



**QUARTERLY ANNOUNCEMENT**  
**For the fourth quarter ended 31 December 2016**

**Summary**

- The Group's revenue improved 2.3% mainly due to higher volume from the Auto Parts Manufacturing Division
- The joint venture's results improved due to recovery of foreign exchange related costs
- The associates' results improved substantially due to better margin and new model sales
- Profit before tax decreased by 58.1% mainly due to impairment and provisions made

**Results**

	Quarter ended 31 Dec			Year to date ended 31 Dec		
	2016	2015	Change	2016	2015	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	447.7	437.7	2.3	1,680.7	1,815.1	(7.4)
On going business	447.7	433.5	3.3	1,680.7	1,671.2	0.6
One-off property contribution	--	4.2	->100.0	--	143.9	->100.0
Profit before tax	7.8	18.7	(58.1)	79.4	130.2	(39.0)
On going business	7.8	6.0	31.0	79.4	84.3	(5.8)
One-off property contribution	--	12.7	->100.0	--	45.9	->100.0
Profit for the period	5.3	11.2	(52.9)	71.7	105.0	(31.7)
Profit attributable to owners of the Company	3.5	11.0	(68.0)	62.0	84.0	(26.2)
	Sen	Sen		Sen	Sen	
Basic earnings per share	0.9	2.8	(68.1)	15.9	21.5	(26.1)
	As at 31 Dec 2016 RM mil	As at 31 Dec 2015 RM mil				
Equity attributable to owners of the Company	1,601.3	1,563.6	2.4			
	RM	RM				
Net assets per share	4.10	4.00	2.4			
	2nd Interim 2016 Sen	2nd Interim 2015 Sen		YTD 2016 Sen	YTD 2015 Sen	
Dividend per share	3.0	3.0	--	6.0	10.0	(40.0)

**Performance of sales by operations**

	Q4'16 vs Q3'16	Q4'16 vs Q4'15	YTD Dec'16 vs YTD Dec'15
<b>Total Industry Volume (TIV) **</b>	+ 13.1	- 10.8	- 13.0
<b>Total Industry Production (TIP) **</b>	+ 27.6	+ 4.6	- 11.3
<b>Total Group's Vehicles Sales</b>	+ 3.1	- 10.9	- 5.9
<b>Subsidiaries</b>			
DMSB - Daihatsu & Hino trucks	+ 12.6	- 28.3	- 12.0
DMMS Perodua vehicles	+ 3.3	- 8.4	- 4.9
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 4.4	- 26.5	- 12.1
HASB	- 8.6	+ 7.3	- 0.3
OMI	+ 26.1	+ 40.5	+ 19.4
Service throughputs	- 2.4	- 5.2	- 0.6
<b>Joint Venture</b>			
AHSB	+ 48.2	+ 12.3	- 16.9
<b>Associated companies</b>			
Perodua vehicles	+ 1.9	+ 7.9	- 3.6
Hino trucks and buses	+ 53.7	- 17.7	- 4.9

**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 fourth quarter ended 31 December 2016**

**Group Financial Performance**

**Fourth quarter ended 31 December 2016 compared with fourth quarter ended 31 December 2015**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 31-Dec-16 RM'000	Quarter ended 31-Dec-15 RM'000	Change %	Quarter ended 31-Dec-16 RM'000	Quarter ended 31-Dec-15 RM'000	Change %
Consolidated Total	447,743	437,730	2.3	7,819	18,672	(58.1)
<b><u>Business segments:</u></b>						
Motor Trading	388,714	389,141	(0.1)	(4,093)	(10,140)	(59.6)
Auto Parts Manufacturing	58,991	44,691	32.0	(11,486)	(4,000)	(187.2)
Share of results of a joint venture				5,527	3,642	51.8
Share of results of associates				46,142	23,691	94.8
Others	38	3,898		(28,271)	5,479	616.0

**Group**

For the current quarter, the Group's revenue improved by 2.3% to RM447.7 million against the corresponding quarter. PBT was lower by 58.1% to RM7.8 million mainly due to one-off impairment amounting to RM30.3 million. The PBT was also supported by improved results from associates and joint venture.

