



**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2018**

**Summary**

- The Group's revenue increased by 10.9% mainly due to higher sales volume especially from the new Myvi
- Contribution from our joint venture and associates also improved
- As a result, profit before tax for the quarter was higher by 73.5% to RM39.2 million

**Results**

	Quarter ended 31 Mar			Year to date ended 31 Mar		
	2018	2017	Change	2018	2017	Change
	RM mil	RM mil	%	RM mil	RM mil	%
Revenue	463.5	418.1	10.9	463.5	418.1	10.9
<i>On going business</i>	462.2	418.1	10.5	462.2	418.1	10.5
<i>One-off property contribution</i>	1.3	--	>100.0	1.3	--	>100.0
Profit before tax	39.2	22.6	73.5	39.2	22.6	73.5
<i>On going business</i>	39.0	22.2	75.7	39.0	22.2	75.7
<i>One-off property contribution</i>	0.2	0.4	(50.0)	0.2	0.4	(50.0)
Profit for the period	37.1	21.0	76.4	37.1	21.0	76.4
Profit attributable to owners of the Company	32.8	19.4	68.9	32.8	19.4	68.9
	Sen	Sen		Sen	Sen	
Basic earnings per share	8.4	5.0	69.0	8.4	5.0	69.0
	As at 31 Mar 2018 RM mil	As at 31 Dec 2017 RM mil				
Equity attributable to owners of the Company	1,457.1	1,449.7	0.5			
	RM	RM				
Net assets per share	3.73	3.71	0.5			
	2018 Sen	2017 Sen		YTD 2018 Sen	YTD 2017 Sen	
Dividend per share	--	--	-	--	--	-

**Performance of sales by operations**

	Q1'18 vs Q4'17	Q1'18 vs Q1'17	YTD Mar'18 vs YTD Mar'17
<b>Total Industry Volume (TIV) **</b>	- 10.5	- 4.0	- 4.0
<b>Total Industry Production (TIP) **</b>	+ 31.8	+ 13.2	+ 13.2
<b>Total Group's Vehicles Sales</b>	+ 1.0	+ 9.3	+ 9.3
<b>Subsidiaries</b>			
DMSB - Daihatsu & Hino trucks	- 31.4	+ 8.3	+ 8.3
DMMS Perodua vehicles	+ 3.6	+ 10.1	+ 10.1
Federal Auto : Volvo, Volkswagen & Mitsubishi vehicles	- 4.8	+ 0.7	+ 0.7
HASB	- 6.7	+ 6.1	+ 6.1
OMI	-	+ 33.6	+ 33.6
Service throughputs	+ 10.0	+ 7.9	+ 7.9
<b>Joint Venture</b>			
AHSB	- 2.8	+ 5.1	+ 5.1
<b>Associated companies</b>			
Perodua vehicles	+ 30.8	+ 6.1	+ 6.1
Hino trucks and buses	- 1.5	- 2.6	- 2.6

**Legend**

DMSB : Daihatsu (Malaysia) Sdn Bhd  
DMMS : DMM Sales Sdn Bhd  
HASB : Hirotao Acoustics Sdn Bhd  
OMI : Oriental Metal Industries (M) Sdn Bhd  
AHSB : Autoliv Hirotao 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) 2018 and 2017

**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2018**

**Group Financial Performance**

**First quarter ended 31 March 2018 compared with first quarter ended 31 March 2017**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 31-Mar-18 RM'000	Quarter ended 31-Mar-17 RM'000	Change %	Quarter ended 31-Mar-18 RM'000	Quarter ended 31-Mar-17 RM'000	Change %
Consolidated Total	463,460	418,072	10.9	39,248	22,622	73.5
<b><u>Business segments:</u></b>						
Motor Trading	399,702	370,087	8.0	5,233	4,457	17.4
Auto Parts Manufacturing	62,175	47,884	29.8	(3,797)	(6,284)	39.6
Share of results of a joint venture				3,367	2,380	41.5
Share of results of associates				36,786	26,109	40.9
Others	1,583	101	>100.0	(2,341)	(4,040)	42.1

**Group**

For the current quarter, the Group's revenue improved by 10.9% or RM45.4 million to RM463.5 million against the corresponding quarter. PBT increased by 73.5% or RM16.6 million to close at RM39.2 million due to improved sales from both Divisions as well as higher profits from the associates and joint venture entity.

The Group's share of associates' results increased by 40.9% or RM10.7 million against the corresponding quarter to close at RM36.8 million.

