



MBM Resources Berhad

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

INTERIM FINANCIAL REPORT

**Unaudited Condensed Consolidated Financial Statements
For The Third Quarter Ended 30 September 2023**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the nine months ended 30 September 2023

	Note	Current Quarter Ended 30/09/2023 RM'000 (Unaudited)	Comparative Quarter Ended 30/09/2022 RM'000 (Unaudited)	9 months Cumulative To Date 30/09/2023 RM'000 (Unaudited)	Comparative 9 months Cumulative To Date 30/09/2022 RM'000 (Unaudited)
Continuing operations					
Revenue	8	621,271	621,166	1,716,631	1,656,695
Cost of sales		(569,406)	(568,141)	(1,572,616)	(1,517,733)
Gross profit		51,865	53,025	144,015	138,962
Other income		42,374	9,695	63,896	63,268
Administrative and other expenses		(27,975)	(24,953)	(79,440)	(70,805)
Selling and marketing expenses		(19,266)	(16,939)	(54,085)	(46,887)
Finance costs		(339)	(185)	(629)	(531)
Interest income		1,647	1,518	4,761	3,664
Share of results of a joint venture, net of tax		5,358	5,070	17,370	11,761
Share of results of associates, net of tax		69,738	46,719	182,920	151,938
Profit before tax	8	123,402	73,950	278,808	251,370
Income tax expense	17	(8,422)	(5,781)	(16,518)	(17,843)
Profit from continuing operations		114,980	68,169	262,290	233,527
Discontinued operation					
Results from discontinued operation, net of tax		(4)	560	(12)	12,679
Profit for the period		114,976	68,729	262,278	246,206
Profit / (loss) for the period attributable to:					
Equity holders of the Company from:					
- Continuing operations		104,761	60,242	236,652	211,463
- Discontinued operation		(4)	560	(12)	12,679
		104,757	60,802	236,640	224,142
Non-controlling interests from:					
- Continuing operations		10,219	7,927	25,638	22,064
- Discontinued operation		--	--	--	--
		10,219	7,927	25,638	22,064
Profit for the period		114,976	68,729	262,278	246,206

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 nine months ended 30 September 2023

	Current Quarter Ended 30/09/2023 RM'000 (Unaudited)	Comparative Quarter Ended 30/09/2022 RM'000 (Unaudited)	9 months Cumulative To Date 30/09/2023 RM'000 (Unaudited)	Comparative 9 months Cumulative To Date 30/09/2022 RM'000 (Unaudited)
Profit for the period	114,976	68,729	262,278	246,206
Other comprehensive income / (loss), net of tax				
<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	268	232	532	646
Share of foreign currency translation reserve of foreign operations of associates	(9)	(1)	21	11
Other comprehensive income / (loss) for the period, net of tax	259	231	553	657
Total comprehensive income / (loss) for the period	<u>115,235</u>	<u>68,960</u>	<u>262,831</u>	<u>246,863</u>
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company from:				
- <i>Continuing operations</i>	104,995	60,450	237,151	212,061
- <i>Discontinued operation</i>	(4)	560	(12)	12,679
	<u>104,991</u>	<u>61,010</u>	<u>237,139</u>	<u>224,740</u>
Non-controlling interests from:				
- <i>Continuing operations</i>	10,244	7,950	25,692	22,123
- <i>Discontinued operation</i>	--	--	--	--
	<u>10,244</u>	<u>7,950</u>	<u>25,692</u>	<u>22,123</u>
Total comprehensive income / (loss) for the period	<u>115,235</u>	<u>68,960</u>	<u>262,831</u>	<u>246,863</u>
Earnings / (loss) per ordinary share	sen	sen	sen	sen
Basic and diluted from:				
- <i>Continuing operations</i>	26.80	15.41	60.54	54.10
- <i>Discontinued operation</i>	-	0.14	-	3.24
22	<u>26.80</u>	<u>15.55</u>	<u>60.54</u>	<u>57.34</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 FINANCIAL POSITION
As at 30 September 2023

