



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 2024**

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	Note	Current Quarter Ended 30/06/2024 RM'000 (Unaudited)	Comparative Quarter Ended 30/06/2023 RM'000 (Unaudited)	6 months Cumulative To Date 30/06/2024 RM'000 (Unaudited)	Comparative 6 months Cumulative To Date 30/06/2023 RM'000 (Unaudited)
Revenue	8	569,246	539,568	1,186,382	1,095,360
Cost of sales		<u>(520,340)</u>	<u>(495,601)</u>	<u>(1,084,949)</u>	<u>(1,003,210)</u>
Gross profit		48,906	43,967	101,433	92,150
Other income		10,683	10,500	22,417	21,522
Administrative and other expenses		(26,595)	(26,174)	(53,411)	(51,478)
Selling and marketing expenses		(17,871)	(17,749)	(37,565)	(34,819)
Finance costs		(392)	(193)	(544)	(290)
Interest income		1,342	1,529	2,579	3,119
Share of results of a joint venture, net of tax		6,924	4,674	14,752	12,012
Share of results of associates, net of tax		<u>57,394</u>	<u>45,202</u>	<u>125,765</u>	<u>113,182</u>
Profit before tax	8	<u>80,391</u>	<u>61,756</u>	<u>175,426</u>	<u>155,398</u>
Income tax expense	17	<u>(4,255)</u>	<u>(3,312)</u>	<u>(9,293)</u>	<u>(8,096)</u>
Profit for the period		<u><u>76,136</u></u>	<u><u>58,444</u></u>	<u><u>166,133</u></u>	<u><u>147,302</u></u>
Profit for the period attributable to:					
Equity holders of the Company		67,642	51,927	147,886	131,883
Non-controlling interests		<u>8,494</u>	<u>6,517</u>	<u>18,247</u>	<u>15,419</u>
Profit for the period		<u><u>76,136</u></u>	<u><u>58,444</u></u>	<u><u>166,133</u></u>	<u><u>147,302</u></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 2023 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 2024

	Current Quarter Ended 30/06/2024 RM'000 (Unaudited)	Comparative Quarter Ended 30/06/2023 RM'000 (Unaudited)	6 months Cumulative To Date 30/06/2024 RM'000 (Unaudited)	Comparative 6 months Cumulative To Date 30/06/2023 RM'000 (Unaudited)
Profit for the period	76,136	58,444	166,133	147,302
Other comprehensive income / (loss), net of tax				
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Share of revaluation (deficit) / surplus from fair value adjustments of assets in an associate	--	222	--	264
Share of foreign currency translation reserve of foreign operations of associates	(11)	31	(22)	30
Other comprehensive income / (loss) for the period, net of tax	(11)	253	(22)	294
Total comprehensive income for the period	<u>76,125</u>	<u>58,697</u>	<u>166,111</u>	<u>147,596</u>
Total comprehensive income attributable to:				
Equity holders of the Company	67,632	52,155	147,866	132,148
Non-controlling interests	8,493	6,542	18,245	15,448
Total comprehensive income for the period	<u>76,125</u>	<u>58,697</u>	<u>166,111</u>	<u>147,596</u>
Earnings per ordinary share				
Basic and diluted	22 sen <u>17.30</u>	sen <u>13.28</u>	sen <u>37.83</u>	sen <u>33.74</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 2023 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 June 2024

	Note	As at end of Current Quarter 30/06/2024 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2023 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		188,121	186,606
Right-of-use assets		3,075	3,951
Investment properties		68,415	69,309
Prepaid land lease payments		38,393	38,330
Investment in a joint venture		91,452	92,000
Investment in associates		1,775,525	1,651,993
Other investments		2,340	2,340
Deferred tax assets		4,850	4,850
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>2,173,275</u>	<u>2,050,483</u>
Current Assets			
Inventories		172,672	161,035
Trade and other receivables and prepaid expenses		149,643	185,849
Tax recoverable		2,544	1,673
Cash and bank balances		195,729	197,245
Total Current Assets		<u>520,588</u>	<u>545,802</u>
TOTAL ASSETS	8	<u><u>2,693,863</u></u>	<u><u>2,596,285</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 2023 and accompanying explanatory notes attached to the Interim Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 30 June 2024

