



QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2017

Summary

- The Group's revenue improved 11.8% mainly due to exceptional sales of premium vehicles
- The joint venture's results improved due to higher sales volume
- The associates' results is marginally lower due to lower production volume
- As a result, profit before tax improved by 3.1%

Results

| | Quarter ended | | | Year to date ended | | |
|--|--------------------------------|--------------------------------|--------|--------------------|--------|--------|
| | 31 Mar | | | 31 Mar | | |
| | 2017 | 2016 | Change | 2017 | 2016 | Change |
| | RM mil | RM mil | % | RM mil | RM mil | % |
| Revenue | 418.1 | 373.9 | 11.8 | 418.1 | 373.9 | 11.8 |
| Profit before tax | 22.6 | 21.9 | 3.1 | 22.6 | 21.9 | 3.1 |
| Profit for the period | 21.0 | 20.9 | 0.7 | 21.0 | 20.9 | 0.7 |
| Profit attributable to owners of the Company | 19.4 | 18.4 | 5.6 | 19.4 | 18.4 | 5.6 |
| Basic earnings per share | Sen | Sen | | Sen | Sen | |
| | 5.0 | 4.7 | 5.5 | 5.0 | 4.7 | 5.5 |
| Equity attributable to owners of the Company | As at 31 Mar 2017 RM mil | As at 31 Dec 2016 RM mil | | | | |
| | 1,613.6 | 1,605.8 | 0.5 | | | |
| Net assets per share | RM | RM | | | | |
| | 4.13 | 4.11 | 0.4 | | | |

Performance of sales by operations

| % Changes * | Q1'17 | Q1'17 | YTD Mar'17 |
|--|-------------|-------------|------------------|
| | vs Q4'16 | vs Q1'16 | vs YTD Mar'16 |
| Total Industry Volume (TIV) ** | - 12.9 | + 7.3 | + 7.3 |
| Total Industry Production (TIP) ** | - 12.8 | + 6.5 | + 6.5 |
| Total Group's Vehicles Sales | - 10.8 | - 3.2 | - 3.2 |
| Subsidiaries | | | |
| DMSB - Daihatsu & Hino trucks | - 15.2 | - 25.7 | - 25.7 |
| DMMS Perodua vehicles | - 11.8 | - 1.1 | - 1.1 |
| Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles | + 5.6 | - 10.6 | - 10.6 |
| HASB | - 7.6 | + 1.8 | + 1.8 |
| OMI | - 20.4 | + 32.8 | + 32.8 |
| Service throughputs | + 2.8 | - 0.2 | - 0.2 |
| Joint Venture | | | |
| AHSB | - 27.0 | + 3.2 | + 3.2 |
| Associated companies | | | |
| Perodua vehicles | + 8.7 | + 3.1 | + 3.1 |
| Hino trucks and buses | - 11.8 | + 15.3 | + 15.3 |

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) 2017 and 2016

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2017

Group Financial Performance

First quarter ended 31 March 2017 compared with first quarter ended 31 March 2016

| | Revenue | | | Profit Before Tax ("PBT") | | |
|--|--------------------------------------|--------------------------------------|-------------|--------------------------------------|--------------------------------------|-------------|
| | Quarter ended 31-Mar-17 RM'000 | Quarter ended 31-Mar-16 RM'000 | Change % | Quarter ended 31-Mar-17 RM'000 | Quarter ended 31-Mar-16 RM'000 | Change % |
| Consolidated Total | 418,072 | 373,936 | 11.8 | 22,622 | 21,941 | 3.1 |
| <u>Business segments:</u> | | | | | | |
| Motor Trading | 370,087 | 336,349 | 10.0 | 4,457 | 2,776 | 60.6 |
| Auto Parts Manufacturing | 47,884 | 37,557 | 27.5 | (6,284) | (4,487) | (40.0) |
| Share of results of a joint venture | | | | 2,380 | 2,202 | 8.1 |
| Share of results of associates | | | | 26,109 | 27,493 | (5.0) |
| Others | 101 | 30 | | (4,040) | (6,043) | 33.1 |

Group

For the quarter under review, the Group's revenue improved by 11.8% or RM44.1 million to RM418.1 million against the corresponding quarter. PBT is also higher by 3.1% to close at RM22.6 million .

