



QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2016

Summary

- Total Industry Volume was lower compared to same quarter of 2015
- The Group's revenue improved 14.1% due to higher vehicle sales and production volumes
- Joint venture's results were affected by lower production volumes of its major customers
- Associates' results were impacted by lower production volumes and adverse foreign exchange movements
- As a result, profit before tax declined by 30.5%
- The Board declared an interim dividend of 3 sen per share

Results

	Quarter ended 30 Jun			Year to date ended 30 Jun		
	2016	2015	Change	2016	2015	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	427.1	374.4	14.1	801.0	966.2	(17.1)
On going business	427.1	374.4	14.1	801.0	826.9	(3.1)
One-off property contribution	--	--	->100.0	--	139.3	->100.0
Profit before tax	23.6	33.9	(30.5)	45.5	99.1	(54.1)
On going business	23.6	33.9	(30.5)	45.5	65.5	(30.5)
One-off property contribution	--	--	->100.0	--	33.6	->100.0
Profit for the period	21.5	32.5	(33.8)	42.4	82.5	(48.6)
Profit attributable to owners of the Company	18.8	29.2	(35.6)	37.2	64.4	(42.2)
	Sen	Sen		Sen	Sen	
Basic earnings per share	4.8	7.5	(35.7)	9.5	16.5	(42.2)
	As at 30 Jun 2016 RM mil	As at 31 Dec 2015 RM mil				
Equity attributable to owners of the Company	1,588.2	1,563.6	1.6			
	RM	RM				
Net assets per share	4.06	4.00	1.6			
	1st Interim 2016 Sen	1st Interim 2015 Sen		YTD 2016 Sen	YTD 2015 Sen	
Dividend per share	3.0	4.0	(25.0)	3.0	4.0	(25.0)

Performance of sales by operations

	Q2'16 vs Q1'16	Q2'16 vs Q2'15	YTD Jun'16 vs YTD Jun'15
Total Industry Volume (TIV) **	+ 9.8	- 6.3	- 14.5
Total Industry Production (TIP) **	+ 2.9	- 18.7	- 19.7
Total Group's Vehicles Sales	+ 10.2	+ 6.1	- 4.4
Subsidiaries			
DMSB - Daihatsu & Hino trucks	+ 39.1	+ 23.1	+ 4.0
DMMS Perodua vehicles	+ 4.9	+ 0.3	- 6.2
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	+ 47.1	+ 60.6	+ 7.8
HASB	+ 21.1	+ 7.8	- 3.4
OMI	+ 56.5	+ 25.7	+ 11.0
Service throughputs	+ 4.8	- 4.8	+ 0.1
Joint Venture			
AHSB	+ 0.0	- 24.5	- 27.5
Associated companies			
Perodua vehicles	- 16.2	- 24.0	- 12.2
Hino trucks and buses	- 18.0	- 40.4	+ 1.6

Legend

DMSB : Daihatsu (Malaysia) Sdn Bhd
DMMS : DMM Sales Sdn Bhd
HASB : Hirotako Acoustics Sdn Bhd
OMI : Oriental Metal Industries (M) Sdn Bhd
AHSB : Autoliv Hirotako Sdn Bhd

* All changes based on vehicle unit sales, except for HASB, OMI and AHSB which are based on sales values

** Source : Malaysian Automotive Association (MAA) 2016 and 2015

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2016

Group Financial Performance

Second quarter ended 30 June 2016 compared with second quarter ended 30 June 2015

	Revenue			Profit before tax		
	Quarter ended 30-Jun-16 RM'000	Quarter ended 30-Jun-15 RM'000	Change %	Quarter ended 30-Jun-16 RM'000	Quarter ended 30-Jun-15 RM'000	Change %
Consolidated Total	427,100	374,413	14.1	23,599	33,930	(30.4)
<u>Business segments:</u>						
Motor Trading	370,556	328,254	12.9	5,896	3,690	59.8
Auto Parts Manufacturing	56,514	45,987	22.9	(5,491)	(3,875)	(41.7)
Share of results of a joint venture				2,600	4,716	(44.9)
Share of results of associates				25,826	35,427	(27.1)
Others	30	172		(5,232)	(6,028)	13.2

Group

The Group's revenue improved by 14.1% to RM427.1 million. Profit before tax declined 30.4% to RM23.6 million. The decline in PBT was mainly due to lower results from joint venture and associates.