The Group's share of associates' results recorded a 94.8% improvement to RM46.1 million mainly due to better margin and new model sales and better results from Hino.

The share of the joint venture's results increased by 51.8% to RM5.5 million due to the recovery of foreign exchange related costs.

**Motor Trading**

Revenue for the current quarter decreased marginally by RM0.4 million. This was affected by softer demand in passenger cars as reflected by a 10.8% contraction in the total industry volume in Malaysia against the corresponding quarter in 2015. This is however mitigated by the continuing strong demand for the Volvo XC90.

PBT however, improved by RM6.0 million compared to the corresponding quarter. This is mainly contributed by higher aftersales revenue and lower provisions made at year end.

**Auto Parts Manufacturing**

Revenue for the quarter increased by RM14.3 million or 32.0% against the corresponding quarter. Loss for the quarter increased by RM7.5 million to RM11.5 million.

Although the delivery of alloy wheels had increased in Q4 2016, the Division was still incurring losses as it's alloy wheel plant continued to operate below optimal level.

**QUARTERLY ANNOUNCEMENT**

**For the fourth quarter ended 31 December 2016**

**Fourth quarter ended 31 December 2016 against previous quarter ended 30 September 2016**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 31-Dec-16 RM'000	Quarter ended 30-Sep-16 RM'000	Change %	Quarter ended 31-Dec-16 RM'000	Quarter ended 30-Sep-16 RM'000	Change %
Consolidated Total	447,743	431,940	3.7	7,819	26,081	(70.0)
<u>Business segments:</u>						
Motor Trading	388,714	383,020	1.5	(4,093)	5,350	(176.5)
Auto Parts Manufacturing	58,991	48,886	20.7	(11,486)	(5,412)	(112.2)
Share of results of a joint venture				5,527	1,378	301.1
Share of associates' results				46,142	29,020	59.0
Others	38	34		(28,271)	(4,255)	(564.4)

**Group**

The Group recorded an improvement of RM15.8 million or 3.7% in revenue against Q3 2016 mainly due to higher revenue from its Auto Parts Manufacturing Division. PBT however, was lower by RM18.3 million or 70.0% resulting mainly from the RM30.3 million impairment. Excluding the impairment adjustments, the Group's PBT would have been higher by RM12.0 million or 46.0% as compared to Q3 2016.

**Motor Trading**

The revenue for current quarter increased by RM5.7 million or 1.5% against preceding quarter, whereas the third quarter results declined by RM9.4 million or 176.5% to a loss.

The loss was due mostly to provisions made in slow moving stocks and receivables amounting to RM9.4 million. Excluding these provisions, the operating PBT for the current quarter would have been RM5.3 million which is comparable to the preceding quarter.

**Auto Parts Manufacturing**

The Division's revenue increase by RM10.1 million or 20.7% against the preceding quarter. The higher revenue is driven by increased production volume by its major customers and added volume from Saga and Persona which was launched towards the end of last quarter. Losses for the current quarter however widened by RM6.1 million or 112.2%.

The Division continues to strive towards optimal production in the alloy wheel plant.

**PROSPECTS**

The market conditions remain challenging and these challenges are expected to persist in the coming year given the expectation of softer domestic demand for passenger cars. Volatility in the Ringgit will also put pressure on costs of imported components and materials.