The Group's share of associates' results recorded a 5.0% contraction to RM26.1 million.

Motor Trading

Revenue for the current quarter increased by 10.0% or RM33.7 million to RM370.1 million as compared to the corresponding quarter due mainly to model mix with exceptional sales of Volvo XC90 and supported by volume sales in lower priced segment, as well as better aftersales revenue.

As a result, PBT also improved by 51.9% or RM1.4 million to RM4.2 million compared to the corresponding quarter.

Auto Parts Manufacturing

Revenue for the quarter increased by 27.5% or RM10.3 million to RM47.9 million against the corresponding quarter driven by higher production and sales at both our tyre assembly and wheel manufacturing plants.

Despite the higher production, the Division incurred higher losses for the quarter by RM1.8 million to close at a loss of RM6.3 million. The higher losses were primarily attributable to the losses incurred at our alloy wheel plant. However, various measures are currently being taken to mitigate the losses and have yet to take effect in the current quarter under review.

QUARTERLY ANNOUNCEMENT
For the first quarter ended 31 March 2017

First quarter ended 31 March 2017 against previous quarter ended 31 December 2016

| | Revenue | | | Profit Before Tax ("PBT") | | |
|--|--------------------------------------|--------------------------------------|-------------|--------------------------------------|--------------------------------------|-------------|
| | Quarter ended 31-Mar-17 RM'000 | Quarter ended 31-Dec-16 RM'000 | Change % | Quarter ended 31-Mar-17 RM'000 | Quarter ended 31-Dec-16 RM'000 | Change % |
| Consolidated Total | 418,072 | 437,228 | (4.4) | 22,622 | 11,135 | 103.2 |
| <u>Business segments:</u> | | | | | | |
| Motor Trading | 370,087 | 378,219 | (2.2) | 4,457 | (1,652) | 369.8 |
| Auto Parts Manufacturing | 47,884 | 58,971 | (18.8) | (6,284) | (10,329) | 39.2 |
| Share of results of a joint venture | | | | 2,380 | 5,527 | (56.9) |
| Share of associates' results | | | | 26,109 | 48,846 | (46.5) |
| Others | 101 | 38 | | (4,040) | (31,257) | 87.1 |

Group

Revenue for the Group was lower against the preceding quarter by RM19.1 million or 4.4%.

PBT however, was higher by RM11.5 million at RM 22.6 million largely due to the one-off impairment of RM30.3 million recognised in Q4 2016. Excluding the impairment adjustments from the preceding quarter, the Group's PBT for the current quarter was lower by RM18.8 million as compared to Q4 2016 primarily due to lower share of associate's results by RM22.7 million in the current quarter.

Motor Trading

The revenue for current quarter was marginally lower by 2.2% or RM8.1 million against the preceding quarter. The Division's result was however higher by RM6.1 million to RM4.5 million.

In the preceding quarter, provisions were made in slow moving stocks and receivables, thus resulting in a loss. Excluding these provisions, the operating PBT for the preceding quarter would have been comparable to the current quarter.

Auto Parts Manufacturing

In line with the lower industry production volume in the current quarter, the Division's revenue decreased by 18.8% or RM11.1 million against the preceding quarter. The lower revenue is a result of lower production demand from major customers.

In Q4 2016, RM5.4 million of impairment loss was recognised. Excluding this impairment adjustment, the loss for the current quarter against the preceding quarter was slightly higher by 27.5% or RM1.4 million mostly resulting from the aforesaid lower production volume and the below optimal operating conditions in its Alloy Wheel plant.

PROSPECTS

The market environment remained challenging during the first quarter of 2017 especially towards purchasing of big-ticket items such as new motor vehicles. Although domestic economy data has indicated some improvements, intense competition in the domestic market and strict hire-purchase approvals, among others, will continue to be the headwinds to the Group's performance in the coming quarters.

