



**QUARTERLY ANNOUNCEMENT**  
**For the third quarter ended 30 September 2016**

**Summary**

- Total Industry Volume was lower compared to same quarter of 2015
- The Group's revenue improved 5% due to better product mix
- Joint venture's results were affected by lower production volumes of its major customers
- Associates' results improved substantially due to improved volumes
- As a result, profit before tax increased by 109.4%

**Results**

	Quarter ended 30 Sep			Year to date ended 30 Sep		
	2016	2015	Change	2016	2015	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	431.9	411.2	5.0	1,233.0	1,377.3	(10.5)
On going business	431.9	411.2	5.0	1,233.0	1,237.6	(0.4)
One-off property contribution	--	--	->100.0	--	139.7	->100.0
Profit before tax	26.1	12.5	109.4	71.6	111.6	(35.8)
On going business	26.1	12.5	109.4	71.6	78.4	(8.6)
One-off property contribution	--	--	->100.0	--	33.2	->100.0
Profit for the period	24.1	11.3	113.4	66.5	93.8	(29.1)
Profit attributable to owners of the Company	21.3	8.6	147.0	58.5	73.0	(19.8)
Basic earnings per share	Sen	Sen		Sen	Sen	
	5.5	2.2	146.6	15.0	18.7	(19.9)
Equity attributable to owners of the Company	As at 30 Sep 2016 RM mil	As at 31 Dec 2015 RM mil				
	1,597.8	1,563.6	2.2			
Net assets per share	RM	RM				
	4.09	4.00	2.2			
Dividend per share	1st Interim 2016 Sen	1st Interim 2015 Sen		YTD 2016 Sen	YTD 2015 Sen	
	3.0	4.0	(25.0)	3.0	4.0	(25.0)

**Performance of sales by operations**

	Q3'16 vs Q2'16	Q3'16 vs Q3'15	YTD Sep'16 vs YTD Sep'15
<b>Total Industry Volume (TIV) **</b>	- 0.8	- 12.4	- 13.8
<b>Total Industry Production (TIP) **</b>	- 7.0	- 8.6	- 16.5
<b>Total Group's Vehicles Sales</b>	- 4.4	- 3.4	- 4.1
<b>Subsidiaries</b>			
DMSB - Daihatsu & Hino trucks	- 44.0	- 27.6	- 6.1
DMMS Perodua vehicles	+ 3.6	+ 1.8	- 3.6
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 39.7	- 33.8	- 7.6
HASB	- 0.4	+ 14.4	+ 2.2
OMI	- 15.6	+ 14.7	+ 12.2
Service throughputs	+ 6.3	+ 1.7	+ 1.5
<b>Joint Venture</b>			
AHSB	- 4.6	- 23.0	- 26.1
<b>Associated companies</b>			
Perodua vehicles	+ 11.1	+ 5.5	- 7.0
Hino trucks and buses	+ 5.2	+ 6.2	+ 3.0

**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 third quarter ended 30 September 2016**

**Group Financial Performance**

**Third quarter ended 30 September 2016 compared with third quarter ended 30 September 2015**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 30-Sep-16 RM'000	Quarter ended 30-Sep-15 RM'000	Change %	Quarter ended 30-Sep-16 RM'000	Quarter ended 30-Sep-15 RM'000	Change %
Consolidated Total	431,940	411,184	5.0	26,081	12,454	109.4
<u>Business segments:</u>						
Motor Trading	383,020	368,505	3.9	5,350	4,161	28.6
Auto Parts Manufacturing	48,886	42,649	14.6	(5,412)	(3,134)	(72.7)
Share of results of a joint venture				1,378	2,663	(48.3)
Share of results of associates				29,020	13,182	120.1
Others	34	30		(4,255)	(4,418)	3.7

**Group**

For the current quarter, the Group's revenue improved by 5.0% to RM431.9 million against the corresponding quarter. PBT also improved by 109.4% to RM26.1 million. The increase in PBT was due principally to improved results from associates.

