening of demand post-sales tax exemption period for Volvo and Volkswagen, as indicated by the retraction in total sales volume ("TIV") for Volvo and Volkswagen quarter-to-quarter at 40.0% and 34.0% respectively. Nevertheless, the Group performed well above the market in these two brands. The demand for Perodua vehicles remained robust, with a 13% increase in our sales of Perodua vehicles compared to the corresponding quarter as the supply chain stabilised. However, sales were still constrained by limited stock availability. Perodua's TIV for current quarter was 66,126 units, 0.6% higher than the corresponding period of 65,719 units.

Aside from passenger vehicle sales, our commercial vehicles volume also declined as fleet customers remained cautious with their procurement plan in view of the uncertainties ahead in 2023. On a positive note, the Group's aftersales revenue and margins continued its upward trend with aftersales revenue increased by 10.0% as compared to the corresponding quarter.

**Auto Parts Manufacturing**

Our Auto Parts Manufacturing Division registered revenue of RM68.9 million for the quarter under review, marginally lower than the corresponding quarter by RM2.2 million or 3.0%. Production demand remained high in the current quarter and the slight variation in revenue was mainly contributed by model mix changes year on year.

PBT for the quarter was however lower by RM2.3 million or 45.9% as compared to the corresponding quarter mainly due to some lump sum costs recovery claims from vendors and higher operating costs such as wages and machine maintenance expenses.

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

**14. Review of Group performance (cont'd)**

**Six months year to date ended 30 June 2023 against previous year to date ended 30 June 2022**

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Year to date ended 30-Jun-23 RM'000	Year to date ended 30-Jun-22 RM'000	Change		Year to date ended 30-Jun-23 RM'000	Year to date ended 30-Jun-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	1,095,360	1,035,529	59,831	5.8	155,406	177,420	(22,014)	(12.4)
<b><u>Business segments:</u></b>								
Motor Trading	946,793	894,070	52,723	5.9	22,276	27,778	(5,502)	(19.8)
Auto Parts Manufacturing	147,276	140,361	6,915	4.9	10,237	9,818	419	4.3
One-off gains from disposals~					--	30,407	(30,407)	(100.0)
Share of results of a joint venture					12,012	6,691	5,321	79.5
Share of associates' results					113,182	105,219	7,963	7.6
Others	1,291	1,098	193	17.6	(2,301)	(2,493)	192	7.7
Total From Discontinued Operation	--	--	--	--	(8)	12,119	(12,127)	(100.1)
<b><u>Business segments:</u></b>								
Auto Parts Manufacturing	--	--	--	--	(8)	(3)	(5)	(166.7)
One-off gains from disposals~					--	12,122	(12,122)	(100.0)

~ The one-off gains from disposals are net of incidental costs.

**Group**

For the 6-month period ended 30th June 2023, the Group achieved RM1,095.4 million in revenue, RM59.8 million or 5.8% higher than the corresponding period in 2022. The increase was contributed mostly by high performance in quarter one 2023 coming from both the Divisions.

Included in quarter one 2022's PBT was a non-operating gain of RM30.4 million from the disposal of a piece of leasehold land with factory buildings located at Bandar Serendah, Selangor. Excluding this non-operating gain, the Group PBT for the corresponding period in 2022 was RM147.0 million, RM8.4 million or 5.7% lower than current period's PBT of RM155.4 million. The higher profit in current period arose mainly from the Manufacturing Division and share of the associates and joint venture's results.

The higher share of results in joint venture mainly came from the high production demand from carmakers and a share of lump sum costs recovery of approximately RM1.9 million received from certain OEMs in quarter one of the year.

Our share of the associates' results of RM113.2 million was also higher by RM8.0 million or 7.6% against the corresponding period with Perodua achieving TIV of 144,690 units, 13.6% higher than the corresponding period, and contributing to 95.3% to our share of the associates' profits.

**Motor Trading**

For the 6-month period ended 30th June 2023, the Division achieved RM946.8 million in revenue, RM52.7 million or 5.9% higher than the corresponding period in 2022. The higher revenue was contributed mainly by 16.3% higher in the Division's Perodua sales volume, and the consistently improved aftersales performance which was also higher by 17.2% as compared to the corresponding period in 2022.