Nevertheless, new model launches by the brands within the Group in the coming quarters and concerted effort to improve aftersales revenue are expected to contribute positively to the Group's performance. The Group is also taking various measures to improve the production efficiency at its manufacturing plants and to secure higher volume to achieve more sustainable margin. All these measures are meant to strengthen the Group's operational performance moving forward.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2017 - unaudited

| | | (Unaudited) | | (Unaudited) |
|--|----------------------|----------------------|----------------------|----------------------|
| | Current | Comparative | 3 months | Comparative |
| | Quarter | Quarter | Cumulative | 3 months |
| | Ended | Ended | To Date | Cumulative |
| | 31/3/2017 | 31/3/2016 | 31/3/2017 | To Date |
| Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 418,072 | 373,936 | 418,072 | 373,936 |
| Cost of sales | <u>(392,924)</u> | <u>(348,358)</u> | <u>(392,924)</u> | <u>(348,358)</u> |
| Gross profit | 25,148 | 25,578 | 25,148 | 25,578 |
| Other income | 6,861 | 6,191 | 6,861 | 6,191 |
| Administrative and other expenses | (20,069) | (22,872) | (20,069) | (22,872) |
| Selling and marketing expenses | (14,813) | (13,631) | (14,813) | (13,631) |
| Finance costs | (4,132) | (4,486) | (4,132) | (4,486) |
| Interest income | 1,138 | 1,466 | 1,138 | 1,466 |
| Share of results of a joint venture, net of tax | 2,380 | 2,202 | 2,380 | 2,202 |
| Share of results of associates, net of tax | <u>26,109</u> | <u>27,493</u> | <u>26,109</u> | <u>27,493</u> |
| Profit before tax | 18 22,622 | 21,941 | 22,622 | 21,941 |
| Income tax expense | 19 <u>(1,609)</u> | <u>(1,084)</u> | <u>(1,609)</u> | <u>(1,084)</u> |
| Profit for the period | <u>21,013</u> | <u>20,857</u> | <u>21,013</u> | <u>20,857</u> |
| Profit attributable to: | | | | |
| Owners of the Company | 19,425 | 18,397 | 19,425 | 18,397 |
| Non-controlling interests | <u>1,588</u> | <u>2,460</u> | <u>1,588</u> | <u>2,460</u> |
| Profit for the period | <u><u>21,013</u></u> | <u><u>20,857</u></u> | <u><u>21,013</u></u> | <u><u>20,857</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 three months ended 31 March 2017 - unaudited

| | Note | Current Quarter Ended 31/3/2017 RM'000 | Comparative Quarter Ended 31/3/2016 RM'000 | 3 months Cumulative To Date 31/3/2017 RM'000 | (Audited) Comparative 3 months Cumulative To Date 31/3/2016 RM'000 |
|---|------|--|--|--|--|
| Profit for the period | | 21,013 | 20,857 | 21,013 | 20,857 |
| Other comprehensive (loss)/income, net of tax | | | | | |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | | | | |
| Net gain/(loss) on cash flow hedges and revaluation of an associate | | -- | (1,747) | -- | (1,747) |
| Other comprehensive income for the period, net of tax | | -- | (1,747) | -- | (1,747) |
| Total comprehensive income for the period | | <u>21,013</u> | <u>19,110</u> | <u>21,013</u> | <u>19,110</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 19,425 | 16,874 | 19,425 | 16,874 |
| Non-controlling interests | | <u>1,588</u> | <u>2,236</u> | <u>1,588</u> | <u>2,236</u> |
| Total comprehensive income for the period | | <u>21,013</u> | <u>19,110</u> | <u>21,013</u> | <u>19,110</u> |
| Earnings per ordinary share | | sen | sen | sen | sen |
| Basic | 20 | 4.97 | 4.71 | 4.97 | 4.71 |
| Diluted | 20 | 4.96 | 4.71 | 4.96 | 4.71 |