The Group's share of associates' results recorded a 120.1% improvement to RM29.0 million mainly due to favourable market response to the launch of Perodua's new model, Bezza in July and improved volumes from Hino.

The share of the joint venture's results declined by 48.3% to RM1.38 million as a result of lower production demand from its major customers.

**Motor Trading**

Revenue and PBT for the current quarter increased by 3.9% and 28.6% respectively. This was achieved despite a contraction in total industry volume by 12.4% against the corresponding quarter.

Although there was a 3.4% decline in total group vehicle sales, the Group still outperformed the industry. The improvements were achieved mainly through favorable product mix from the launch of the Perodua Bezza and the new Volvo XC90 which were both well received by the market.

Higher number of service throughputs as well as higher revenue per car during the quarter also contributed to the improvement in the results.

**Auto Parts Manufacturing**

Revenue for the quarter increased by 14.6% but losses widened by 72.7% against the corresponding quarter.

Although the delivery of alloy wheels had increased in Q3 2016 which gave the Division a boost to the revenue growth, it was still incurring losses as its alloy wheel plant continued to operate below optimal level.

**QUARTERLY ANNOUNCEMENT**  
**For the third quarter ended 30 September 2016**

**Third quarter ended 30 September 2016 against previous quarter ended 30 June 2016**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 30-Sep-16 RM'000	Quarter ended 30-Jun-16 RM'000	Change %	Quarter ended 30-Sep-16 RM'000	Quarter ended 30-Jun-16 RM'000	Change %
Consolidated Total	431,940	427,100	1.1	26,081	23,599	10.5
<u>Business segments:</u>						
Motor Trading	383,020	370,556	3.4	5,350	5,896	(9.3)
Auto Parts Manufacturing	48,886	56,514	(13.5)	(5,412)	(5,491)	1.4
Share of results of a joint venture				1,378	2,600	(47.0)
Share of associates' results				29,020	25,826	12.4
Others	34	30		(4,255)	(5,232)	18.7

**Group**

The Group recorded a slight improvement of 1.1% in revenue against Q2 2016 mainly due to higher revenue by 3.4% from its Motor Trading Division. The growth was partially suppressed by reduced revenue of 13.5% from its Auto Parts Manufacturing Division. PBT however, improved by 10.5% due to better results from associates.

**Motor Trading**

The revenue for current quarter increased by 3.4% or RM12.46 million against preceding quarter, but with slight reduction in PBT of 9.3% or RM546,000.

The total new vehicle market remained soft in the third quarter largely due to cautious consumer sentiment and the tapering off of aggressive marketing campaigns in the previous quarter. The Group's performance was helped by the newly launched Perodua Bezza and the CKD production of the Volvo XC90.

**Auto Parts Manufacturing**

Compared to the preceding quarter, revenue for the Division reduced by 13.5% although losses narrowed by 1.4%.

As a supplier to all the major car manufacturers and assemblers, the decline in total industry production had a negative effect on the Division's revenue growth.

**PROSPECTS**

The market conditions remain challenging and are expected to persist to the end of the year. Aggressive marketing campaigns amongst the automotive companies will heighten especially with year-end sales, as brands attempt to secure higher market shares and to reduce year-end stocks. As a result, we expect pressure on margins to continue. New model launches by the brands within the Group have contributed positively and are expected to provide some cushion to the overall weakness in the market.

Despite the decline in vehicle sales, the Auto Parts Manufacturing Division will enjoy added volumes from the supply to the recently launched new models by its customers. The renewed volatility in the Ringgit however has put further pressure on costs of imported components and materials, which will be partially recovered through our continuous cost management and price adjustments.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the nine months ended 30 September 2016 - unaudited**