	Note	As at end of Current Quarter 30/06/2024 RM'000 (Unaudited)	As at preceding Financial Year Ended 31/12/2023 RM'000 (Audited)
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		391,651	391,651
Reserves		<u>1,825,647</u>	<u>1,736,414</u>
Equity attributable to the equity holders of the Company		2,217,298	2,128,065
Non-controlling interests		<u>304,679</u>	<u>297,895</u>
Total Equity		<u>2,521,977</u>	<u>2,425,960</u>
Non-Current Liabilities			
Deferred tax liabilities		2,896	2,896
Retirement benefits obligation		2,173	1,891
Lease liabilities		<u>1,049</u>	<u>1,661</u>
Total Non-Current Liabilities		<u>6,118</u>	<u>6,448</u>
Current Liabilities			
Short term borrowings	19	19,412	16,367
Trade and other payables and accrued expenses		141,356	142,114
Amount owing to holding company		2	63
Lease liabilities		2,124	2,404
Tax liabilities		<u>2,874</u>	<u>2,929</u>
Total Current Liabilities		<u>165,768</u>	<u>163,877</u>
Total Liabilities	8	<u>171,886</u>	<u>170,325</u>
TOTAL EQUITY AND LIABILITIES		<u>2,693,863</u>	<u>2,596,285</u>
Net assets per share attributable to owners of the Company (RM)			
		<u>5.67</u>	<u>5.44</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 2023 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 2024

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	Foreign currency translation reserve RM'000				
6 months ended 30 June 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	--	--	--	(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
At 30 June 2023	391,651	4,000	26	1,685,467	2,081,144	287,852	2,368,996
6 months ended 30 June 2024 (Unaudited)							
At 1 January 2024	391,651	--	286	1,736,128	2,128,065	297,895	2,425,960
Dividends distributed to owners of the Company	--	--	--	(58,633)	(58,633)	--	(58,633)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	(11,461)	(11,461)
Profit for the period	--	--	--	147,886	147,886	18,247	166,133
Other comprehensive income for the period	--	--	(20)	--	(20)	(2)	(22)
Total comprehensive income	--	--	(20)	147,886	147,866	18,245	166,111
At 30 June 2024	391,651	--	266	1,825,381	2,217,298	304,679	2,521,977

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 2023 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 2024

	6 months ended 30/06/2024 RM'000 (Unaudited)	6 months ended 30/06/2023 RM'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	175,426	155,398
Adjustments for :		
Share of results of associates	(125,765)	(113,182)
Share of results of a joint venture	(14,752)	(12,012)
Depreciation and amortisation	8,867	9,318
Finance costs	544	290
Other non-cash items	200	278
Other non-operating items	(2,588)	(3,299)
Operating profit before working capital changes	41,932	36,791
Changes in working capital		
(Increase) / Decrease in trade and other receivables	36,157	773
(Increase) / Decrease in inventories	(11,788)	(28,051)
Increase / (Decrease) in trade and other payables	(757)	2,875
Net changes in other current assets and liabilities	221	464
Income tax refunded	--	142
Income tax paid	(10,193)	(10,564)
Net cash from / (used in) operating activities	<u>55,572</u>	<u>2,430</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	2,212	78,855
Dividends received from a joint venture	15,300	10,200
Interest income	2,552	3,119
Purchase of property, plant and equipment	(7,430)	(3,804)
Addition to prepaid land lease payments	(351)	--
Proceeds from disposal of property, plant and equipment	9	211
Net cash from / (used in) investing activities	<u>12,292</u>	<u>88,581</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(58,633)	(105,540)
Dividends paid to non-controlling interests of subsidiaries	(11,461)	(14,790)
Finance costs paid	(544)	(290)
Bank borrowings	3,045	13,794
Lease payables	(1,787)	(1,608)
Net cash from / (used in) financing activities	<u>(69,380)</u>	<u>(108,434)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,516)	(17,423)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>197,245</u>	<u>284,764</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>195,729</u>	<u>267,341</u>
Cash and cash equivalents comprise :		
Cash and bank balances	195,729	267,341
Bank overdrafts	--	--
	<u>195,729</u>	<u>267,341</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 2023 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 2023. 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 2023.