	Note	As at end of Current Quarter 30/09/2023 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		169,917	174,481
Right-of-use assets		3,447	3,797
Investment properties		68,177	69,539
Prepaid land lease payments		38,474	38,905
Investment in a joint venture		95,335	88,165
Investment in associates		1,622,477	1,525,596
Other investments		2,280	2,280
Deferred tax assets		3,169	3,169
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>2,004,380</u>	<u>1,907,036</u>
Current Assets			
Inventories		176,319	115,649
Trade and other receivables and prepaid expenses		205,603	198,999
Tax recoverable		4,149	2,015
Cash and bank balances		199,630	284,764
		<u>585,701</u>	<u>601,427</u>
Assets classified as held for sale		--	20,128
Total Current Assets		<u>585,701</u>	<u>621,555</u>
TOTAL ASSETS	8	<u>2,590,081</u>	<u>2,528,591</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 September 2023

	Note	As at end of Current Quarter 30/09/2023 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2022 RM'000 (Audited)
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,692,854</u>	<u>1,662,885</u>
Equity attributable to the equity holders of the Company		2,084,505	2,054,536
Non-controlling interests		<u>298,096</u>	<u>287,194</u>
Total Equity		<u>2,382,601</u>	<u>2,341,730</u>
Non-Current Liabilities			
Deferred tax liabilities		3,900	3,900
Provision for retirement benefits		2,422	2,112
Lease liabilities - non-current portion		<u>1,259</u>	<u>1,339</u>
Total Non-Current Liabilities		<u>7,581</u>	<u>7,351</u>
Current Liabilities			
Short term borrowings	19	14,321	--
Trade and other payables and accrued expenses		181,351	171,235
Amount owing to holding company		49	34
Lease liabilities - current portion		2,091	2,396
Tax liabilities		<u>2,087</u>	<u>5,845</u>
Total Current Liabilities		<u>199,899</u>	<u>179,510</u>
Total Liabilities	8	<u>207,480</u>	<u>186,861</u>
TOTAL EQUITY AND LIABILITIES		<u>2,590,081</u>	<u>2,528,591</u>
Net assets per share attributable to owners of the Company (RM)			
		<u>5.33</u>	<u>5.26</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 nine months ended 30 September 2023

Note	/--- Non-distributable reserve ---/ Foreign currency			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	translation reserve RM'000				
9 months ended 30 September 2022 (Unaudited)							
At 1 January 2022	391,651	2,995	(58)	1,523,401	1,917,989	270,273	2,188,262
Dividends distributed to owners of the Company	--	--	--	(144,628)	(144,628)	--	(144,628)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	(9,347)	(9,347)
Capital distribution to non-controlling interests of a subsidiary	--	--	--	--	--	(15)	(15)
Profit for the period	--	--	--	224,142	224,142	22,064	246,206
Other comprehensive income for the period	--	588	10	--	598	58	656
Total comprehensive income	--	588	10	224,142	224,740	22,122	246,862
At 30 September 2022	<u>391,651</u>	<u>3,583</u>	<u>(48)</u>	<u>1,602,915</u>	<u>1,998,101</u>	<u>283,033</u>	<u>2,281,134</u>
9 months ended 30 September 2023 (Unaudited)							
At 1 January 2023	391,651	3,762	(1)	1,659,124	2,054,536	287,194	2,341,730
Dividends distributed to owners of the Company	7	--	--	(207,170)	(207,170)	--	(207,170)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	(14,790)	(14,790)
Profit for the period	--	--	--	236,640	236,640	25,638	262,278
Other comprehensive income for the period	--	480	19	--	499	54	553
Total comprehensive income	--	480	19	236,640	237,139	25,692	262,831
At 30 September 2023	<u>391,651</u>	<u>4,242</u>	<u>18</u>	<u>1,688,594</u>	<u>2,084,505</u>	<u>298,096</u>	<u>2,382,601</u>