Despite the challenging environment, new model launches by the brands within the Group are expected to contribute positively. This together with added volumes from supply to new models by the Auto Parts Manufacturing Division will remain the key drivers for growth. Further, expected improvement in aftersales service and continuous cost management will also be the Group's focus in the coming year.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the twelve months ended 31 December 2016 - unaudited**

		Current Quarter Ended 31/12/2016 RM'000	Comparative Quarter Ended 31/12/2015 RM'000	12 months Cumulative To Date 31/12/2016 RM'000	(Audited) Comparative 12 months Cumulative To Date 31/12/2015 RM'000
	Note				
Revenue	18	447,743	437,730	1,680,719	1,815,068
Cost of sales		<u>(423,808)</u>	<u>(401,439)</u>	<u>(1,569,962)</u>	<u>(1,656,069)</u>
Gross profit		23,935	36,291	110,757	158,999
Other income		11,921	13,215	29,345	33,666
Administrative and other expenses		(60,403)	(37,928)	(127,693)	(103,610)
Selling and marketing expenses		(16,200)	(16,915)	(60,954)	(62,332)
Finance costs		(4,464)	(4,946)	(18,507)	(20,511)
Interest income		1,361	1,620	6,304	6,411
Share of results of a joint venture, net of tax		5,527	3,642	11,707	15,551
Share of results of associates, net of tax		<u>46,142</u>	<u>23,691</u>	<u>128,481</u>	<u>102,061</u>
<b>Profit before tax</b>	18	<u>7,819</u>	<u>18,670</u>	<u>79,440</u>	<u>130,235</u>
Income tax expense	19	<u>(2,562)</u>	<u>(7,515)</u>	<u>(7,704)</u>	<u>(25,264)</u>
<b>Profit for the period</b>		<u>5,257</u>	<u>11,155</u>	<u>71,736</u>	<u>104,971</u>
<b>Profit attributable to:</b>					
Owners of the Company		3,523	11,013	62,027	84,002
Non-controlling interests		<u>1,734</u>	<u>142</u>	<u>9,709</u>	<u>20,969</u>
<b>Profit for the period</b>		<u>5,257</u>	<u>11,155</u>	<u>71,736</u>	<u>104,971</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 twelve months ended 31 December 2016 - unaudited**

	Note	Current Quarter Ended 31/12/2016 RM'000	Comparative Quarter Ended 31/12/2015 RM'000	12 months Cumulative To Date 31/12/2016 RM'000	(Audited) Comparative 12 months Cumulative To Date 31/12/2015 RM'000
<b>Profit for the period</b>		5,257	11,155	71,736	104,971
<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		(28)	(277)	(43)	--
Net gain/(loss) on cash flow hedges and revaluation of an associate		57	289	(1,016)	289
<b>Other comprehensive income for the period, net of tax</b>		29	12	(1,059)	289
<b>Total comprehensive income for the period</b>		<u>5,286</u>	<u>11,167</u>	<u>70,677</u>	<u>105,260</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,497	11,017	61,072	84,263
Non-controlling interests		1,789	150	9,605	20,997
<b>Total comprehensive income for the period</b>		<u>5,286</u>	<u>11,167</u>	<u>70,677</u>	<u>105,260</u>
<b>Earnings per ordinary share</b>		sen	sen	sen	sen
Basic	20	0.90	2.82	15.88	21.50
Diluted	20	0.90	2.82	15.88	21.50

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 31 December 2016 - unaudited**

	Note	As at end of Current Quarter 31/12/2016 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		354,307	356,132
Investment properties		68,368	67,887
Prepaid land lease payments		37,365	37,908
Investment in a joint venture		145,496	149,089
Investment in associates		1,057,185	984,916
Deferred tax assets		4,423	4,423
Goodwill on consolidation		157,508	182,358
Total Non-Current Assets		<u>1,824,652</u>	<u>1,782,713</u>
<b>Current Assets</b>			
Inventories		190,964	165,614
Trade & other receivables and prepaid expenses		167,637	169,901
Amount owing by associates		--	11
Tax recoverable		12,649	8,316
Cash and bank balances		167,032	211,801
Total Current Assets		<u>538,282</u>	<u>555,643</u>
<b>TOTAL ASSETS</b>	18	<b><u><u>2,362,934</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 31 December 2016 - unaudited**