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 2023, 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 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
MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 2025

Amendments to:

MFRS 121	Lack of Exchangeability
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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
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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.

7. Dividends paid

A final single tier dividend of 15.0 sen per ordinary share amounting to approximately RM58,633,148 for the financial year ended 31 December 2023 was approved by the shareholders of the Company at the 30th Annual General Meeting held on 30 May 2024 and paid on 28 June 2024.

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

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 and Assembly : Marketing, distribution and assembly of motor vehicles, spare parts and provision of related services.
- (ii) Auto Parts Manufacturing : Manufacturing of automotive parts and components, steel 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 2024

	<u>Motor Trading and Assembly</u>	<u>Auto Parts Manufacturing</u>	<u>All others</u>	<u>The Group</u>
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,043,509	141,558	1,315	1,186,382
Results for reportable segments	24,108	11,929	(3,163)	32,874
Share of results of a joint venture	--	14,752	--	14,752
Share of results of associates	124,371	1,394	--	125,765
Interest income	1,051	940	588	2,579
Finance costs	(499)	(45)	--	(544)
Profit/(loss) before tax for reportable segment	149,031	28,970	(2,575)	175,426
Depreciation and amortisation	(5,056)	(2,957)	(854)	(8,867)
Other significant non-cash items				
- Property, plant and equipment written off	(1)	--	--	(1)
- Allowance for slow moving inventories	(95)	(56)	--	(151)
- Allowance for expected credit losses	(48)	--	--	(48)
Capital expenditure	4,604	3,174	3	7,781
Segment assets	538,333	175,893	112,660	826,886
Investment in a joint venture	--	68,553	22,899	91,452
Investment in associates	1,731,851	43,674	--	1,775,525
Segment liabilities	(124,512)	(41,135)	(6,239)	(171,886)

Period ended 30 June 2023

	<u>Motor Trading and Assembly</u>	<u>Auto Parts Manufacturing</u>	<u>All others</u>	<u>The Group</u>
	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	946,793	147,276	1,291	1,095,360
Results for reportable segments	20,827	9,514	(2,966)	27,375
Share of results of a joint venture	--	12,012	--	12,012
Share of results of associates	110,465	2,717	--	113,182
Interest income	1,632	822	665	3,119
Finance costs	(183)	(107)	--	(290)
Profit/(loss) before tax for reportable segment	132,741	24,958	(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	174,230	185,221	923,572
Investment in a joint venture	--	67,078	22,899	89,977
Investment in associates	1,514,662	45,555	--	1,560,217
Segment liabilities	(146,867)	(47,933)	(9,970)	(204,770)

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

8. Operating segments (cont'd)

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

	Period ended 30/06/2024 RM'000	Period ended 30/06/2023 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,185,067	1,094,069
All others	1,315	1,291
Revenue, as reported	<u>1,186,382</u>	<u>1,095,360</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	37,484	32,505
All others	(2,575)	(2,301)
Share of results of a joint venture	14,752	12,012
Share of results of associates	125,765	113,182
Profit before tax, as reported	<u>175,426</u>	<u>155,398</u>
<u>Assets</u>		
Total assets for Group's reportable segments	714,226	738,351
All others	112,660	185,221
Investment in a joint venture	91,452	89,977
Investment in associates	1,775,525	1,560,217
Total assets, as reported	<u>2,693,863</u>	<u>2,573,766</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	165,647	194,800
All others	6,239	9,970
Total liabilities, as reported	<u>171,886</u>	<u>204,770</u>

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 June 2024 is as follows :

	<u>RM'000</u>
Approved and contracted for	7,741
Approved and not contracted for	<u>10,125</u>

12. Significant related party transactions

During the period ended 30 June 2024, the Group and the Company had the following transactions with related parties:

	<u>30/06/2024 RM'000</u>
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	764,902
Sales to Perodua, its subsidiaries and associates	23,709
Purchases from Daihatsu Motor Co., Ltd	748
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	<u>17,596</u>
<u>Company</u>	
Dividends from:	
- subsidiaries	61,868
Management fees from subsidiaries	<u>95</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.