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 nine months ended 30 September 2023

	9 months ended 30/09/2023 RM'000 (Unaudited)	9 months ended 30/09/2022 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from :		
- <i>Continuing operations</i>	278,808	251,370
- <i>Discontinued operation</i>	(12)	12,679
	<u>278,796</u>	<u>264,049</u>
Adjustments for :		
Share of results of associates	(182,920)	(151,938)
Share of results of a joint venture	(17,370)	(11,761)
Depreciation and amortisation	13,984	13,944
Finance costs	629	531
Gain on disposal of assets classified as held for sale	(29,303)	(44,771)
Other non-cash items	607	321
Other non-operating items	(4,951)	(3,889)
Operating profit before working capital changes	59,472	66,486
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(6,777)	(26,856)
(Increase) / Decrease in inventories	(61,083)	(14,157)
Increase / (Decrease) in trade & other payables	10,116	30,470
Net changes in other current assets & liabilities	325	450
Income tax refunded	583	1,057
Income tax paid	(21,510)	(13,140)
Net cash from / (used in) operating activities	<u>(18,874)</u>	<u>44,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	86,591	59,696
Dividends received from a joint venture	10,200	10,200
Interest income	4,767	3,664
Purchase of property, plant & equipment	(5,230)	(5,080)
Purchase of prepaid land lease payments	--	(8,712)
Proceeds from disposal of property, plant & equipment	216	236
Proceeds from disposal of assets classified as held for sale	47,948	69,316
Net cash from / (used in) investing activities	<u>144,492</u>	<u>129,320</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(207,170)	(144,628)
Dividends paid to non-controlling interests of subsidiaries	(14,790)	(9,347)
Capital distribution to non-controlling interest of a subsidiary	--	(15)
Finance costs paid	(629)	(531)
Bank borrowings	14,321	(18,988)
Lease payables	(2,484)	(2,486)
Net cash from / (used in) financing activities	<u>(210,752)</u>	<u>(175,995)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(85,134)	(2,365)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>284,764</u>	<u>256,603</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u>199,630</u>	<u>254,238</u>
Cash and cash equivalents comprise :		
Cash and bank balances	199,630	255,747
Bank overdrafts	--	(1,509)
	<u>199,630</u>	<u>254,238</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 statementst 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 MRF 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 30/09/2023	Year to date 9 months ended 30/09/2023	Quarter ended 30/09/2023	Year to date 9 months ended 30/09/2023
	Per Ordinary Share Sen		Amount 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	--	23,453
<u>In respect of the financial year ending 31 December 2023:</u>				
First interim single tier dividend, declared on 23 August 2023 and paid on 22 September 2023.	6.0	6.0	23,453	23,453
Special single tier dividend, declared on 23 August 2023 and paid on 22 September 2023.	20.0	20.0	78,178	78,178
	<u>26.0</u>	<u>53.0</u>	<u>101,631</u>	<u>207,170</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 September 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	1,484,816	229,910	--	1,905	1,716,631
Results for reportable segments	34,910	15,267	(18)	24,209	74,368
Share of results of a joint venture	--	17,370	--	--	17,370
Share of results of associates	178,009	4,911	--	--	182,920
Interest income	2,356	1,141	6	1,264	4,767
Finance costs	(352)	(150)	--	(127)	(629)
Profit/(loss) before tax for reportable segment	214,923	38,539	(12)	25,346	278,796
Depreciation and amortisation	(7,613)	(5,093)	--	(1,278)	(13,984)
Other significant non-cash items					
- Property, plant and equipment written off	(15)	(5)	--	--	(20)
- Allowance for slow moving inventories	(323)	(91)	--	--	(414)
- Allowance for expected credit losses	(111)	--	--	(63)	(174)
Capital expenditure	2,541	2,670	--	19	5,230
Segment assets	579,708	181,944	209	110,408	872,269
Investment in a joint venture	--	72,436	--	22,899	95,335
Investment in associates	1,556,169	66,308	--	--	1,622,477
Segment liabilities	(151,698)	(49,009)	(21)	(6,752)	(207,480)