The share of the joint venture's results declined 44.9% to RM2.60 million due to lower production deliveries to its major customers.

Associates' results declined 27.1% to RM25.8 million, mainly affected by lower production volumes and adverse exchange rates movements.

The Group's gross debt to equity ratio as at 30 June 2016 was 18.9% compared with 21.3% as at the end of the same period last year.

Net assets per share rose to RM4.06 as at the end of 30 June 2016.

Motor Trading

Revenue increased by 12.9% and profit before tax rose 59.8%.

The Group delivered a strong performance, registering a 6.1% growth in total vehicles sales, ahead of the total market which saw an actual contraction. During the quarter, aggressive marketing programmes, in particular by the Volkswagen (VW) brand, helped lift sales significantly. Federal Auto also commenced operations of its new VW dealership in Hartamas, Kuala Lumpur. Despite recording lower service throughputs, aftersales revenue improved 14.2% as we successfully generated higher revenue per car from capturing additional services to our customers, including body and paint services and additional services from a maturing car parc from vehicle sales of previous years.

Auto Parts Manufacturing

Revenue increased 22.9% but losses widened by 41.7%.

Additional supply contracts secured, in particular to the tyre assembly business, gave a boost to the revenue growth. Losses however, at the alloy wheel plant, widened further as it continues to operate at below its optimum level.

QUARTERLY ANNOUNCEMENT
For the second quarter ended 30 June 2016

Second quarter ended 30 June 2016 against previous quarter ended 31 March 2016

	Revenue			Profit before tax		
	Quarter ended 30-Jun-16 RM'000	Quarter ended 31-Mar-16 RM'000	Change %	Quarter ended 30-Jun-16 RM'000	Quarter ended 31-Mar-16 RM'000	Change %
Consolidated Total	427,100	373,936	14.2	23,599	21,941	7.6
<u>Business segments:</u>						
Motor Trading	370,556	336,349	10.2	5,896	2,776	112.4
Auto Parts Manufacturing	56,514	37,557	50.5	(5,491)	(4,487)	(22.4)
Share of results of a joint venture				2,600	2,202	18.1
Share of associates' results				25,826	27,493	(6.1)
Others	30	30		(5,232)	(6,043)	13.4

Group

The Group's revenue improved 14.2%, mainly due to higher revenues from motor trading by 10.2% and auto parts manufacturing by 50.5%. Profit before tax improved by 7.6% due to better profit before tax from motor trading and results from joint venture.

Motor Trading

Revenue increased by 10.2% and profit before tax jumped 112.4%.

The total new vehicle market recovered in the second quarter after a seasonally weak first quarter. The preceding quarter vehicle sales were unusually low due to a spike in sales in December 2015 in anticipation of vehicle price increase in 2016. As this sentiment tapered off coupled with more attractive promotional campaigns, total new vehicle market recovered in the second quarter.

Auto Parts Manufacturing

Revenue increased 50.5% but losses widened 22.4%.

As a supplier to all the major car manufacturers and assemblers, the pick up in total industry production had a positive impact on the division's revenue growth. Additional supply contracts secured which commenced delivery during the quarter also contributed to the growth. The losses incurred by the alloy wheel plant continued as the plant is operating at below its optimum level.

PROSPECTS

The economic environment remains soft and the resulting challenging market conditions are expected to continue. As a result, margins will be pressured by aggressive sales and marketing campaigns.

Notwithstanding these challenges, the group is expected to benefit from various new model launches, expanding and enhancing the product offerings from our brand partners. The new Perodua sedan model, Bezza, was successfully launched in July, and is expected to contribute positively to the group. The DMMS Perodua dealership has secured encouraging orders for the Bezza and the auto parts manufacturing division and AHSB, are suppliers to the model. The new Volvo XC90 which has been well received by the market, commenced the delivery of the CKD cars at the end of June and VW has lined up replacement models for its core product range for the coming months.