	Note	As at end of Current Quarter 31/12/2016 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		1,210,635	1,172,911
Equity attributable to owners of the Company		1,601,346	1,563,622
Non-controlling interests		266,874	265,663
Total Equity		1,868,220	1,829,285
<b>Non-Current Liabilities</b>			
Long term borrowings	22	201,277	262,183
Deferred tax liabilities		5,063	5,063
Provision for retirement benefits		3,055	2,965
Hire purchase payables - non-current portion		3,517	43
Total Non-Current Liabilities		212,912	270,254
<b>Current Liabilities</b>			
Provision for liabilities		268	268
Short term borrowings	22	170,003	110,172
Trade & other payables and accrued expenses		109,550	126,672
Amount owing to holding company		55	192
Hire purchase payables - current portion		1,787	14
Tax liabilities		139	1,499
Total Current Liabilities		281,802	238,817
Total Liabilities	18	494,714	509,071
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,362,934</b>	<b>2,338,356</b>
<b>Net assets per share (RM)</b>		<b>4.10</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 twelve months ended 31 December 2016 - unaudited**

Note	Share capital RM'000	Share premium RM'000	/----- Non-distributable -----/				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
			Warrants reserve RM'000	Share Grant reserve RM'000	Foreign Exchange reserve RM'000							
<b>12 months ended 31 December 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	
Dividends distributed to owners of the Company	--	--	--	--	--	--	--	(42,978)	(42,978)	--	(42,978)	
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	--	(8,371)	(8,371)	
Profit for the period	--	--	--	--	--	--	--	84,002	84,002	20,969	104,971	
Other comprehensive income for the period	--	--	--	--	--	297	(36)	--	261	28	289	
Total comprehensive income	--	--	--	--	--	297	(36)	84,002	84,263	20,997	105,260	
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	--	12	12	
<b>At 31 December 2015</b>	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>--</u>	<u>--</u>	<u>978</u>	<u>(62)</u>	<u>1,126,910</u>	<u>1,563,622</u>	<u>265,663</u>	<u>1,829,285</u>	
<b>12 months ended 31 December 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	
Share-based compensation	--	--	--	95	--	--	--	--	95	--	95	
Dividends distributed to owners of the Company	--	--	--	--	--	--	--	(23,443)	(23,443)	--	(23,443)	
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	--	(8,734)	(8,734)	
Profit for the period	--	--	--	--	--	--	--	62,027	62,027	9,709	71,736	
Other comprehensive income/(loss) for the period	--	--	--	--	--	(39)	(978)	62	(955)	(104)	(1,059)	
Total comprehensive income	--	--	--	--	--	(39)	(978)	62,027	61,072	9,605	70,677	
Warrants exercised in a subsidiary	--	--	--	--	--	--	--	--	--	340	340	
<b>At 31 December 2016</b>	<u>390,711</u>	<u>500</u>	<u>44,585</u>	<u>95</u>	<u>(39)</u>	<u>--</u>	<u>--</u>	<u>1,165,494</u>	<u>1,601,346</u>	<u>266,874</u>	<u>1,868,220</u>	

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



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the twelve months ended 31 December 2016 - unaudited**