The Group's share of results in its joint venture improved by 41.5% or RM1.0 million to RM3.4 million due to higher demand for its products and foreign currency gains.

**Motor Trading**

Revenue for the current quarter increased by 8.0% or RM29.6million to RM399.7 million against the corresponding period. The improved performance is principally driven by higher sales volume from most of the brands within the Group, especially the Perodua models which registered impressive sales volume during the quarter aided by strong demand for the new Myvi. Likewise the VW Tiguan also generated favourable customer interest during the quarter.

Consequently, PBT was higher by 17.4% or RM0.8 million to close at RM5.2 million compared to the corresponding quarter.

**Auto Parts Manufacturing**

Revenue for the quarter increased by 29.8% or RM14.3million to RM62.2 million against the corresponding quarter mainly due to improved production efficiency and higher demand for alloy wheels from both the OEM customer and exports, as well as higher revenue from our modular assembly plant.

The Division closed at a loss before tax of RM3.8 million, an improvement of RM2.5 million or 39.6% as compared to the corresponding quarter's loss before tax of RM6.3 million. The improvement came on the back of lower losses from the Division's alloy wheel plant operation as well as slightly improved margin from the modular assembly plant.

**QUARTERLY ANNOUNCEMENT**  
**For the first quarter ended 31 March 2018**

**First quarter ended 31 March 2018 against previous quarter ended 31 December 2017**

	Revenue			Profit Before Tax ("PBT")		
	Quarter ended 31-Mar-18 RM'000	Quarter ended 31-Dec-17 RM'000	Change %	Quarter ended 31-Mar-18 RM'000	Quarter ended 31-Dec-17 RM'000	Change %
Consolidated Total	463,460	432,831	7.1	39,248	(186,870)	121.0
<u>Business segments:</u>						
Motor Trading	399,702	369,813	8.1	5,233	(5,032)	204.0
Auto Parts Manufacturing	62,175	62,690	(0.8)	(3,797)	(59,254)	93.6
Share of results of a joint venture				3,367	3,627	(7.2)
Share of associates' results				36,786	46,051	(20.1)
Others	1,583	328	>100.0	(2,341)	(172,262)	98.6

**Group**

Revenue for the Group was higher against the preceding quarter by 7.1% or RM30.6 million derived mainly from the Motor Trading Division. The Group achieved a PBT of RM39.2 million for the current quarter under review, as compared to preceding quarter of loss before tax of RM186.7 million which included impairments of RM238.2 million on goodwill, investments, property, plant and equipment. Comparing to the adjusted PBT of RM51.3 million of the preceding quarter, the current quarter's PBT was 23.6% or RM12.1 million lower than the preceding quarter.

This lower results were due to share of associates' contributions which fell by RM9.3 million or 20.1%, as well as a one-off gain on sale of land of RM6.5 million in the preceding quarter. The higher contribution from our Motor Trading Division in the current quarter however, partially offset the shortfall.

**Motor Trading**

The revenue for the current quarter was higher by 8.1% or RM30.0 million against the preceding quarter. In tandem with the higher revenue, the Division's PBT was also higher against the preceding quarter by 204.0% or RM10.3 million to close at a PBT of RM5.2 million.

The higher performance was mainly contributed by higher volume coming from the new Perodua Myvi sales. The Division's result in the preceding quarter also included an impairment made on property, plant and equipment of RM4.8 million.

**Auto Parts Manufacturing**

The Division's revenue reduced minimally by 0.8% or RM0.5 million against the preceding quarter.

In the preceding quarter, the Division made an impairment on property, plant and equipment amounting to RM56.5 million. Excluding this impairment, the performance of the Division in the preceding quarter would have been a loss before tax of RM2.7 million.

**PROSPECTS**

Although the Group's vehicle sales volume have shown improvements in the current quarter, we anticipate continuous challenges in the coming quarters given the subdued demand for vehicles, intense competition in the market, stringent hire purchase loan approvals and volatile foreign currency fluctuations, among others. However, the reduction in the prevailing rate of Goods and Service Tax from 6% to 0% should have a positive effects on car sales until the Sales and Service Tax is reintroduced.