OMI Alloy is expected to register significant jump in volumes in the second half of the year as it starts delivering to the new supply programmes it secured, allowing it to move closer to achieve its optimum production level. Production efficiency is expected to be raised further with the higher volumes. Phase 3 of OMI Alloy's capacity expansion is expected to be commissioned by the end of the third quarter of this year.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016 - unaudited

		(Unaudited)		(Unaudited)
	Current	Comparative	6 months	Comparative
	Quarter	Quarter	Cumulative	6 months
	Ended	Ended	To Date	Cumulative
	30/6/2016	30/6/2015	30/6/2016	To Date
Note	RM'000	RM'000	RM'000	RM'000
Revenue	427,097	374,413	801,036	966,154
Cost of sales	<u>(397,996)</u>	<u>(347,328)</u>	<u>(746,354)</u>	<u>(873,357)</u>
Gross profit	29,101	27,085	54,682	92,797
Other income	6,301	7,634	12,493	14,415
Administrative and other expenses	(23,237)	(23,964)	(43,764)	(44,560)
Selling and marketing expenses	(13,950)	(12,953)	(29,927)	(30,269)
Finance costs	(4,803)	(5,295)	(9,289)	(10,552)
Interest income	1,758	1,280	3,224	2,846
Share of results of a joint venture, net of tax	2,600	4,716	4,802	9,246
Share of results of associates, net of tax	<u>25,826</u>	<u>35,427</u>	<u>53,319</u>	<u>65,188</u>
Profit before tax	18 23,596	33,930	45,540	99,111
Income tax expense	19 <u>(2,053)</u>	<u>(1,390)</u>	<u>(3,138)</u>	<u>(16,581)</u>
Profit for the period	<u>21,543</u>	<u>32,540</u>	<u>42,402</u>	<u>82,530</u>
Profit attributable to:				
Owners of the Company	18,810	29,224	37,210	64,366
Non-controlling interests	<u>2,733</u>	<u>3,316</u>	<u>5,192</u>	<u>18,164</u>
Profit for the period	<u><u>21,543</u></u>	<u><u>32,540</u></u>	<u><u>42,402</u></u>	<u><u>82,530</u></u>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
For the six months ended 30 June 2016 - unaudited

	Note	Current Quarter Ended 30/6/2016 RM'000	(Unaudited) Comparative Quarter Ended 30/6/2015 RM'000	6 months Cumulative To Date 30/6/2016 RM'000	(Unaudited) Comparative 6 months Cumulative To Date 30/6/2015 RM'000
Profit for the period		21,543	32,540	42,402	82,530
Other comprehensive (loss)/income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Share of foreign exchange reserve deficit in an associate		(15)	--	(15)	--
Net gain/(loss) on cash flow hedges and revaluation of an associate		674	472	(1,073)	472
Other comprehensive income for the period, net of tax		659	472	(1,088)	472
Total comprehensive income for the period		<u>22,202</u>	<u>33,012</u>	<u>41,314</u>	<u>83,002</u>
Total comprehensive income attributable to:					
Owners of the Company		19,404	29,646	36,281	64,788
Non-controlling interests		2,798	3,366	5,033	18,214
Total comprehensive income for the period		<u>22,202</u>	<u>33,012</u>	<u>41,314</u>	<u>83,002</u>
Earnings per ordinary share		sen	sen	sen	sen
Basic	20	4.81	7.48	9.52	16.47
Diluted	20	4.81	7.48	9.52	16.47

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 June 2016 - unaudited

	Note	As at end of Current Quarter 30/6/2016 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant & equipment		355,964	356,132
Investment properties		67,130	67,887
Prepaid land lease payments		37,648	37,908
Investment in a joint venture		138,591	149,089
Investment in associates		998,614	984,916
Deferred tax assets		4,423	4,423
Goodwill on consolidation		182,358	182,358
Total Non-Current Assets		<u>1,784,728</u>	<u>1,782,713</u>
Current Assets			
Inventories		164,847	165,614
Trade & other receivables and prepaid expenses		187,107	169,901
Amount owing by associates		--	11
Tax recoverable		9,503	8,316
Cash and bank balances		239,462	211,801
Total Current Assets		<u>600,919</u>	<u>555,643</u>
TOTAL ASSETS	18	<u><u>2,385,647</u></u>	<u><u>2,338,356</u></u>

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)