		(Unaudited)		(Unaudited)
	Current	Comparative	9 months	Comparative
	Quarter	Quarter	Cumulative	9 months
	Ended	Ended	To Date	Cumulative
	30/9/2016	30/9/2015	30/9/2016	To Date
Note	RM'000	RM'000	RM'000	RM'000
Revenue	431,942	411,184	1,232,976	1,377,338
Cost of sales	<u>(399,799)</u>	<u>(381,273)</u>	<u>(1,146,154)</u>	<u>(1,254,630)</u>
Gross profit	32,143	29,911	86,822	122,708
Other income	4,931	6,036	17,424	20,451
Administrative and other expenses	(23,526)	(21,122)	(67,290)	(65,682)
Selling and marketing expenses	(14,826)	(15,148)	(44,754)	(45,417)
Finance costs	(4,754)	(5,013)	(14,043)	(15,565)
Interest income	1,719	1,945	4,943	4,791
Share of results of a joint venture, net of tax	1,378	2,663	6,180	11,909
Share of results of associates, net of tax	<u>29,019</u>	<u>13,182</u>	<u>82,339</u>	<u>78,370</u>
<b>Profit before tax</b>	26,084	12,454	71,621	111,565
Income tax expense	<u>(2,004)</u>	<u>(1,168)</u>	<u>(5,142)</u>	<u>(17,749)</u>
<b>Profit for the period</b>	<u>24,080</u>	<u>11,286</u>	<u>66,479</u>	<u>93,816</u>
<b>Profit attributable to:</b>				
Owners of the Company	21,298	8,623	58,504	72,989
Non-controlling interests	<u>2,782</u>	<u>2,663</u>	<u>7,975</u>	<u>20,827</u>
<b>Profit for the period</b>	<u><u>24,080</u></u>	<u><u>11,286</u></u>	<u><u>66,479</u></u>	<u><u>93,816</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 nine months ended 30 September 2016 - unaudited**

	Note	Current Quarter Ended 30/9/2016 RM'000	(Unaudited) Comparative Quarter Ended 30/9/2015 RM'000	9 months Cumulative To Date 30/9/2016 RM'000	(Unaudited) Comparative 9 months Cumulative To Date 30/9/2015 RM'000
<b>Profit for the period</b>		24,080	11,286	66,479	93,816
<b>Other comprehensive (loss)/income, net of tax</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Share of foreign exchange reserve deficit in an associate		--	(245)	(15)	277
Net gain/(loss) on cash flow hedges and revaluation of an associate		--	--	(1,073)	--
<b>Other comprehensive income for the period, net of tax</b>		--	(245)	(1,088)	277
<b>Total comprehensive income for the period</b>		<u>24,080</u>	<u>11,041</u>	<u>65,391</u>	<u>94,093</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		21,298	8,408	57,575	73,246
Non-controlling interests		<u>2,782</u>	<u>2,633</u>	<u>7,816</u>	<u>20,847</u>
<b>Total comprehensive income for the period</b>		<u>24,080</u>	<u>11,041</u>	<u>65,391</u>	<u>94,093</u>
<b>Earnings per ordinary share</b>		sen	sen	sen	sen
Basic	20	5.45	2.21	14.97	18.68
Diluted	20	5.45	2.21	14.97	18.68

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 September 2016 - unaudited**

	Note	As at end of Current Quarter 30/9/2016 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2015 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		349,434	356,132
Investment properties		66,330	67,887
Prepaid land lease payments		38,125	37,908
Investment in a joint venture		139,969	149,089
Investment in associates		1,024,021	984,916
Deferred tax assets		4,423	4,423
Goodwill on consolidation		182,358	182,358
Total Non-Current Assets		<u>1,804,660</u>	<u>1,782,713</u>
<b>Current Assets</b>			
Inventories		168,663	165,614
Trade & other receivables and prepaid expenses		177,106	169,901
Amount owing by associates		--	11
Tax recoverable		10,615	8,316
Cash and bank balances		232,225	211,801
Total Current Assets		<u>588,609</u>	<u>555,643</u>
<b>TOTAL ASSETS</b>	18	<b><u><u>2,393,269</u></u></b>	<b><u><u>2,338,356</u></u></b>

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 September 2016 - unaudited**