Management's efforts to further refine the Group's marketing strategies and production efficiencies are ongoing, likewise for the cost reduction initiatives. Management continues to take all measures to address the problems faced by the alloy wheel operations. These efforts are expected to strengthen the Group's financial position moving forward.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the three months ended 31 March 2018 - unaudited**

		(Unaudited)		(Unaudited)	
	Current	Comparative	3 months	Comparative	
	Quarter	Quarter	Cumulative	3 months	
	Ended	Ended	To Date	Cumulative	
	31/03/2018	31/03/2017	31/03/2018	To Date	
Note	RM'000	RM'000	RM'000	31/03/2017	
	RM'000	RM'000	RM'000	RM'000	
Revenue	14	463,460	418,072	463,460	418,072
Cost of sales		<u>(433,060)</u>	<u>(392,924)</u>	<u>(433,060)</u>	<u>(392,924)</u>
Gross profit		30,400	25,148	30,400	25,148
Other income		8,235	6,861	8,235	6,861
Administrative and other expenses		(22,810)	(20,069)	(22,810)	(20,069)
Selling and marketing expenses		(15,150)	(14,813)	(15,150)	(14,813)
Finance costs		(2,956)	(4,132)	(2,956)	(4,132)
Interest income		1,376	1,138	1,376	1,138
Share of results of a joint venture, net of tax		3,367	2,380	3,367	2,380
Share of results of associates, net of tax		<u>36,786</u>	<u>26,109</u>	<u>36,786</u>	<u>26,109</u>
<b>Profit before tax</b>	14	39,248	22,622	39,248	22,622
Income tax expense	18	<u>(2,181)</u>	<u>(1,609)</u>	<u>(2,181)</u>	<u>(1,609)</u>
<b>Profit for the period</b>		<u>37,067</u>	<u>21,013</u>	<u>37,067</u>	<u>21,013</u>
<b>Profit attributable to:</b>					
Owners of the Company		32,815	19,425	32,815	19,425
Non-controlling interests		<u>4,252</u>	<u>1,588</u>	<u>4,252</u>	<u>1,588</u>
<b>Profit for the period</b>		<u><u>37,067</u></u>	<u><u>21,013</u></u>	<u><u>37,067</u></u>	<u><u>21,013</u></u>

The notes on pages 10 to 16 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 2018 - unaudited**

	Note	Current Quarter Ended 31/03/2018 RM'000	(Unaudited) Comparative Quarter Ended 31/03/2017 RM'000	3 months Cumulative To Date 31/03/2018 RM'000	(Unaudited) Comparative 3 months Cumulative To Date 31/03/2017 RM'000
<b>Profit for the period</b>		37,067	21,013	37,067	21,013
<b>Other comprehensive income/(loss), net of tax</b>					
<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		124	--	124	--
<b>Other comprehensive income/(loss) for the period, net of tax</b>		124	--	124	--
<b>Total comprehensive income for the period</b>		<u>37,191</u>	<u>21,013</u>	<u>37,191</u>	<u>21,013</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		32,927	19,425	32,927	19,425
Non-controlling interests		4,264	1,588	4,264	1,588
<b>Total comprehensive income for the period</b>		<u>37,191</u>	<u>21,013</u>	<u>37,191</u>	<u>21,013</u>
<b>Earnings per ordinary share</b>		sen	sen	sen	sen
Basic	23	8.40	4.97	8.40	4.97
Diluted	23	8.39	4.96	8.39	4.96

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 31 March 2018 - unaudited**

	Note	As at end of Current Quarter 31/03/2018 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2017 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment		270,503	273,087
Investment properties		64,827	65,612
Prepaid land lease payments		35,956	36,111
Investment in a joint venture		86,787	83,420
Investment in associates		1,150,562	1,113,652
Available-for-sale financial asset		1,988	1,988
Deferred tax assets		3,294	3,294
Goodwill on consolidation		1,104	1,104
Total Non-Current Assets		<u>1,615,021</u>	<u>1,578,268</u>
<b>Current Assets</b>			
Inventories		161,753	149,123
Trade & other receivables and prepaid expenses		155,686	147,915
Tax recoverable		13,610	13,677
Cash and bank balances		161,424	201,128
		492,473	511,843
Non-current assets classified as held for sale		1,321	1,321
Total Current Assets		<u>493,794</u>	<u>513,164</u>
<b>TOTAL ASSETS</b>	14	<b><u>2,108,815</u></b>	<b><u>2,091,432</u></b>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