PBT for the Division however declined by RM5.5 million or 19.8% mainly due to lower sales volume in Volvo and Volkswagen post-sales tax exemption period in quarter two 2023, as seen in the year-on-year TIV reduction in Volvo and Volkswagen by 8.3% and 28.4% respectively.

**Auto Parts Manufacturing**

Our Auto Parts Manufacturing Division likewise registered higher revenue of RM147.3 million for the period under review which is RM6.9 million or 4.9% higher than the corresponding period.

With the higher revenue, the Division was able to maintain higher PBT of RM10.2 million, RM0.4 million or 4.3% better than the corresponding period despite the aforementioned lump sum cost recovery claims from vendors and higher operating costs.

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

**14. Review of Group performance (cont'd)**

**Second quarter ended 30 June 2023 against previous quarter ended 31 March 2023**

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-23 RM'000	Quarter ended 31-Mar-23 RM'000	Change		Quarter ended 30-Jun-23 RM'000	Quarter ended 31-Mar-23 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	539,568	555,792	(16,224)	(2.9)	61,762	93,644	(31,882)	(34.0)
<b><u>Business segments:</u></b>								
Motor Trading	470,009	476,784	(6,775)	(1.4)	10,293	11,983	(1,690)	(14.1)
Auto Parts Manufacturing	68,904	78,372	(9,468)	(12.1)	2,672	7,565	(4,893)	(64.7)
Share of results of a joint venture					4,674	7,338	(2,664)	(36.3)
Share of associates' results					45,202	67,980	(22,778)	(33.5)
Others	655	636	19	3.0	(1,079)	(1,222)	143	11.7
Total From Discontinued Operation	--	--	--	--	(6)	(2)	(4)	(200.0)
<b><u>Business segments:</u></b>								
Auto Parts Manufacturing	--	--	--	--	(6)	(2)	(4)	(200.0)

**Group**

Against the preceding quarter, the Group's revenue was marginally lower by RM16.2 million or 2.9% to close the quarter at RM539.6 million, whilst operating PBT for the Group also retracted to RM61.8 million, RM31.9 million or 34.0% lower than the preceding quarter. As mentioned earlier, the decrease was mostly due to lower sales and production volume after the push for high volume in quarter one 2023 to fulfil the long outstanding bookings by 31st March 2023.

**Motor Trading**

The Motor Trading Division closed the quarter with RM470.0 million revenue, marginally lower than the preceding quarter by RM6.8 million or 1.4% mainly due to the softening of demand for Volvo and Volkswagen as mentioned earlier.

With the lower revenue and higher inventory holding costs, operating PBT was also lower by RM1.7 million or 14.1% to close at RM10.3 million.

**Auto Parts Manufacturing**

Against the preceding quarter, the Division's revenue was also slightly lower by RM9.5 million or 12.1% for the aforesaid reasons. Although the production demand from OEMs in the current quarter remained strong, quarter two is generally a lower volume quarter due to shorter working days as there were public holidays in both April and June where OEMs took the opportunity to shut down their plants for scheduled maintenance.

With the shorter working days and production volume, as well as the earlier mentioned lump sum costs recovery claims from vendors in quarter two, operating PBT also reduced accordingly to RM2.7million, RM4.9 million or 64.7% lower against the preceding quarter.

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

**15. Current year prospects**

The 2nd quarter of 2023 marked the return of vehicles prices to the pre-pandemic level after 2 ¾ years of the Penjana sales tax holiday. The Total Industry Volume (TIV), however, grew by 1% in the 2nd quarter 2023 compared to a year ago despite declining about 10% from the 1st quarter 2023 sales volume. The decline was mainly contributed by the reduction in Non-National makes which saw their market share reduced by 4.6% in the 1st half of 2023 compared to a year ago. National makes, on the other hand, continue to outgrow the market, with the introduction of new affordable models like Perodua Axia. The pull-in demand from the National and some Japanese OEMs for parts and components has also been strong in fulfilling the outstanding orders for their new models.