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

8. Operating segments (cont'd)

Period ended 30 September 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	1,423,126	231,908	--	1,661	1,656,695
Results for reportable segments	43,202	46,037	12,679	(4,701)	97,217
Share of results of a joint venture	--	11,761	--	--	11,761
Share of results of associates	145,156	6,782	--	--	151,938
Interest income	1,707	642	--	1,315	3,664
Finance costs	(296)	(235)	--	--	(531)
Profit/(loss) before tax for reportable segment	189,769	64,987	12,679	(3,386)	264,049
Depreciation and amortisation	(7,980)	(4,690)	--	(1,274)	(13,944)
Other significant non-cash items					
- Allowance for slow moving inventories	(130)	--	--	--	(130)
- Allowance for expected credit losses	(191)	--	--	--	(191)
Capital expenditure	1,158	12,634	--	--	13,792
Segment assets	535,250	191,948	1,489	140,710	869,397
Investment in a joint venture	--	61,049	--	22,899	83,948
Investment in associates	1,444,303	65,116	--	--	1,509,419
Segment liabilities	(111,053)	(65,734)	(576)	(4,267)	(181,630)

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

	Period ended 30/09/2023 RM'000	Period ended 30/09/2022 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,714,726	1,655,034
All others	1,905	1,661
Elimination of discontinued operation	--	--
Revenue, as reported	<u>1,716,631</u>	<u>1,656,695</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	53,160	103,736
All others	25,346	(3,386)
Share of results of a joint venture	17,370	11,761
Share of results of associates	182,920	151,938
Elimination of discontinued operation	12	(12,679)
Profit before tax, as reported	<u>278,808</u>	<u>251,370</u>
<u>Assets</u>		
Total assets for Group's reportable segments	761,861	728,687
All others	110,408	140,710
Investment in a joint venture	95,335	83,948
Investment in associates	<u>1,622,477</u>	<u>1,509,419</u>
Total assets, as reported	<u>2,590,081</u>	<u>2,462,764</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	200,728	177,363
All others	<u>6,752</u>	<u>4,267</u>
Total liabilities, as reported	<u>207,480</u>	<u>181,630</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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Other income	1	603	1	14,087
Administrative and other expenses	(6)	(43)	(19)	(1,408)
Interest income	1	-	6	-
Profit / (loss) before tax	(4)	560	(12)	12,679
Income tax expense	-	-	-	-
Profit / (loss) from discontinued operation	(4)	560	(12)	12,679

Net cash flows of discontinued operation:

Net cash used in operating activities	(69)	(463)
Net cash from investing activities	-	14,652
Net Increase / (decrease) in cash and cash equivalents	(69)	14,189

9. Material subsequent events

There were no material subsequent events during the current quarter under review.

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 2023 is as follows :

	RM'000
Approved and contracted for	15,385
Approved and not contracted for	10,328

12. Significant related party transactions

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

	30/09/2023
	RM'000
Group	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	978,470
Sales to Perodua, its subsidiaries and associates	32,734
Purchases from Daihatsu Motor Co., Ltd	1,468
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	31,924
Company	
Gross dividends from:	
- subsidiaries	46,847
- associates	68,608
Management fees from subsidiaries	141

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

Third quarter ended 30 September 2023 compared with third quarter ended 30 September 2022

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-23	Quarter ended 30-Sep-22	Change		Quarter ended 30-Sep-23	Quarter ended 30-Sep-22	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total From Continuing Operations	621,271	621,166	105	0.0	123,402	73,950	49,452	66.9
Business segments:								
Motor Trading	538,023	529,056	8,967	1.7	14,638	16,835	(2,197)	(13.1)
Auto Parts Manufacturing	82,634	91,547	(8,913)	(9.7)	6,021	6,219	(198)	(3.2)
One-off gains from disposals~					28,358	--	28,358	100.0
Share of results of a joint venture					5,358	5,070	288	5.7
Share of results of associates					69,738	46,719	23,019	49.3
Others	614	563	51	9.1	(711)	(893)	182	20.4
Total From Discontinued Operation	--	--	--	--	(4)	560	(564)	(100.7)
Business segments:								
Auto Parts Manufacturing	--	--	--	--	(4)	560	(564)	(100.7)