	Note	As at end of Current Quarter 30/9/2016 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2015 RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital		390,711	390,711
Reserves		1,207,043	1,172,911
Equity attributable to owners of the Company		1,597,754	1,563,622
Non-controlling interests		269,745	265,663
Total Equity		1,867,499	1,829,285
<b>Non-Current Liabilities</b>			
Long term borrowings	22	244,475	262,183
Deferred tax liabilities		5,063	5,063
Provision for retirement benefits		2,606	2,965
Hire purchase payables - non-current portion		3,970	43
Total Non-Current Liabilities		256,114	270,254
<b>Current Liabilities</b>			
Provision for liabilities		267	268
Short term borrowings	22	119,366	110,172
Trade & other payables and accrued expenses		147,697	126,672
Amount owing to holding company		180	192
Hire purchase payables - current portion		1,757	14
Tax liabilities		389	1,499
Total Current Liabilities		269,656	238,817
Total Liabilities	18	525,770	509,071
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,393,269</b>	<b>2,338,356</b>
<b>Net assets per share (RM)</b>		<b>4.09</b>	<b>4.00</b>

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 nine months ended 30 September 2016 - unaudited**

Note	Share capital RM'000	Non-distributable					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 premium RM'000	Warrants reserve RM'000	Foreign Exchange reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000				
<b>9 months ended 30 September 2015</b>										
<b>At 1 January 2015</b>	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	--	--	--	--	--	--	(42,978)	(42,978)	--	(42,978)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(3,143)	(3,143)
Profit for the period - restated	--	--	--	--	--	--	72,989	72,989	20,827	93,816
Other comprehensive income for the period	--	--	--	--	--	207	--	207	20	227
Other adjustment	--	--	--	--	--	--	--	--	(274)	(274)
Total comprehensive income	--	--	--	--	--	207	72,989	73,196	20,573	93,769
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	--	--
<b>At 30 September 2015</b>	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>--</u>	<u>38,416</u>	<u>181</u>	<u>1,115,897</u>	<u>1,590,290</u>	<u>270,455</u>	<u>1,860,745</u>
<b>9 months ended 30 September 2016</b>										
<b>At 1 January 2016</b>	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	--	--	--	--	--	--	(23,443)	(23,443)	--	(23,443)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	(4,074)	(4,074)
Profit for the period	--	--	--	--	--	--	58,504	58,504	7,975	66,479
Other comprehensive income/(loss) for the period	--	--	--	(13)	(978)	62	--	(929)	(159)	(1,088)
Total comprehensive income	--	--	--	(13)	(978)	62	58,504	57,575	7,816	65,391
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	340	340
<b>At 30 September 2016</b>	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>(13)</u>	<u>--</u>	<u>--</u>	<u>1,161,971</u>	<u>1,597,754</u>	<u>269,745</u>	<u>1,867,499</u>



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the nine months ended 30 September 2016 - unaudited**

	2016 9 months ended 30/9/2016 RM'000	2015 9 months ended 30/9/2015 RM'000
Note	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	66,479	93,816
Adjustments for :		
Income tax expense	5,142	17,749
Share of results of associates	(82,339)	(78,370)
Share of results of jointly controlled entity	(6,180)	(11,909)
Depreciation and amortisation	19,775	17,346
Non-operating items	<u>12,208</u>	<u>10,828</u>
Operating profit before working capital changes	15,085	49,460
Changes in working capital		
(Increase)/Decrease in trade & other receivables	(7,189)	79,242
(Increase) / Decrease in inventories	(5,845)	(63,462)
Increase / (Decrease) in trade & other payables	19,908	(36,015)
Net changes in other current assets & liabilities	(375)	362
Income tax refunded	640	950
Income tax paid	<u>(9,189)</u>	<u>(9,120)</u>
Net cash from operating activities	<u><u>13,035</u></u>	<u><u>21,417</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	42,147	49,149
Dividends received from jointly controlled entity	15,300	15,300
Interest income	4,943	4,791
Purchase of property, plant & equipment	(11,280)	(13,268)
Additions to prepaid lease payments	(627)	--
Additions to investment property	(400)	--
Proceeds from disposal of property, plant & equipment	42	--
Proceeds from disposal of other investment	--	373
Net cash from investing activities	<u><u>50,125</u></u>	<u><u>56,345</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(23,443)	(42,978)
Dividends paid to minorities of a subsidiary	(4,074)	(3,143)
Proceeds from issue of shares in a subsidiary to minorities	340	12
Finance costs	(14,043)	(15,565)
Bank borrowings	(8,515)	(13,916)
Hire-purchase payables	5,670	64
Net cash used in financing activities	<u><u>(44,065)</u></u>	<u><u>(75,526)</u></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	19,095	2,236
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>211,518</u>	<u>217,606</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<u><u>230,613</u></u>	<u><u>219,842</u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	23	232,225
Bank overdrafts		(1,612)
		<u><u>230,613</u></u>
		<u><u>219,842</u></u>