	2016 12 months ended 31/12/2016 Note	2015 12 months ended 31/12/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	71,736	104,971
Adjustments for :		
Income tax expense	7,704	25,264
Share of results of associates	(128,481)	(102,061)
Share of results of jointly controlled entity	(11,707)	(15,551)
Depreciation and amortisation	26,931	23,399
Other Non-cash items	42,455	20,124
Non-operating items	12,617	14,077
Operating profit before working capital changes	21,255	70,223
Changes in working capital		
(Increase)/Decrease in property development costs	--	80,960
(Increase)/Decrease in trade & other receivables	(3,101)	(15,347)
(Increase) / Decrease in inventories	(32,193)	18,043
Increase / (Decrease) in trade & other payables	(18,450)	(103,056)
Net changes in other current assets & liabilities	(36)	(547)
Income tax refunded	76	287
Income tax paid	(13,474)	(12,601)
Net cash from operating activities	<u>(45,923)</u>	<u>37,962</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates	55,097	68,153
Dividends received from jointly controlled entity	15,300	15,301
Interest income	6,304	6,411
Purchase of property, plant & equipment	(30,619)	(17,240)
Additions to investment property	(400)	(1,275)
Proceeds from disposal of property, plant & equipment	76	703
Proceeds from disposal of other investment	--	1,000
Net cash from investing activities	<u>45,758</u>	<u>73,053</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(23,443)	(42,978)
Dividends paid to minorities of a subsidiary	(8,734)	(8,371)
Proceeds from issue of shares in a subsidiary to minorities	340	12
Finance costs	(18,507)	(20,011)
Bank borrowings	(1,076)	(44,028)
Hire-purchase payables	5,247	(13)
Net cash used in financing activities	<u>(46,173)</u>	<u>(115,389)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(46,338)</b>	<b>(4,374)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>211,518</b>	<b>215,892</b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>165,180</b>	<b>211,518</b>
Cash and cash equivalents comprise :		
Cash and bank balances	23 167,032	211,801
Bank overdrafts	(1,852)	(283)
	<u>165,180</u>	<u>211,518</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 twelve months ended 31 December 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 22 February 2017.

### **1. Basis of preparation**

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 31/12/2016	
		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 31 December 2016	1.00	<u>390,711</u>	<u>390,711</u>

**a) Warrants**

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

**b) Long-Term Incentive Plan**

Based on the EGM held on 19 November 2014, the shareholders of the Company approved the establishment of a Long-Term Incentive Plan ("LTIP") for eligible employees and Executive Directors of the Group.

The LTIP is comprised of two types of share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The total number of shares which may be granted under both plans shall not exceed in aggregate 10% of the issued and paid-up ordinary share capital of the Company.

On 26 September 2016, 1,182,300 ordinary shares of the Company were granted, comprising

- (i) 174,700 Restricted Shares ("RS") and,
- (ii) 1,007,600 Performance Shares ("PS").

The RS were vested on 31 December 2016 with the ordinary shares of the Company being issued on 16 January 2017. The PS will be vested on 30 April 2019, subject to the approval of the LTIP committee based on the vesting conditions of the PSP.

**9. Subsequent material events**

There were no material events or transaction during the period from 31 December 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 31 December 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.

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

**11. Significant related party transactions**

During the period ended 31 December 2016, the Group and the Company had the following transactions with related parties :

	Period ended 31/12/2016 <u>RM'000</u>
<b><u>Group</u></b>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	891,535
Sales to a subsidiary of Perodua	58
Sales to an associate of Perodua	19,778
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	29,519
Purchases from Toyota Tsusho Co., its subsidiaries and associates	6,881
Purchases from Toyota Tsusho (Malaysia), its subsidiaries and associates	1,086
Sales to Toyota Tsusho Co., its subsidiaries and associates	157
Royalty fee payable to Central Motor Wheels Co, a minority shareholder	<u>306</u>
<b><u>Company</u></b>	
Gross dividends from:	
- subsidiaries	29,232
- associates	42,588
Management fees from:	
- subsidiaries	144
- associates	<u>120</u>

**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 31 December 2016 is as follows :

	<u>RM'000</u>
Approved and contracted for	--
Approved and not contracted for	<u>19,488</u>