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

Group

The Group closed the current quarter with RM621.3 million in revenue, on par with the revenue earned during the corresponding quarter in 2022. The Group PBT for current quarter however was much higher at RM123.4 million with an increase of RM49.5 million or 66.9% coming mainly from higher associates' performance by RM23.0 million and recognition of a gain of RM28.4 million from disposal of a piece of vacant land in Bandar Sri Sendayan, Negeri Sembilan.

The share of results in joint venture posted a slight increase of RM0.3 million or 5.7% to close at RM5.4 million as the demand from the key market leaders remained high in the current quarter to fulfil outstanding bookings and replenish stocks.

The share of associates' results increased substantially by RM23.0 million or 49.3% as compared to the same quarter last year mainly due to 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 RM538.0 million in revenue, marginally higher than the corresponding quarter by RM9.0 million or 1.7%. PBT for the Division however retracted by RM2.2 million or 13.1% to close at RM14.6 million.

The higher revenue was contributed by continuous high demand for Perodua vehicles with a 12.7% increase in our sales of Perodua vehicles compared to the corresponding quarter as Perodua increased production in current quarter to meet outstanding bookings. The sales volume for Volvo and Volkswagen however, remained soft post sales tax exemption since 31 March 2023. On a positive note, the Division's aftersales revenue and margins continued its upward trend with aftersales revenue increased by a further 9.2% as compared to the corresponding quarter.

PBT for the Division is marginally lower than the corresponding quarter due to sales mix coming from lower Volvo and Volkswagen sales volume as well as higher discounting required.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM82.6 million for the quarter under review, lower than the corresponding quarter by RM8.9 million or 9.7%. Production volume remained robust in the current quarter and the slight variation in revenue was mainly contributed by model and product mix changes year on year.

PBT for the quarter was also comparable to the corresponding quarter in 2022 at RM6.0 million, slightly lower by RM0.2 million or 3.2%.

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

14. Review of Group performance (cont'd)

Nine months year to date ended 30 September 2023 against previous year to date ended 30 September 2022

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Year to date ended 30-Sep-23 RM'000	Year to date ended 30-Sep-22 RM'000	Change		Year to date ended 30-Sep-23 RM'000	Year to date ended 30-Sep-22 RM'000	Change	
			RM'000	%			RM'000	%
Total From Continuing Operations	1,716,631	1,656,695	59,936	3.6	278,808	251,370	27,438	10.9
<u>Business segments:</u>								
Motor Trading	1,484,816	1,423,126	61,690	4.3	36,914	44,613	(7,699)	(17.3)
Auto Parts Manufacturing	229,910	231,908	(1,998)	(0.9)	16,258	16,037	221	1.4
One-off gains from disposals~					28,358	30,407	(2,049)	(6.7)
Share of results of a joint venture					17,370	11,761	5,609	47.7
Share of associates' results					182,920	151,938	30,982	20.4
Others	1,905	1,661	244	14.7	(3,012)	(3,386)	374	11.0
Total From Discontinued Operation	--	--	--	--	(12)	12,679	(12,691)	(100.1)
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(12)	557	(569)	(102.2)
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 9-month period ended 30th September 2023, the Group achieved RM1,716.6 million in revenue, RM59.9 million or 3.6% higher than the corresponding period in 2022. The increase was contributed mostly by higher vehicle sales revenue from selected brands carry by the Group, and higher aftersales revenue.