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 March 2017 - unaudited

| | Note | As at end of Current Quarter 31/3/2017 RM'000 | (Audited) As at preceding Financial Year Ended 31/12/2016 RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant & equipment | | 348,594 | 353,620 |
| Investment properties | | 68,690 | 68,996 |
| Prepaid land lease payments | | 37,228 | 37,365 |
| Investment in a joint venture | | 147,875 | 145,496 |
| Investment in associates | | 1,085,999 | 1,059,889 |
| Deferred tax assets | | 5,070 | 5,070 |
| Goodwill on consolidation | | 157,508 | 157,508 |
| Total Non-Current Assets | | <u>1,850,964</u> | <u>1,827,944</u> |
| Current Assets | | | |
| Inventories | | 245,405 | 191,851 |
| Trade & other receivables and prepaid expenses | | 150,747 | 177,513 |
| Amount owing by associates | | 11 | -- |
| Tax recoverable | | 12,233 | 11,149 |
| Cash and bank balances | | 167,700 | 172,971 |
| Total Current Assets | | <u>576,096</u> | <u>553,484</u> |
| TOTAL ASSETS | 18 | <u><u>2,427,060</u></u> | <u><u>2,381,428</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 31 March 2017 - unaudited

| | | As at end of Current Quarter 31/3/2017 RM'000 | (Audited) As at preceding Financial Year Ended 31/12/2016 RM'000 |
|--|------|--|--|
| | Note | | |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Capital and Reserves | | | |
| Share capital | | 390,885 | 390,711 |
| Reserves | | <u>1,222,679</u> | <u>1,215,110</u> |
| Equity attributable to owners of the Company | | 1,613,564 | 1,605,821 |
| Non-controlling interests | | <u>266,672</u> | <u>266,584</u> |
| Total Equity | | <u>1,880,236</u> | <u>1,872,405</u> |
| Non-Current Liabilities | | | |
| Long term borrowings | 22 | 199,345 | 203,371 |
| Deferred tax liabilities | | 4,439 | 4,439 |
| Provision for retirement benefits | | 2,883 | 3,055 |
| Finance lease payables - non-current portion | | 3,000 | 3,474 |
| Hire purchase payables - non-current portion | | <u>17</u> | <u>29</u> |
| Total Non-Current Liabilities | | <u>209,684</u> | <u>214,368</u> |
| Current Liabilities | | | |
| Provision for liabilities | | 268 | 268 |
| Short term borrowings | 22 | 145,830 | 166,251 |
| Trade & other payables and accrued expenses | | 188,771 | 126,065 |
| Amount owing to holding company | | 242 | 55 |
| Finance lease payables - current portion | | 1,831 | 1,787 |
| Hire purchase payables - current portion | | 14 | 14 |
| Tax liabilities | | <u>184</u> | <u>215</u> |
| Total Current Liabilities | | <u>337,140</u> | <u>294,655</u> |
| Total Liabilities | 18 | <u>546,824</u> | <u>509,023</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>2,427,060</u> | <u>2,381,428</u> |
| | | | |
| Net assets per share (RM) | | 4.13 | 4.11 |

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 three months ended 31 March 2017 - unaudited