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

14. Review of Group performance

Second quarter ended 30 June 2024 compared with second quarter ended 30 June 2023

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-24 RM'000	Quarter ended 30-Jun-23 RM'000	Change		Quarter ended 30-Jun-24 RM'000	Quarter ended 30-Jun-23 RM'000	Change	
			RM'000	%			RM'000	%
Total, as reported	569,246	539,568	29,678	5.5	80,391	61,756	18,635	30.2
<u>Business segments:</u>								
Motor Trading and Assembly	502,285	470,009	32,276	6.9	11,420	10,293	1,127	10.9
Auto Parts Manufacturing	66,283	68,904	(2,621)	(3.8)	5,552	2,666	2,886	108.3
Share of results of a joint venture					6,924	4,674	2,250	48.1
Share of results of associates					57,394	45,202	12,192	27.0
Others	678	655	23	3.5	(899)	(1,079)	180	16.7

Group

The Group closed the current quarter with RM569.2 million in revenue, an improvement of RM29.7 million or 5.5% as compared to the corresponding quarter in 2023. The Group PBT for current quarter was likewise higher at RM80.4 million with an increase of RM18.6 million or 30.2% driven generally by higher volume in both Divisions, joint venture entity and associates.

The share of results in joint venture posted an increase in profit of RM2.3 million or 48.1% to close at RM6.9 million as the demand from the key market leaders remained strong for the quarter.

The share of associates' results was also higher by RM12.2 million or 27.0% as compared to the same quarter last year due to higher production and sales volumes.

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

Motor Trading and Assembly

The Division closed the quarter with RM502.3 million in revenue, higher than the corresponding quarter by RM32.3 million or 6.9%. PBT for the Division likewise posted higher profits by RM1.1 million or 10.9% to close at RM11.4 million.

The increase in revenue was primarily driven by sustained high demand for Perodua vehicles, with 24.1% higher in sales volume in our Perodua unit sales as compared to the same quarter last year. This performance significantly outperformed the market with Total Industry Volume (TIV) reported a 8.3% increase for the same quarter under review.

Sales volume in Volvo and Volkswagen remained subdued for the quarter, a trend we saw since last year. Similarly for the commercial vehicles under Daihatsu, sales continued to be challenging due to model limitations, among others. On a positive note, the Division's aftersales revenue and margins remained strong with a further 3.5% increase in aftersales revenue as compared to the corresponding quarter.

With the mix performance from our brands, PBT for the Division still posted higher results by 10.9% as compared to the corresponding quarter in 2023.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM66.3 million for the quarter under review, marginally lower than the corresponding quarter by RM2.6 million or 3.8%. The slight reduction was mainly due to customers and models mix changes yoy as overall production volume and demand from the OEMs remained robust in the current quarter, as seen in the 10.6% increase in Total Industry Production (TIP) for the quarter.

PBT for the quarter was higher by RM2.9 million or 108.3% to close at RM5.6 million given the higher production demand from customers, and the absence of certain lump sum costs recovery claims from vendors that was recorded in the same quarter in 2023.