The Group's PBT from Continuing Operations for the current period under review was RM278.8 million, RM27.4 million or 10.9% higher than the same period in 2022. Included in this current period's PBT was a non-operating gain of RM28.4 million from the disposal of a piece of vacant land in Bandar Sri Sendayan, Negeri Sembilan. Similarly, the PBT for the same period in 2022 consisted of non-operating gains of RM30.4 million arising from the disposal of a piece of leasehold land with factory buildings located at Bandar Serendah, Selangor. Excluding these non-operating gains from both periods, the Group's PBT from Continuing Operations for the current period in 2023 was RM250.5 million, RM29.5 million or 13.3% higher than the corresponding period's PBT of RM221.0 million. The higher profit in current period arose mainly from the share of the associates and joint venture's results.

The higher share of results in joint venture of RM5.6 million or 47.7% 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 RM182.9 million was also higher by RM31.0 million or 20.4% against the corresponding period with Perodua registered vehicle sales of 233,227 units, 18.8% higher than the corresponding period of 196,354 units, and contributing to 95.4% of our share of the associates' profits.

Motor Trading

For the 9-month period ended 30th September 2023, the Division achieved RM1,484.8 million in revenue, RM61.7 million or 4.3% higher than the corresponding period in 2022. The higher revenue was primarily driven by a 14.9% increase in the Division's Perodua sales volume and the consistently improved aftersales performance which was also higher by 14.3% as compared to the corresponding period in 2022. This higher performance was however partially offset by our reduced Volkswagen and Volvo volumes, demonstrated by the dropped in the brands' year-on-year Total Industry Volume ("TIV") by 6.0% and 35.6% respectively.

PBT for the Division however declined by RM7.7 million or 17.3% mainly due to the aforementioned lower sales volumes in Volvo and Volkswagen and higher discounting post sales tax exemption since 31 March 2023.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM229.9 million for the period under review which was marginally lower than the corresponding period due to year-on-year sales mix variation.

The Division's PBT was also comparable with slightly higher PBT of RM16.3 million, RM0.2 million or 1.4% better than the corresponding period.

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

14. Review of Group performance (cont'd)

Third quarter ended 30 September 2023 against previous quarter ended 30 June 2023

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Sep-23	Quarter ended 30-Jun-23	Change		Quarter ended 30-Sep-23	Quarter ended 30-Jun-23	Change	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Total From Continuing Operations	621,271	539,568	81,703	15.1	123,402	61,762	61,640	99.8
<u>Business segments:</u>								
Motor Trading	538,023	470,009	68,014	14.5	14,638	10,293	4,345	42.2
Auto Parts Manufacturing	82,634	68,904	13,730	19.9	6,021	2,672	3,349	125.3
One-off gains from disposals~					28,358	--	28,358	100.0
Share of results of a joint venture					5,358	4,674	684	14.6
Share of associates' results					69,738	45,202	24,536	54.3
Others	614	655	(41)	(6.3)	(711)	(1,079)	368	34.1
Total From Discontinued Operation	--	--	--	--	(4)	(6)	2	33.3
<u>Business segments:</u>								
Auto Parts Manufacturing	--	--	--	--	(4)	(6)	2	33.3

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

Group

Against the preceding quarter, the Group's revenue was better by RM81.7 million or 15.1% to close the quarter at RM621.3 million coming from both Divisions, whilst operating PBT for the Group excluding the aforesaid non-operating gain was RM95.0 million, RM33.3 million or 53.9% higher than the preceding quarter's PBT. The higher performance was partly contributed by higher production and sales volumes due to longer working days in the current quarter as compared to the preceding quarter which had more public holidays and scheduled shutdowns by the OEMs. As mentioned earlier, the Division's aftersales revenue and margins also improved further with aftersales revenue increased by 9.3% as compared to the preceding quarter.

Motor Trading

The Motor Trading Division concluded the quarter with RM538.0 million in revenue, much higher than the preceding quarter by RM68.0 million or 14.5%. The surge was primarily attributed to higher vehicle supplies notably our Perodua supplies which increased substantially during the quarter.

The operating PBT therefore also increased by RM4.3 million or 42.2% to close at RM10.3 million.