| Note | /----- 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 capital RM'000 | Share premium RM'000 | Warrants reserve RM'000 | Revaluation reserve RM'000 | Hedging reserve RM'000 | Equity-settled employee benefits reserve RM'000 | | | | |
| 3 months ended 31 March 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 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Profit for the period | -- | -- | -- | -- | -- | -- | 18,397 | 18,397 | 2,460 | 20,857 |
| Other comprehensive income for the period | -- | -- | -- | (1,573) | 50 | -- | -- | (1,523) | (224) | (1,747) |
| Total comprehensive income | -- | -- | -- | (1,573) | 50 | -- | 18,397 | 16,874 | 2,236 | 19,110 |
| Warrants exercised in a subsidiary | -- | -- | -- | -- | -- | -- | -- | -- | 340 | 340 |
| At 31 March 2016 | <u>390,711</u> | <u>500</u> | <u>44,585</u> | <u>(595)</u> | <u>(12)</u> | <u>--</u> | <u>1,133,586</u> | <u>1,568,775</u> | <u>268,239</u> | <u>1,837,014</u> |
| 3 months ended 31 March 2017 | | | | | | | | | | |
| At 1 January 2017 | 390,711 | 500 | 44,585 | -- | (39) | 528 | 1,169,536 | 1,605,821 | 266,584 | 1,872,405 |
| Recognition of share-based payments | 174 | 258 | -- | -- | -- | (387) | -- | 45 | -- | 45 |
| Dividends distributed to owners of the Company | -- | -- | -- | -- | -- | -- | (11,727) | (11,727) | -- | (11,727) |
| Dividends paid to non-controlling interests of subsidiaries | -- | -- | -- | -- | -- | -- | -- | -- | (1,500) | (1,500) |
| Profit for the period | -- | -- | -- | -- | -- | -- | 19,425 | 19,425 | 1,588 | 21,013 |
| Other comprehensive income/(loss) for the period | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total comprehensive income | -- | -- | -- | -- | -- | -- | 19,425 | 19,425 | 1,588 | 21,013 |
| Warrants exercised in a subsidiary | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| At 31 March 2017 | <u>390,885</u> | <u>758</u> | <u>44,585</u> | <u>--</u> | <u>(39)</u> | <u>141</u> | <u>1,177,234</u> | <u>1,613,564</u> | <u>266,672</u> | <u>1,880,236</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 three months ended 31 March 2017 - unaudited

| | 2017 3 months ended 31/3/2017 RM'000 | 2016 3 months ended 31/3/2016 RM'000 |
|---|---|---|
| Note | <u>RM'000</u> | <u>RM'000</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 21,013 | 20,857 |
| Adjustments for : | | |
| Income tax expense | 1,609 | 1,084 |
| Share of results of associates | (26,109) | (27,493) |
| Share of results of jointly controlled entity | (2,380) | (2,202) |
| Depreciation and amortisation | 6,017 | 5,904 |
| Other Non-cash items | 1 | 1,422 |
| Non-operating items | <u>3,034</u> | <u>3,007</u> |
| Operating profit before working capital changes | 3,185 | 2,579 |
| Changes in working capital | | |
| (Increase) / Decrease in trade & other receivables | 27,133 | 12,732 |
| (Increase) / Decrease in inventories | (53,553) | (51,577) |
| Increase / (Decrease) in trade & other payables | 62,184 | 41,447 |
| Net changes in other current assets & liabilities | 4 | (67) |
| Income tax refunded | -- | 360 |
| Income tax paid | <u>(2,724)</u> | <u>(2,767)</u> |
| Net cash from operating activities | <u><u>36,229</u></u> | <u><u>2,707</u></u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividends received from associates | -- | -- |
| Dividends received from jointly controlled entity | -- | 15,300 |
| Interest income | 1,138 | 1,466 |
| Purchase of property, plant & equipment | (535) | (2,461) |
| Additions to investment property | -- | (541) |
| Proceeds from disposal of property, plant & equipment | <u>--</u> | <u>42</u> |
| Net cash from investing activities | <u><u>603</u></u> | <u><u>13,806</u></u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (11,727) | (11,721) |
| Dividends paid to minorities of a subsidiary | (1,500) | -- |
| Proceeds from issue of shares in a subsidiary to minorities | -- | 340 |
| Finance costs | (4,132) | (4,486) |
| Bank borrowings | (24,302) | (4,236) |
| Finance lease payables | (430) | -- |
| Hire-purchase payables | <u>(12)</u> | <u>(4)</u> |
| Net cash used in financing activities | <u><u>(42,103)</u></u> | <u><u>(20,107)</u></u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (5,271) | (3,594) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | <u>172,971</u> | <u>211,518</u> |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | <u><u>167,700</u></u> | <u><u>207,924</u></u> |
| Cash and cash equivalents comprise : | | |
| Cash and bank balances | 23 167,700 | 209,689 |
| Bank overdrafts | <u>--</u> | <u>(1,765)</u> |
| | <u><u>167,700</u></u> | <u><u>207,924</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 three months ended 31 March 2017 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 24 March 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, 2016 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 2016.