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

## **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 nine months ended 30 September 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 23 November 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**

A first interim tax exempted (single tier) dividend of 3 sen per share on 390,710,753 ordinary shares amounting to RM11,721,323 in respect of financial year ended 31 December 2016 was paid on 27 September 2016.

**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 30/9/2016	
		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 September 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 September 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 September 2016, the Group and the Company had the following transactions with related parties :

	Period ended 30/9/2016 RM'000
<b><u>Group</u></b>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	670,093
Sales to a subsidiary of Perodua	42
Sales to an associate of Perodua	13,692
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	19,893
Purchases from Toyota Tsusho Co., its subsidiaries and associates	5,292
Purchases from Toyota Tsusho (Malaysia), its subsidiaries and associates	1,012
Sales to Toyota Tsusho Co., its subsidiaries and associates	135
Central Motor Wheels Co, a minority shareholder:	
Royalty fee payable	124
Technical fee and design fee payable	--
Development expenses	--
<b><u>Company</u></b>	
Gross dividends from:	
- subsidiaries	24,284
- associates	32,228
Management fees from:	
- subsidiaries	108
- associates	90

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

**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 September 2016 is as follows :

	<u>RM'000</u>
Approved and contracted for	90
Approved and not contracted for	17,740
	<hr/>

**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 September 2016**

	<u>Motor Trading</u> RM'000	<u>Auto Parts Manufacturing</u> RM'000	<u>Property development</u> RM'000	<u>All others</u> RM'000	<u>Group</u> RM'000
Revenues from external customers	1,089,925	142,957	--	94	1,232,976
Results for reportable segments	12,260	(12,222)	--	(7,836)	(7,798)
Share of results of a jointly venture	--	6,180	--	--	6,180
Share of results of associates	82,339	--	--	--	82,339
Interest income	3,014	433	--	1,496	4,943
Finance costs	(1,252)	(3,601)	--	(9,190)	(14,043)
Profit/(loss) before tax for reportable segment	96,361	(9,210)	--	(15,530)	71,621
Depreciation and amortisation	(8,142)	(9,708)	--	(1,925)	(19,775)
Other significant non-cash items					
- Provisions	--	--	--	--	--
Capital expenditure	2,647	9,311	--	349	12,307
Segment assets	624,077	432,222	18,826	154,154	1,229,279
Jointly controlled entity	--	139,969	--	--	139,969
Investment in associates	978,959	45,062	--	--	1,024,021
Segment liabilities	(164,979)	(157,354)	(4,437)	(199,000)	(525,770)

**Period ended 30 September 2015**

	<u>Motor Trading</u> RM'000	<u>Auto Parts Manufacturing</u> RM'000	<u>Property development</u> RM'000	<u>All others</u> RM'000	<u>Group</u> RM'000
Revenues from external customers	1,107,979	129,326	139,703	330	1,377,338
Results for reportable segments	11,756	(6,860)	33,191	(6,029)	32,058
Share of results of a joint venture	--	11,909	--	--	11,909
Share of results of associates	78,370	--	--	--	78,370
Interest income	2,248	533	--	2,010	4,791
Finance costs	(1,424)	(2,965)	--	(11,176)	(15,565)
Profit/(loss) before tax for reportable segment	90,950	2,617	33,191	(15,195)	111,563
Depreciation and amortisation	(7,455)	(9,785)	(5)	(110)	(17,355)
Other significant non-cash items					
- Provisions	1	--	--	--	1
Capital expenditure	5,480	7,538	--	250	13,268
Segment assets	681,692	346,850	63,736	243,632	1,335,910
Jointly controlled entity	--	145,447	--	--	145,447
Investment in associates	934,625	45,542	--	--	980,167
Segment liabilities	(203,721)	(121,169)	(27,352)	(248,537)	(600,779)