As at 30 June 2016 - unaudited

	Note	As at end of Current Quarter 30/6/2016 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2015 RM'000
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Share capital		390,711	390,711
Reserves		1,197,471	1,172,911
Equity attributable to owners of the Company		1,588,182	1,563,622
Non-controlling interests		266,962	265,663
Total Equity		1,855,144	1,829,285
Non-Current Liabilities			
Long term borrowings	22	242,983	262,183
Deferred tax liabilities		5,063	5,063
Provision for retirement benefits		2,742	2,965
Hire purchase payables - non-current portion		4,426	43
Total Non-Current Liabilities		255,214	270,254
Current Liabilities			
Provision for liabilities		267	268
Short term borrowings	22	107,602	110,172
Trade & other payables and accrued expenses		164,513	126,672
Amount owing to holding company		14	192
Hire purchase payables - current portion		1,713	14
Tax liabilities		1,180	1,499
Total Current Liabilities		275,289	238,817
Total Liabilities	18	530,503	509,071
TOTAL EQUITY AND LIABILITIES		2,385,647	2,338,356
Net assets per share (RM)		4.06	4.00

The notes on pages 10 to 18 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended 30 June 2016 - unaudited

Note	Share capital RM'000	/----- Share premium RM'000	Warrants reserve RM'000	Non-distributable Foreign Exchange reserve RM'000	-----/ Revaluation reserve RM'000	Hedging 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
6 months ended 30 June 2015										
At 1 January 2015	390,711	500	44,585	--	681	(26)	1,085,886	1,522,337	253,025	1,775,362
Fair value of investment properties	--	--	--	--	37,735	--	--	37,735	--	37,735
Dividends distributed to owners of the Company	--	--	--	--	--	--	(15,628)	(15,628)	--	(15,628)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(3,143)	(3,143)
Profit for the period - restated	--	--	--	--	--	--	64,366	64,366	18,164	82,530
Other comprehensive income for the period	--	--	--	--	--	422	--	422	50	472
Total comprehensive income	--	--	--	--	--	422	64,366	64,788	18,214	83,002
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	--	--
At 30 June 2015	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>--</u>	<u>38,416</u>	<u>396</u>	<u>1,134,624</u>	<u>1,609,232</u>	<u>268,096</u>	<u>1,877,328</u>
3 months ended 30 June 2016										
At 1 January 2016	390,711	500	44,585	--	978	(62)	1,126,910	1,563,622	265,663	1,829,285
Dividends distributed to owners of the Company	--	--	--	--	--	--	(11,721)	(11,721)	--	(11,721)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(4,074)	(4,074)
Profit for the period	--	--	--	--	--	--	37,210	37,210	5,192	42,402
Other comprehensive income/(loss) for the period	--	--	--	(13)	(978)	62	--	(929)	(159)	(1,088)
Total comprehensive income	--	--	--	(13)	(978)	62	37,210	36,281	5,033	41,314
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	340	340
At 30 June 2016	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>(13)</u>	<u>--</u>	<u>--</u>	<u>1,152,399</u>	<u>1,588,182</u>	<u>266,962</u>	<u>1,855,144</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended 30 June 2016 - unaudited