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 2016, except for the adoption of the following MFRSs and amendments to MFRSs during the current financial period :

Effective for financial periods beginning on or after 1 January 2017

| | |
|---|--|
| Amendments to MFRS 107 | Disclosures Initiatives |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Annual Improvements to MFRSs 2014-2016 Cycle (Amendments to MFRS 12) | |

The adoption of the above amendments to FRSs does not have any significant impact on the financial statements of the Group.

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and IC interpretation have been issued by the MASB but are not yet effective and have not been adopted by the Group :

Effective for financial periods beginning on or after 1 January 2018

| | |
|---|--|
| Annual Improvements to MFRSs 2014-2016 Cycle (Amendments to MFRS 1 and MFRS 128) | |
| Amendment to MFRS 2 | Classification and Measurement of Share-Based Payment Transactions |
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |
| Amendments to MFRS 140 | Transfers of Investment Property |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |

Effective for financial periods beginning on or after 1 January 2019

| | |
|---------|--------|
| MFRS 16 | Leases |
|---------|--------|

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

| | |
|------------------------------------|---|
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|------------------------------------|---|

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

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

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 2016 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 390,885,453 ordinary shares amounting to RM11,726,564 in respect of financial year ended 31 December 2016 was paid on 22 March 2017.

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 share capital of the Company arising from the conversion of warrants into ordinary shares and share-based payments during the period were as follows:

| | Period ended 31/3/2017 | |
|------------------------|------------------------|----------------------|
| | Number of shares '000 | Share Capital RM'000 |
| Ordinary shares | | |
| As at 1 January 2017 | 390,711 | 390,711 |
| Conversion of warrants | - | - |
| Share-based payments | 174 | 174 |
| As at 31 March 2017 | <u>390,885</u> | <u>390,885</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

During the current financial year to-date, 174,700 ordinary shares were issued pursuant to the Restricted Shares Plan that was vested on 31 December 2016.

9. Subsequent material events

There were no material events or transaction during the period from 31 March 2017 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 March 2017 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 March 2017, the Group and the Company had the following transactions with related parties :

| | Period ended 31/3/2017 <u>RM'000</u> |
|--|--|
| <u>Group</u> | |
| Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua") | 287,881 |
| Sales to a subsidiary of Perodua | 16 |
| Sales to an associate of Perodua | 4,872 |
| Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd. | 4,461 |
| Purchases from Toyota Tsusho Corporation, its subsidiaries and associates | 2,638 |
| Purchases from Toyota Tsusho (Malaysia) Sdn. Bhd., its subsidiaries and associates | 236 |
| Sales to Toyota Tsusho Corporation, its subsidiaries and associates | 9 |
| Royalty fee payable to Central Motor Wheels Co. Ltd., a minority shareholder | <u>--</u> |
| <u>Company</u> | |
| Gross dividends from: | |
| - subsidiaries | 3,500 |
| - associates | -- |
| Management fees from: | |
| - subsidiaries | 36 |
| - associates | <u>30</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 March 2017 is as follows :

| | <u>RM'000</u> |
|---------------------------------|---------------|
| Approved and contracted for | 561 |
| Approved and not contracted for | <u>7,900</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 March 2017

| | Motor Trading | Auto Parts Manufacturing | Property development | All others | Group |
|---|------------------|-----------------------------|-------------------------|------------|-----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenues from external customers | 370,087 | 47,884 | -- | 101 | 418,072 |
| Results for reportable segments | 3,965 | (4,991) | 440 | (2,287) | (2,873) |
| Share of results of a jointly venture | -- | 2,380 | -- | -- | 2,380 |
| Share of results of associates | 24,661 | 1,448 | -- | -- | 26,109 |
| Interest income | 760 | 127 | -- | 251 | 1,138 |
| Finance costs | (268) | (1,420) | -- | (2,444) | (4,132) |
| Profit/(loss) before tax for reportable segment | 29,118 | (2,456) | 440 | (4,480) | 22,622 |
| Depreciation and amortisation | (2,301) | (3,281) | (7) | (428) | (6,017) |
| Capital expenditure | 249 | 286 | -- | -- | 535 |
| Segment assets | 660,908 | 398,732 | 22,880 | 110,666 | 1,193,186 |
| Jointly controlled entity | -- | 147,875 | -- | -- | 147,875 |
| Investment in associates | 1,009,714 | 76,285 | -- | -- | 1,085,999 |
| Segment liabilities | (203,340) | (157,147) | (6,783) | (179,554) | (546,824) |