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 2024 against previous year to date ended 30 June 2023

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Year to date ended 30-Jun-24 RM'000	Year to date ended 30-Jun-23 RM'000	Change		Year to date ended 30-Jun-24 RM'000	Year to date ended 30-Jun-23 RM'000	Change	
			RM'000	%			RM'000	%
Total, as reported	1,186,382	1,095,360	91,022	8.3	175,426	155,398	20,028	12.9
<u>Business segments:</u>								
Motor Trading and Assembly	1,043,509	946,793	96,716	10.2	24,660	22,276	2,384	10.7
Auto Parts Manufacturing	141,558	147,276	(5,718)	(3.9)	12,824	10,229	2,595	25.4
Share of results of a joint venture					14,752	12,012	2,740	22.8
Share of associates' results					125,765	113,182	12,583	11.1
Others	1,315	1,291	24	1.9	(2,575)	(2,301)	(274)	(11.9)

Group

For the 6-month period ended 30th June 2024, the Group achieved RM1,186.4 million in revenue, RM91.0 million or 8.3% higher than the corresponding period in 2023. The increase was contributed mostly by strong Perodua sales and consistent production demand from the OEMs.

The Group's PBT for the current period under review likewise increased to RM175.4 mil, RM20.0 million or 12.9% higher than the same period in 2023, contributed by better performance from both the Divisions, joint venture entity as well as higher associates' performance.

Motor Trading and Assembly

For the 6-month period ended 30th June 2024, the Division achieved RM1,043.5 million in revenue, RM96.7 million or 10.2% higher than the corresponding period in 2023. The higher revenue was primarily driven by the 17.2% increase in the Division's Perodua sales volume and the consistently improved aftersales performance which was also higher by 4.7% as compared to the corresponding period in 2023. This higher performance was however partially offset by our reduced Volkswagen and Volvo volumes, as seen in the generally softer demand for premium segment vehicles year-on-year. It was also a challenging year for the sale of our Daihatsu vehicles.

Despite the aforementioned challenges, the Division still achieved PBT of RM24.7 million, higher than the preceding year by RM2.4 million or 10.7%.

Auto Parts Manufacturing

Our Auto Parts Manufacturing Division registered revenue of RM141.6 million for the period under review which was minimally lower than the preceding year by RM5.7 million or 3.9% due to model and customer mix as production volume remained higher than the corresponding period under review. PBT was likewise higher at RM12.8 million which is RM2.6 million or 25.4% better than the preceding year. The better performance was mainly driven by enhanced margins coming from the high production demand while maintaining costs efficiencies.

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

14. Review of Group performance (cont'd)

Second quarter ended 30 June 2024 against previous quarter ended 31 March 2024

	Revenue				Profit / (Loss) Before Tax ("PBT")			
	Quarter ended 30-Jun-24 RM'000	Quarter ended 31-Mar-24 RM'000	Change		Quarter ended 30-Jun-24 RM'000	Quarter ended 31-Mar-24 RM'000	Change	
			RM'000	%			RM'000	%
Total, as reported	569,246	617,136	(47,890)	(7.8)	80,391	95,035	(14,644)	(15.4)
<u>Business segments:</u>								
Motor Trading and Assembly	502,285	541,224	(38,939)	(7.2)	11,420	13,240	(1,820)	(13.7)
Auto Parts Manufacturing	66,283	75,275	(8,992)	(11.9)	5,552	7,272	(1,720)	(23.7)
Share of results of a joint venture					6,924	7,828	(904)	(11.5)
Share of associates' results					57,394	68,371	(10,977)	(16.1)
Others	678	637	41	6.4	(899)	(1,676)	777	46.4

Group

Compared to the preceding quarter of 2024, the Group's revenue saw a decline of RM47.9 million or 7.8%, in line with the 7.1% retraction in TIV against the preceding quarter. The lower revenue was anticipated due to scheduled plant shutdowns by major OEMs' in April and June 2024 to align with the public holidays in both months. With the lower revenue, Operating PBT for the Group closed the quarter with lower PBT of RM80.4 million, RM14.6 million or 15.4% as compared to the preceding quarter's PBT.

The share of results in joint venture therefore also closed the quarter at RM6.9 million, RM0.9 million or 11.5% lower than the preceding quarter.

The share of associates' results likewise recorded lower profits of RM57.4 million, RM11.0 million or 16.1% lower than the preceding quarter.