	2016 6 months ended 30/6/2016 RM'000	2015 6 months ended 30/6/2015 RM'000	
Note	<u>RM'000</u>	<u>RM'000</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	42,402	82,530	
Adjustments for :			
Income tax expense	3,138	16,581	
Share of results of associates	(53,319)	(65,188)	
Share of results of jointly controlled entity	(4,802)	(9,246)	
Depreciation and amortisation	12,827	10,281	
Other Non-cash items	--	--	
Non-operating items	<u>6,093</u>	<u>7,760</u>	
Operating profit before working capital changes	6,339	42,718	
Changes in working capital			
(Increase)/Decrease in trade & other receivables	(17,194)	45,146	
(Increase) / Decrease in inventories	769	(81,615)	
Increase / (Decrease) in trade & other payables	36,302	(147)	
Net changes in other current assets & liabilities	(223)	14,500	
Income tax refunded	645	539	
Income tax paid	<u>(5,289)</u>	<u>(4,744)</u>	
Net cash from operating activities	<u>21,349</u>	<u>16,397</u>	
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates	38,535	45,360	
Dividends received from jointly controlled entity	15,300	--	
Interest income	3,224	2,846	
Purchase of property, plant & equipment	(11,530)	(6,560)	
Additions to investment property	(400)	--	
Proceeds from disposal of property, plant & equipment	42	--	
Proceeds from disposal of other investment	<u>--</u>	<u>373</u>	
Net cash from investing activities	<u>45,171</u>	<u>42,019</u>	
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(11,721)	(15,628)	
Dividends paid to minorities of a subsidiary	(4,074)	(3,143)	
Proceeds from issue of shares in a subsidiary to minorities	340	10	
Finance costs	(9,289)	(10,552)	
Bank borrowings	(21,771)	(13,016)	
Hire-purchase payables	<u>6,081</u>	<u>64</u>	
Net cash used in financing activities	<u>(40,434)</u>	<u>(42,265)</u>	
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,086	16,151	
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>211,518</u>	<u>217,606</u>	
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>237,604</u>	<u>233,757</u>	
Cash and cash equivalents comprise :			
Cash and bank balances	23	239,462	236,427
Bank overdrafts		<u>(1,858)</u>	<u>(2,670)</u>
		<u>237,604</u>	<u>233,757</u>

Notes to the condensed consolidated interim financial statements

MBM Resources Berhad ("MBMR") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2016 consist of the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly venture and associates.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 August 2016.

1. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia and comply with applicable disclosure provisions under Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS134: Interim Financial Reporting.

The supplementary information set out in Note 25, which is not part of the financial statements, is disclosed in accordance to Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

2. Significant accounting policies

The basis of accounting, basis of consolidation, the accounting policies and method of computation applied by the Group in these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

3. Estimates

In preparing the condensed interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the financial statements as at and for the year ended 31 December 2015.

4. 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 2015 was not qualified.

5. Seasonal and cyclical factors

The main activities of the Group are in motor trading and manufacturing of automotive components and are therefore dependent on the economy of the country.

6. Exceptional items

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

7. Dividends paid

No dividends were paid during the financial quarter under review.

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

8. Debt and equity securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period under review .

The movements in the issued and paid-up share capital of the Company arising from the conversion of warrants into ordinary shares during the period were as follows:

	Par value RM	Period ended 30/6/2016	
		Number of shares '000	Share Capital RM'000
Ordinary shares			
As at 1 January 2016	1.00	390,711	390,711
Conversion of warrants	1.00	-	-
As at 30 June 2016	1.00	<u>390,711</u>	<u>390,711</u>

The warrants are listed on the Main Market of Bursa Malaysia Securities Berhad and are exercisable at any time within a period of five years commencing from 15 June 2012 to 14 June 2017.

Total issued	:	73,165,836
Exercised during the period	:	Nil
Exercise price	:	RM3.20 per warrant

9. Subsequent material events

There were no material events or transaction during the period from 30 June 2016 to the date of this announcement which affects substantially the results of the operations of the Group and of the Company for the quarter ended 30 June 2016 in respect of which this announcement is made.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

11. Significant related party transactions

During the period ended 30 June 2016, the Group and the Company had the following transactions with related parties :

	Period ended 30/6/2016 RM'000
<u>Group</u>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	442,363
Sales to a subsidiary of Perodua	27
Sales to an associate of Perodua	9,053
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	16,805
Purchases from Toyota Tsusho Co., its subsidiaries and associates	3,570
Purchases from Toyota Tsusho (Malaysia), its subsidiaries and associates	562
Sales to Toyota Tsusho Co., its subsidiaries and associates	112
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	--
Technical fee and design fee payable	--
Development expenses	--
<u>Company</u>	
Gross dividends from:	
- subsidiaries	24,284
- associates	30,828
Management fees from:	
- subsidiaries	72
- associates	60

12. 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 2016 is as follows :

	<u>RM'000</u>
Approved and contracted for	1,134
Approved and not contracted for	15,000
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13. Review of Group performance

The review of performance by operations is furnished in the Main Section on pages 1 to 3 of the announcement.

14. Current year prospects

The overview of current year prospects is furnished in the Main Section on pages 1 to 3 of the announcement.