Auto Parts Manufacturing

Against the preceding quarter, the Division's revenue was also much higher by RM13.7 million or 19.9% for the aforementioned reasons.

With the longer working days and higher production volume, PBT for the Division increased accordingly to RM6.0 million, RM3.3 million or 125.3% higher against the preceding quarter. The results from the preceding quarter also included certain lump sum costs recovery claims from vendors.

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

15. Current year prospects

In Bank Negara Malaysia's (BNM) Monetary Policy Statement released on 2 November 2023, the Overnight Policy Rate (OPR) was maintained at 3.0% with BNM cited that both headline and core inflation have moderated mainly due to easing cost pressures. In a separate Economic and Financial Development Report released on 17 November 2023, BNM announced that Malaysia economy expanded by 3.3% in the third quarter of 2023, as compared to the 2.9% in the preceding quarter. The growth was anchored by resilient domestic demand and supported by continued improvement in employment and wages, whilst exports remained soft amid prolonged weakness in external demand.

For the nine-month period ended 30 September 2023, Malaysia's TIV achieved 571,767 units, with the National makes dominated the market making up 60.9% of the TIV, as compared to 57.0% for the same period last year. Given the slightly improved financial data and healthy near-term vehicle demand, the Group anticipates that with Perodua's order bank to date and the strong projected production volume from major OEMs, the demand will sustain both the Group's vehicle sales and manufacturing volume for the remainder of the year. The Group remains committed to stringent cost management and operational efficiency enhancements.

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 30/09/2023 RM'000	Year to date 30/09/2023 RM'000
Current year's provision	5,170	13,266
Add : Effect of real property gains tax	2,836	2,836
Add : Under/(Over) provision in prior years	416	416
	<u>8,422</u>	<u>16,518</u>
Deferred taxation	--	--
Income tax expense	<u><u>8,422</u></u>	<u><u>16,518</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 30/09/2023 %	Year to date 30/09/2023 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(13.6)	(15.7)
Adjustment for tax applicable to share of results of a joint venture	(1.0)	(1.5)
Expenses not deductible for tax purpose / (Income not subject to tax)	(5.2)	(2.0)
Effects of income subject to real property gain tax	2.3	1.0
Under/(Over) provision of income tax in prior year	0.3	0.1
	<u><u>6.8</u></u>	<u><u>5.9</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 30/09/2023		
	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total Borrowings RM'000
Denominated in Malaysian Currency (RM)			
Secured	14,321	--	14,321
Unsecured	--	--	--
Total	<u><u>14,321</u></u>	<u><u>--</u></u>	<u><u>14,321</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 second interim single tier dividend of 6.0 sen per ordinary share amounting to approximately RM23,453,259 and a special single tier dividend of 7.0 sen per ordinary share amounting to approximately RM27,362,136 for the current financial year ending 31 December 2023.

22. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 9 months ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings / (loss) per share				
Profit / (loss) attributable to owners of the Company:				
- Continuing operations	104,761	60,242	236,652	211,463
- Discontinued operation	(4)	560	(12)	12,679
	104,757	60,802	236,640	224,142
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	26.80	15.41	60.54	54.10
- Discontinued operation	--	0.14	--	3.24
	26.80	15.55	60.54	57.34

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 9 months ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
a) Depreciation and amortisation	(4,666)	(4,496)	(13,984)	(13,944)
b) Property, plant and equipment written off	(1)	--	(20)	--
c) Gain on disposal of property, plant and equipment	4	15	184	255
d) Gain on disposal of assets classified as held for sale	29,303	--	29,303	44,771
e) Allowance for slow-moving inventories	(258)	(17)	(414)	(130)
f) Allowance for expected credit loss	(70)	--	(174)	(191)
g) Realised gain / (loss) on foreign exchange	(38)	(14)	(83)	(21)

BY ORDER OF THE BOARD
MBM RESOURCES BERHAD

WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 24 NOVEMBER 2023