In the recently released Bank Negara Malaysia's (BNM) Economic and Financial Developments in the 2nd Quarter of 2023, it was reported that for the remainder of 2023, growth to remain moderate amid external headwinds but continues to be supported by resilient domestic demand. The Group, therefore remain cautiously optimistic on the outlook. We foresee the demand in the automotive industry will be mainly driven by high bookings collected for new models introduced including EVs, improvement in the supply chain environment and aggressive promotional strategies. In addition, Perodua's strong order bank is also expected to sustain the Group for the near term. Despite the mixed outlook, we will continue to be vigilant in cost management and to drive operational efficiency to remain competitive as well as to improve revenue streams through variation in sales and service offerings to different market segments.

**16. Variance from profit forecast or profit guarantee**

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

**17. Income tax expense**

	Current Quarter 30/06/2023 RM'000	Year to date 30/06/2023 RM'000
Current year's provision	3,312	8,096
Add : Under/(Over) provision in prior years	--	--
	<u>3,312</u>	<u>8,096</u>
Deferred taxation	--	--
Income tax expense	<u><u>3,312</u></u>	<u><u>8,096</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 30/06/2023 %	Year to date 30/06/2023 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(17.6)	(17.5)
Adjustment for tax applicable to share of results of a joint venture	(1.8)	(1.9)
Expenses not deductible for tax purpose / (Income not subject to tax)	<u>0.7</u>	<u>0.5</u>
	<u><u>5.3</u></u>	<u><u>5.1</u></u>

**18. Corporate proposals**

There were no corporate proposals announced but not completed by the Group as at the date of this report.

**19. Group borrowings and debt securities**

	As at 30/06/2023		
	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total Borrowings RM'000
Denominated in Malaysian Currency (RM)			
Secured	13,794	--	13,794
Unsecured	--	--	--
Total	<u><u>13,794</u></u>	<u><u>--</u></u>	<u><u>13,794</u></u>

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

**20. Material litigations**

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

**21. Dividend**

The Board is pleased to declare a first interim single tier dividend of 6.0 sen per ordinary share amounting to approximately RM23,453,259 and a special single tier dividend of 20.0 sen per ordinary share amounting to approximately RM78,177,531 for the current financial year ending 31 December 2023.

**22. Earnings per ordinary share (EPS)**

	Quarter ended		Year to date 6 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
<b>Basic and diluted earnings / (loss) per share</b>	RM'000	RM'000	RM'000	RM'000
Profit / (loss) attributable to owners of the Company:				
- Continuing operations	51,933	65,986	131,891	151,221
- Discontinued operation	(6)	8,070	(8)	12,119
	51,927	74,056	131,883	163,340
Number of ordinary shares in issue	'000	'000	'000	'000
	390,887	390,887	390,887	390,887
Basic and diluted earnings / (loss) per share (sen):				
- Continuing operations	13.29	16.88	33.74	38.69
- Discontinued operation	--	2.06	--	3.10
	13.29	18.94	33.74	41.79

The basic and diluted earnings / (loss) per share are the same as the Company has no dilutive ordinary shares.

**23. 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 2022 was not qualified.

**24. Items to disclose in the Statement of Comprehensive Income**

	Quarter ended		Year to date 6 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
a) Depreciation and amortisation	(4,391)	(4,753)	(9,318)	(9,288)
b) Property, plant and equipment written off	(18)	--	(19)	--
c) Gain on disposal of property, plant and equipment	23	22	180	210
d) Gain on disposal of assets classified as held for sale	--	9,154	--	44,771
e) Allowance for slow-moving inventories	(156)	(10)	(156)	(113)
f) Allowance for expected credit loss	(50)	(50)	(104)	(191)
g) Realised gain / (loss) on foreign exchange	(24)	(8)	(45)	(7)

**BY ORDER OF THE BOARD**  
**MBM RESOURCES BERHAD**

**WONG PEIR CHYUN**  
**COMPANY SECRETARY**  
**KUALA LUMPUR**  
**DATED : 23 AUGUST 2023**