15. Variance from profit forecast or profit guarantee

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

16. Unquoted investments and properties

There was no sale of unquoted investments and /or properties for the current quarter under review and financial period to date.

17. Quoted investments

There was no sale of quoted investments for the current quarter under review.

18. Operating segments

The Group's reportable segments offer different products and services and are managed separately due to different trading nature and marketing strategies. Most of the businesses were acquired as individual units and the management at the time of acquisition remained.

Information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is more specifically focused on the business segments as follows:

- (i) Motor Trading : Marketing and distribution of motor vehicles, spare parts and provision of related services.
- (ii) Auto Parts Manufacturing : Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services
- (iii) Property development (non-core) : Development of Menara MBMR
- (iv) All others : Investment holding, corporate headquarters and other dormant companies.

(Continued next page)

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

18. Operating segments (cont'd)

Period ended 30 June 2016

	Motor Trading RM'000	Auto Parts Manufacturing RM'000	Property development RM'000	All others RM'000	Group RM'000
Revenues from external customers	706,905	94,071	--	60	801,036
Results for reportable segments	7,381	(8,054)	--	(5,843)	(6,516)
Share of results of a jointly venture	--	4,802	--	--	4,802
Share of results of associates	53,319	--	--	--	53,319
Interest income	1,980	318	--	926	3,224
Finance costs	(689)	(2,242)	--	(6,358)	(9,289)
Profit/(loss) before tax for reportable segment	61,991	(5,176)	--	(11,275)	45,540
Depreciation and amortisation	(5,400)	(6,532)	--	(895)	(12,827)
Other significant non-cash items					
- Provisions	--	--	--	--	--
Capital expenditure	2,813	8,768	--	349	11,930
Segment assets	622,821	436,545	19,097	169,979	1,248,442
Jointly controlled entity	--	138,591	--	--	138,591
Investment in associates	951,451	47,163	--	--	998,614
Segment liabilities	(167,090)	(158,788)	(4,616)	(200,009)	(530,503)

Period ended 30 June 2015

	Motor Trading RM'000	Auto Parts Manufacturing RM'000	Property development RM'000	All others RM'000	Group RM'000
Revenues from external customers	739,474	86,677	139,831	172	966,154
Results for reportable segments	7,943	(4,451)	33,501	(4,610)	32,383
Share of results of a joint venture	--	9,246	--	--	9,246
Share of results of associates	65,188	--	--	--	65,188
Interest income	1,396	252	--	1,198	2,846
Finance costs	(920)	(1,959)	--	(7,673)	(10,552)
Profit/(loss) before tax for reportable segment	73,607	3,088	33,501	(11,085)	99,111
Depreciation and amortisation	(3,529)	(6,673)	(5)	(74)	(10,281)
Other significant non-cash items					
- Provisions	1	--	--	--	1
Capital expenditure	2,619	3,685	--	256	6,560
Segment assets	713,854	361,146	63,736	264,394	1,403,130
Jointly controlled entity	--	158,085	--	--	158,085
Investment in associates	924,679	46,328	--	--	971,007
Segment liabilities	(259,788)	(123,476)	(27,352)	(244,278)	(654,894)

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

18. Operating segments (cont'd)

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

	Period ended 30/6/2016 RM'000	Period ended 30/6/2015 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	800,976	826,151
All others	60	172
	<u>801,036</u>	<u>826,323</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	(1,306)	35,762
All others	(11,275)	(11,085)
Share of results of jointly controlled entity	4,802	9,246
Share of results of associates	53,319	65,188
	<u>45,540</u>	<u>99,111</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,078,463	1,138,736
All others	169,979	264,394
Jointly controlled entity	138,591	158,085
Investment in associates	998,614	971,007
	<u>2,385,647</u>	<u>2,532,222</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	330,494	410,616
All others	200,009	244,278
	<u>530,503</u>	<u>654,894</u>

The accounting policies and method of computation of the operating segments are consistent with those described in the summary of significant accounting policies in the recent audited financial statement for the year ended 31 December 2015. The Group evaluates performance of these operating segments based on their respective profit or loss.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at arm's length transactions.

The commentary on segment results is furnished in the Main Section on pages 2 of the announcement.