**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 31 December 2016**

	Motor Trading	Auto Parts Manufacturing	Property development	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,478,639	201,948	--	132	1,680,719
Results for reportable segments	7,895	(22,516)	(500)	(33,424)	(48,545)
Share of results of a jointly venture	--	11,707	--	--	11,707
Share of results of associates	129,045	(564)	--	--	128,481
Interest income	3,775	559	--	1,970	6,304
Finance costs	(1,741)	(4,919)	--	(11,847)	(18,507)
Profit/(loss) before tax for reportable segment	138,974	(15,733)	(500)	(43,301)	79,440
Depreciation and amortisation	(11,078)	(13,263)	(33)	(2,557)	(26,931)
Other significant non-cash items					
- Inventory written down	(6,845)	--	--	--	(6,845)
- Impairment loss of goodwill	--	--	--	(24,850)	(24,850)
- Impairment loss of property, plant and equipment	--	(5,400)	--	--	(5,400)
- Allowance for doubtful debts	(5,360)	--	--	--	(5,360)
- Allowance for slow moving inventories	--	--	--	--	--
Capital expenditure	6,912	23,778	--	329	31,019
Segment assets	605,612	396,547	18,982	139,112	1,160,253
Jointly controlled entity	--	145,496	--	--	145,496
Investment in associates	1,012,123	45,062	--	--	1,057,185
Segment liabilities	(153,944)	(158,328)	(4,748)	(177,694)	(494,714)

**Period ended 31 December 2015**

	Motor Trading	Auto Parts Manufacturing	Property development	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	1,497,120	174,017	143,859	72	1,815,068
Results for reportable segments	1,006	(9,987)	45,922	(10,218)	26,723
Share of results of a joint venture	--	15,551	--	--	15,551
Share of results of associates	99,786	2,275	--	--	102,061
Interest income	3,176	657	8	2,570	6,411
Finance costs	(1,742)	(3,962)	--	(14,807)	(20,511)
Profit/(loss) before tax for reportable segment	102,226	4,534	45,930	(22,455)	130,235
Depreciation and amortisation	(10,324)	(12,350)	(19)	(706)	(23,399)
Other significant non-cash items					
- Inventory written down	(5,866)	--	--	--	(5,866)
- Impairment loss of goodwill	(2,049)	--	--	--	(2,049)
- Impairment loss of property, plant and equipment	--	--	--	(1,667)	(1,667)
- Allowance for doubtful debts	(9,969)	--	--	--	(9,969)
- Allowance for slow moving inventories	(573)	--	--	--	(573)
Capital expenditure	6,790	10,806	103	1,543	19,242
Segment assets	609,057	421,449	22,649	151,196	1,204,351
Jointly controlled entity	--	149,089	--	--	149,089
Investment in associates	937,078	47,838	--	--	984,916
Segment liabilities	(157,957)	(120,227)	(9,528)	(221,359)	(509,071)

**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 31/12/2016 RM'000	Period ended 31/12/2015 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	1,680,587	1,814,996
All others	132	72
Revenue, as reported	<u>1,680,719</u>	<u>1,815,068</u>
<u>Profit or loss</u>		
Total profit for Group's reportable segments, including finance costs and interest income	(17,447)	35,078
All others	(43,301)	(22,455)
Share of results of jointly controlled entity	11,707	15,551
Share of results of associates	128,481	102,061
Profit before tax, as reported	<u>79,440</u>	<u>130,235</u>
<u>Assets</u>		
Total assets for Group's reportable segments	1,021,141	1,053,155
All others	139,112	151,196
Jointly controlled entity	145,496	149,089
Investment in associates	1,057,185	984,916
Total assets, as reported	<u>2,362,934</u>	<u>2,338,356</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	317,020	287,712
All others	177,694	221,359
Total liabilities, as reported	<u>494,714</u>	<u>509,071</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 31/12/2016 RM'000	Year to date 31/12/2016 RM'000
Current year's provision	2,562	7,704
Add :		
Under/(Over) provision in prior years	--	--
	2,562	7,704
Deferred taxation	--	--
Income tax expense	<u>2,562</u>	<u>7,704</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 31/12/2016 %	Year to date 31/12/2016 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(141.6)	(38.8)
Adjustment for tax applicable to share of results in jointly controlled entity	(17.0)	(3.5)
Expenses not deductible for tax purpose / (Income not subject to tax)	167.4	28.1
Tax effect on utilisation of previously unrecognised deferred tax assets and reinvestment allowances	--	--
Overprovision of income tax in prior year	--	--
Underprovision of deferred tax in prior year	--	--
	<u>32.8</u>	<u>9.8</u>