**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 30/9/2016 RM'000	Period ended 30/9/2015 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,232,882	1,377,008
All others	94	330
Revenue, as reported	<u>1,232,976</u>	<u>1,377,338</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	(1,368)	36,479
All others	(15,530)	(15,195)
Share of results of jointly controlled entity	6,180	11,909
Share of results of associates	82,339	78,370
Profit before tax, as reported	<u>71,621</u>	<u>111,563</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,075,125	1,092,278
All others	154,154	243,632
Jointly controlled entity	139,969	145,447
Investment in associates	1,024,021	980,167
Total assets, as reported	<u>2,393,269</u>	<u>2,461,524</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	326,770	352,242
All others	199,000	248,537
Total liabilities, as reported	<u>525,770</u>	<u>600,779</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 30/9/2016 RM'000	Year to date 30/9/2016 RM'000
Current year's provision	2,004	5,142
Add :		
Under/(Over) provision in prior years	--	--
	2,004	5,142
Deferred taxation	--	--
Income tax expense	<u>2,004</u>	<u>5,142</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 30/9/2016 %	Year to date 30/9/2016 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(26.7)	(27.6)
Adjustment for tax applicable to share of results in jointly controlled entity	(1.3)	(2.1)
Expenses not deductible for tax purpose / (Income not subject to tax)	11.7	12.8
	<u>7.7</u>	<u>7.1</u>

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

	Quarter ended		Year to date 9 months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
<b>Basic earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	21,298	8,623	58,504	72,989
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)	5.45	2.21	14.97	18.68

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

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

	Quarter ended		Year to date 9 months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
<b>Diluted earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	21,298	8,623	58,504	72,989
Adjusted weighted average number of ordinary shares in issue and issuable	390,711	390,711	390,711	390,711
Diluted earnings per share (sen)	5.45	2.21	14.97	18.68

	No of ordinary shares of RM1.00 each	
	30/9/2016	30/9/2015
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	121,123	248,445
Unsecured	--	--
Total	<u>121,123</u>	<u>248,445</u>



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

**23. Cash and Cash Equivalents**

	The Group As at	
	30/9/2016 RM'000	30/9/2015 RM'000
Cash on hand and at at banks	91,492	74,774
Deposits with licensed banks	140,733	147,800
Cash and bank balances	232,225	222,574
Less : Bank overdrafts	(1,612)	(2,732)
Cash and cash equivalents	<u>230,613</u>	<u>219,842</u>
Cash and bank balances	232,225	222,574
Less :		
Total borrowings*	(369,568)	(397,403)
Net cash position (after total borrowings)	<u>(137,343)</u>	<u>(174,829)</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 16 November 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 30 September 2016 into realised and unrealised profits or losses.

	30/9/2016	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	646,101	345,011
Unrealised	(3,873)	(1,400)
Total retained earnings from the jointly controlled entity		
Realised	88,059	--
Unrealised	--	--
Total retained earnings from the associates		
Realised	835,125	--
Unrealised	(81,889)	--
Less : Consolidation adjustments	<u>(321,552)</u>	<u>--</u>
Total retained earnings as per statement of financial position	<u>1,161,971</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 9 months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,719	1,945	4,943	4,791
b) Interest expense	(4,754)	(5,013)	(14,043)	(15,565)
c) Depreciation and amortisation	(13,871)	(11,902)	(19,775)	(17,346)

**28. Dividend**

The Board did not declare any dividend during the current quarter.

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

**WONG PEIR CHYUN  
 COMPANY SECRETARY  
 KUALA LUMPUR  
 DATED : 23 NOVEMBER 2016**