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

19. Income tax expense

	Current Quarter 30/6/2016 RM'000	Year to date 30/6/2016 RM'000
Current year's provision	2,053	3,138
Add :		
Under/(Over) provision in prior years	--	--
	2,053	3,138
Deferred taxation	--	--
Income tax expense	<u>2,053</u>	<u>3,138</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 30/6/2016 %	Year to date 30/6/2016 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(26.3)	(28.1)
Adjustment for tax applicable to share of results in jointly controlled entity	(2.6)	(2.5)
Expenses not deductible for tax purpose / (Income not subject to tax)	13.6	13.5
	<u>8.7</u>	<u>6.9</u>

20. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
Basic earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	18,810	29,224	37,210	64,366
Weighted average number of ordinary shares ('000)	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>
	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>
Basic earnings per share (sen)	4.81	7.48	9.52	16.47

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

20. Earnings per ordinary share (EPS) (cont'd)

	Quarter ended		Year to date 6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
Diluted earnings per ordinary share				
Profit attributable to ordinary shareholders (RM'000)	18,810	29,224	37,210	64,366
Adjusted weighted average number of ordinary shares in issue and issuable	390,711	390,711	390,711	390,711
Diluted earnings per share (sen)	4.81	7.48	9.52	16.47

	No of ordinary shares of RM1.00 each	
	30/6/2016	30/6/2015
Weighted average number of ordinary shares	390,710,753	390,710,753
Adjustment for assumed exercise of warrants	--	--
Adjusted weighted average number of ordinary shares in issue and issuable	390,710,753	390,710,753

21. Corporate proposals

There were no corporate proposals made or undertaken by the Group and the Company during the current quarter.

22. Loans and Borrowings

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	109,315	247,409
Unsecured	--	--
Total	<u>109,315</u>	<u>247,409</u>

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

23. Cash and Cash Equivalents

	The Group As at	
	30/6/2016 RM'000	30/6/2015 RM'000
Cash on hand and at at banks	86,350	87,811
Deposits with licensed banks	153,112	148,616
Cash and bank balances	239,462	236,427
Less : Bank overdrafts	(1,858)	(2,770)
Cash and cash equivalents	<u>237,604</u>	<u>233,657</u>
Cash and bank balances	239,462	236,427
Less :		
Total borrowings*	(356,724)	(400,047)
Net cash position (after total borrowings)	<u>(117,262)</u>	<u>(163,620)</u>

(Note * Total borrowings include hire-purchase payables)

24. Off balance sheet financial instruments

The Group does not have any other financial instruments which are not within the scope of MFRS 139 with off balance sheet risk as at 10 May 2016, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

25. Supplementary information

The following information are provided pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Securities Berhad Listing Requirements to disclose the breakdown of the unappropriated profits or accumulated losses of the Group and of the Company as of 31 March 2016 into realised and unrealised profits or losses.

	30/6/2016	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	652,422	345,011
Unrealised	(3,873)	(1,400)
Total retained earnings from the jointly controlled entity		
Realised	86,681	--
Unrealised	--	--
Total retained earnings from the associates		
Realised	806,105	--
Unrealised	(81,889)	--
Less : Consolidation adjustments	<u>(307,047)</u>	<u>--</u>
Total retained earnings as per statement of financial position	<u>1,152,399</u>	<u>343,611</u>

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

26. Material litigations

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

27. Contingent liabilities

As at the date of issue of this quarterly report, the Group is contingently liable to financial institutions under corporate guarantees given to financial institutions for credit facilities granted to certain subsidiaries. The credit facilities obtained by the subsidiaries, which are secured by such guarantees, amount to RM477,646,000. Save for the foregoing, our Group does not have other contingent liabilities which upon becoming due or becoming enforceable, may have a material impact on the results on our Group's financial position.

28. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,758	1,280	3,224	2,846
b) Interest expense	(4,803)	(5,295)	(9,289)	(10,552)
c) Depreciation and amortisation	(6,923)	(4,837)	(12,827)	(10,281)

28. Dividend

The Board is pleased to declare a first interim dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM11,721,323 for the year ending 31 December 2016.

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

**WONG PEIR CHYUN
 COMPANY SECRETARY
 KUALA LUMPUR
 DATED : 25 AUGUST 2016**