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

	Quarter ended		Year to date 12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<b>Basic earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	3,523	11,013	62,027	84,002
Weighted average number of ordinary shares ('000)	390,711	390,711	390,711	390,711
Bonus issue	--	-	--	--
Effect of exercise of rights issue #	--	-	--	--
	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>	<u>390,711</u>
Basic earnings per share (sen)	0.90	2.82	15.88	21.50

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

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

	Quarter ended		Year to date 12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<b>Diluted earnings per ordinary share</b>				
Profit attributable to ordinary shareholders (RM'000)	3,523	11,013	62,027	84,002
Adjusted weighted average number of ordinary shares in issue and issuable	390,711	390,711	390,711	390,711
Diluted earnings per share (sen)	0.90	2.82	15.88	21.50

	No of ordinary shares of RM1.00 each	
	31/12/2016	31/12/2015
Weighted average number of ordinary shares	390,710,753	390,710,753
Bonus issue	--	--
Effect of exercise of rights issue #	--	--
Adjustment for assumed exercise of ESOS	--	--
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	171,790	204,794
Unsecured	--	--
Total	<u>171,790</u>	<u>204,794</u>



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

**23. Cash and Cash Equivalents**

	The Group As at	
	31/12/2016 RM'000	31/12/2015 RM'000
Cash on hand and at at banks	67,372	75,163
Deposits with licensed banks	99,660	136,638
Cash and bank balances	167,032	211,801
Less : Bank overdrafts	(1,852)	(283)
Cash and cash equivalents	<u>165,180</u>	<u>211,518</u>
Cash and bank balances	167,032	211,801
Less :		
Total borrowings*	(376,584)	(372,412)
Net cash position (after total borrowings)	<u>(209,552)</u>	<u>(160,611)</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 15 February 2017, 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 December 2016 into realised and unrealised profits or losses.

	31/12/2016	
	The Group RM'000	The Company RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	599,689	345,011
Unrealised	(3,873)	(1,400)
Total retained earnings from the jointly controlled entity		
Realised	93,586	--
Unrealised	--	--
Total retained earnings from the associates		
Realised	881,267	--
Unrealised	(81,889)	--
Less : Consolidation adjustments	<u>(323,286)</u>	<u>--</u>
Total retained earnings as per statement of financial position	<u>1,165,494</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 utilised by the subsidiaries, which are secured by such guarantees, amount to RM150,872,000. 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 12 months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,361	1,620	6,304	6,411
b) Interest expense	(4,464)	(4,946)	(18,507)	(20,511)
c) Depreciation and amortisation	(7,156)	(6,053)	(26,931)	(23,399)
d) Impairment loss of goodwill	(24,850)	(2,049)	(24,850)	(2,049)
e) Impairment of property, plant and equipment	(5,400)	(1,667)	(5,400)	(1,667)
f) Allowance for doubtful debts	(5,360)	(9,969)	(5,360)	(9,969)
g) Allowance for slow moving inventories	--	(573)	--	(573)
h) Inventories written down	(4,049)	(5,866)	(6,845)	(5,866)

**29. Dividend**

The Board is pleased to declare a second interim dividend of 3.0 sen per share tax exempted (single tier dividend) amounting to approximately RM11,726,564 for the year ending 31 December 2016.

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

**WONG PEIR CHYUN  
 COMPANY SECRETARY  
 KUALA LUMPUR  
 DATED : 22 FEBRUARY 2017**