Motor Trading and Assembly

The Motor Trading and Assembly Division concluded the quarter with RM502.3 million in revenue, lower than the preceding quarter by RM38.9 million or 7.2% mainly coming from lower vehicle supply for the abovementioned reason.

The operating PBT therefore also retracted by RM1.8 million or 13.7% to close at RM11.4 million.

Auto Parts Manufacturing

Against the preceding quarter, the Division's revenue was likewise lower by RM9.0 million or 11.9% for the aforementioned reasons.

Similarly, PBT for the Division closed the quarter at RM5.6 million, RM1.7 million or 23.7% lower than the preceding quarter.

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

15. Current year prospects

The automotive sector delivered an impressive growth in the 1st Half of 2024 with a Total Industry Volume (TIV) of 390,296 units, a growth of 6.6% from the corresponding period last year. The strong industry performance was on the back of strong customer demand despite the lack of catalysts. Demand continued to be strong in the 2nd Quarter of 2024, except for a weaker June month due to plant closures for maintenance in conjunction with the Hari Raya Aidiladha holiday. As a consequence, Total Industry Production (TIP) also showed a growth of 8.1% from the corresponding period last year on the back of the higher TIV. These two factors combined contributed to the improved performance of MBMR Group, alongside our own efforts to operate more efficiently and acquire market share.

The Group has noted the government's actions in rationalising fuel subsidies, starting with diesel and potentially petrol. We continue to monitor closely the impact that these actions will have on TIV, TIP and the Group's businesses. The Group remains cautiously optimistic on the outlook, as the improved domestic economic outlook is weighed down by the risk of global macroeconomic headwinds.

The Group has expanded its portfolio of vehicle offerings with a new Jaecoo dealership, while Perodua's continuing strong order bank is also anticipated to sustain the Group moving ahead. Active engagement with customers and prospects including for fleet purchases will be prioritised in addition to the on-going cost management and production efficiency improvement exercise in our Auto Parts Manufacturing Division.

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 30/06/2024 RM'000	Year to date 30/06/2024 RM'000
Current year's provision	4,255	9,293
Add : Under/(Over) provision in prior years	--	--
	4,255	9,293
Deferred taxation	--	--
Income tax expense	<u>4,255</u>	<u>9,293</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 30/06/2024 %	Year to date 30/06/2024 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results of associates	(17.1)	(17.2)
Adjustment for tax applicable to share of results of a joint venture	(2.1)	(2.0)
Expenses not deductible for tax purpose / (Income not subject to tax)	0.5	0.5
Under/(Over) provision of income tax in prior year	--	--
	<u>5.3</u>	<u>5.3</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 30/06/2024		
	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total Borrowings RM'000
Denominated in Malaysian Currency (RM)			
Secured	19,412	--	19,412
Unsecured	--	--	--
Total	<u>19,412</u>	<u>--</u>	<u>19,412</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 10.0 sen per ordinary share amounting to approximately RM39,088,765 for the current financial year ending 31 December 2024.

22. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 6 months ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Profit attributable to owners of the Company	RM'000 67,642	RM'000 51,927	RM'000 147,886	RM'000 131,883
Number of ordinary shares in issue	'000 390,887	'000 390,887	'000 390,887	'000 390,887
Basic and diluted earnings per share	sen 17.30	sen 13.28	sen 37.83	sen 33.74

The basic and diluted earnings 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 2023 was not qualified.

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 6 months ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
a) Depreciation and amortisation	RM'000 (4,301)	RM'000 (4,391)	RM'000 (8,867)	RM'000 (9,318)
b) Property, plant and equipment written off	(1)	(18)	(1)	(19)
c) Gain on disposal of property, plant and equipment	9	23	9	180
d) Allowance for slow-moving inventories	(78)	(156)	(151)	(156)
e) Allowance for expected credit loss	(115)	(50)	(48)	(104)
f) Realised gain / (loss) on foreign exchange	3	(24)	(19)	(45)

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

**WONG PEIR CHYUN
COMPANY SECRETARY
KUALA LUMPUR
DATED : 28 AUGUST 2024**