Period ended 31 March 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 | 336,349 | 37,557 | -- | 30 | 373,936 |
| Results for reportable segments | 2,214 | (3,710) | -- | (3,238) | (4,734) |
| Share of results of a joint venture | -- | 2,202 | -- | -- | 2,202 |
| Share of results of associates | 25,337 | 2,156 | -- | -- | 27,493 |
| Interest income | 943 | 164 | -- | 359 | 1,466 |
| Finance costs | (381) | (941) | -- | (3,164) | (4,486) |
| Profit/(loss) before tax for reportable segment | 28,113 | (129) | -- | (6,043) | 21,941 |
| Depreciation and amortisation | (2,405) | (2,876) | -- | (623) | (5,904) |
| Other significant non-cash items | | | | | |
| - Inventory written down | (1,398) | -- | -- | -- | (1,398) |
| Capital expenditure | 1,833 | 957 | -- | 212 | 3,002 |
| Segment assets | 647,005 | 342,284 | 42,001 | 206,007 | 1,237,297 |
| Jointly controlled entity | -- | 135,991 | -- | -- | 135,991 |
| Investment in associates | 962,822 | 47,839 | -- | -- | 1,010,661 |
| Segment liabilities | (194,244) | (120,023) | (6,795) | (225,873) | (546,935) |

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 31/3/2017 RM'000 | Period ended 31/3/2016 RM'000 |
|--|-------------------------------------|-------------------------------------|
| <u>Revenues</u> | | |
| Total revenues for Group's reportable segments | 417,971 | 373,906 |
| All others | 101 | 30 |
| | <u>418,072</u> | <u>373,936</u> |
| <u>Profit or loss</u> | | |
| Total profit for Group's reportable segments, including finance costs and interest income | (1,387) | (1,711) |
| All others | (4,480) | (6,043) |
| Share of results of jointly controlled entity | 2,380 | 2,202 |
| Share of results of associates | 26,109 | 27,493 |
| | <u>22,622</u> | <u>21,941</u> |
| <u>Assets</u> | | |
| Total assets for Group's reportable segments | 1,082,520 | 1,031,290 |
| All others | 110,666 | 206,007 |
| Jointly controlled entity | 147,875 | 135,991 |
| Investment in associates | 1,085,999 | 1,010,661 |
| | <u>2,427,060</u> | <u>2,383,949</u> |
| <u>Liabilities</u> | | |
| Total liabilities for Group's reportable segments | 367,270 | 321,062 |
| All others | 179,554 | 225,873 |
| | <u>546,824</u> | <u>546,935</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 2016. 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 31/3/2017 RM'000 | Year to date 31/3/2017 RM'000 |
|---------------------------------------|--|-------------------------------------|
| Current year's provision | 1,609 | 1,609 |
| Add : | | |
| Under/(Over) provision in prior years | -- | -- |
| | 1,609 | 1,609 |
| Deferred taxation | -- | -- |
| Income tax expense | <u>1,609</u> | <u>1,609</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 31/3/2017 % | Year to date 31/3/2017 % |
|--|-----------------------------------|--------------------------------|
| Statutory income tax rate in Malaysia | 24.0 | 24.0 |
| Adjustment for tax applicable to share of results in associates | (27.7) | (27.7) |
| Adjustment for tax applicable to share of results in jointly controlled entity | (2.5) | (2.5) |
| Expenses not deductible for tax purpose / (Income not subject to tax) | 13.3 | 13.3 |
| | <u>7.1</u> | <u>7.1</u> |

20. Earnings per ordinary share (EPS)

| | Quarter ended | | Year to date 3 months ended | |
|---|----------------|----------------|--------------------------------|----------------|
| | 31/3/2017 | 31/3/2016 | 31/3/2017 | 31/3/2016 |
| Basic earnings per ordinary share | | | | |
| Profit attributable to ordinary shareholders (RM'000) | 19,425 | 18,397 | 19,425 | 18,397 |
| Weighted average number of ordinary shares ('000) | 390,711 | 390,711 | 390,711 | 390,711 |
| Share-based payments | 174 | - | 174 | -- |
| | <u>390,885</u> | <u>390,711</u> | <u>390,885</u> | <u>390,711</u> |
| Basic earnings per share (sen) | 4.97 | 4.71 | 4.97 | 4.71 |

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

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

| | Quarter ended | | Year to date 3 months ended | |
|---|---------------|-----------|--------------------------------|-----------|
| | 31/3/2017 | 31/3/2016 | 31/3/2017 | 31/3/2016 |
| Diluted earnings per ordinary share | | | | |
| Profit attributable to ordinary shareholders (RM'000) | 19,425 | 18,397 | 19,425 | 18,397 |
| Adjusted weighted average number of ordinary shares in issue and issuable | 391,329 | 390,711 | 391,329 | 390,711 |
| Diluted earnings per share (sen) | 4.96 | 4.71 | 4.96 | 4.71 |

| | No of ordinary shares of RM1.00 each | |
|---|--------------------------------------|-------------|
| | 31/3/2017 | 31/3/2016 |
| Weighted average number of ordinary shares | 390,710,753 | 390,710,753 |
| Share-based payments | 174,700 | -- |
| Adjustment for assumed share-based payment | 443,500 | -- |
| Adjustment for assumed exercise of warrants | -- | -- |
| Adjusted weighted average number of ordinary shares in issue and issuable | 391,328,953 | 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 | 145,844 | 199,362 |
| Unsecured | -- | -- |
| Total | <u>145,844</u> | <u>199,362</u> |

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

23. Cash and Cash Equivalents

| | The Group As at | |
|--|---------------------|---------------------|
| | 31/3/2017 RM'000 | 31/3/2016 RM'000 |
| Cash on hand and at at banks | 73,492 | 83,173 |
| Deposits with licensed banks | 94,208 | 126,516 |
| Cash and bank balances | 167,700 | 209,689 |
| Less : Bank overdrafts | -- | (1,765) |
| Cash and cash equivalents | <u>167,700</u> | <u>207,924</u> |
| Cash and bank balances | 167,700 | 209,689 |
| Less : | | |
| Total borrowings* | (350,068) | (370,408) |
| Net cash position (after total borrowings) | <u>(182,368)</u> | <u>(160,719)</u> |

(Note * Total borrowings include finance lease payables and 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 17 May 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 March 2017 into realised and unrealised profits or losses.

| | 31/3/2017 | |
|--|---------------------|-----------------------|
| | The Group RM'000 | The Company RM'000 |
| Total retained earnings of the Company and its subsidiaries | | |
| Realised | 583,453 | 331,564 |
| Unrealised | (2,692) | (1,400) |
| Total retained earnings from the jointly controlled entity | | |
| Realised | 80,666 | -- |
| Unrealised | -- | -- |
| Total retained earnings from the associates | | |
| Realised | 857,195 | -- |
| Unrealised | 13,979 | -- |
| Less : Consolidation adjustments | <u>(355,367)</u> | <u>--</u> |
| Total retained earnings as per statement of financial position | <u>1,177,234</u> | <u>330,164</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 on 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 RM158,179,000. Save for the foregoing, the 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 3 months ended | |
|----------------------------------|---------------|-----------|--------------------------------|-----------|
| | 31/3/2017 | 31/3/2016 | 31/3/2017 | 31/3/2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Interest income | 1,138 | 1,466 | 1,138 | 1,466 |
| b) Interest expense | (4,132) | (4,486) | (4,132) | (4,486) |
| c) Depreciation and amortisation | (6,017) | (5,904) | (6,017) | (5,904) |
| d) Inventories written down | -- | (1,398) | -- | (1,398) |

29. 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 : 24 MAY 2017**