**As at 31 March 2018 - unaudited**

	Note	As at end of Current Quarter 31/03/2018 RM'000	(Audited) As at preceding Financial Year Ended 31/12/2017 RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital		391,651	391,651
Reserves		<u>1,065,487</u>	<u>1,058,059</u>
Equity attributable to owners of the Company		1,457,138	1,449,710
Non-controlling interests		<u>238,717</u>	<u>216,523</u>
Total Equity		<u>1,695,855</u>	<u>1,666,233</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	20	101,709	103,987
Deferred tax liabilities		4,926	4,926
Provision for retirement benefits		2,866	2,866
Finance lease payables - non-current portion		992	1,510
Hire purchase payables - non-current portion		<u>10</u>	<u>15</u>
Total Non-Current Liabilities		<u>110,503</u>	<u>113,304</u>
<b>Current Liabilities</b>			
Provision for liabilities		268	268
Short term borrowings	20	133,345	175,644
Trade & other payables and accrued expenses		164,721	132,067
Amount owing to holding company		14	114
Finance lease payables - current portion		2,008	1,964
Hire purchase payables - current portion		14	14
Tax liabilities		<u>2,087</u>	<u>1,824</u>
Total Current Liabilities		<u>302,457</u>	<u>311,895</u>
Total Liabilities	14	<u>412,960</u>	<u>425,199</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,108,815</b></u>	<u><b>2,091,432</b></u>
<b>Net assets per share (RM)</b>		<b>3.73</b>	<b>3.71</b>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the three months ended 31 March 2018 - 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	Hedging reserve RM'000	Equity-settled employee benefits reserve RM'000				
<b>3 months ended 31 March 2017</b>									
<b>At 1 January 2017</b>	390,711	500	44,585	(39)	528	1,169,536	1,605,821	266,584	1,872,405
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
Long-Term Incentive Plan ("LTIP"):									
Recognition of share-based payments	--	--	--	--	45	--	45	--	45
Share issued	174	258	--	--	(432)	--	--	--	--
Transfer arising from "no par value" regime	758	(758)	--	--	--	--	--	--	--
<b>At 31 March 2017</b>	<u>391,643</u>	<u>--</u>	<u>44,585</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>
<b>3 months ended 31 March 2018</b>									
<b>At 1 January 2018</b>	391,651	--	--	(10)	254	1,057,815	1,449,710	216,523	1,666,233
Dividends distributed to owners of the Company	--	--	--	--	--	(5,863)	(5,863)	--	(5,863)
Dividends paid to non-controlling interests of subsidiaries	--	--	--	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	32,815	32,815	4,252	37,067
Other comprehensive income/(loss) for the period	--	--	--	112	--	--	112	12	124
Total comprehensive income	--	--	--	112	--	32,815	32,927	4,264	37,191
Long-Term Incentive Plan ("LTIP"):									
Recognition of share-based payments	--	--	--	--	40	--	40	--	40
Acquisition from non-controlling interests	--	--	--	--	--	(19,676)	(19,676)	17,930	(1,746)
<b>At 31 March 2018</b>	<u>391,651</u>	<u>--</u>	<u>--</u>	<u>102</u>	<u>294</u>	<u>1,065,091</u>	<u>1,457,138</u>	<u>238,717</u>	<u>1,695,855</u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended 31 March 2018 - unaudited**

	2018 3 months ended 31/03/2018 RM'000	2017 3 months ended 31/03/2017 RM'000
Note	<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit for the period	37,067	21,013
Adjustments for :		
Income tax expense	2,181	1,609
Share of results of associates	(36,786)	(26,109)
Share of results of a joint venture	(3,367)	(2,380)
Depreciation and amortisation	5,027	6,017
Other Non-cash items	16	1
Non-operating items	<u>1,515</u>	<u>3,034</u>
Operating profit before working capital changes	5,653	3,185
Changes in working capital		
(Increase) / Decrease in trade & other receivables	(7,770)	27,133
(Increase) / Decrease in inventories	(12,629)	(53,553)
Increase / (Decrease) in trade & other payables	32,650	62,184
Net changes in other current assets & liabilities	(100)	4
Income tax refunded	--	--
Income tax paid	<u>(1,851)</u>	<u>(2,724)</u>
Net cash from / (used in) operating activities	<u><u>15,953</u></u>	<u><u>36,229</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	1,376	1,138
Purchase of property, plant & equipment	(1,532)	(535)
Proceeds from disposal of property, plant & equipment	122	--
Acquisition from non-controlling interests	<u>(1,746)</u>	<u>--</u>
Net cash from investing activities	<u><u>(1,780)</u></u>	<u><u>603</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(5,863)	(11,727)
Dividends paid to non-controlling interests of subsidiaries	--	(1,500)
Finance costs	(2,956)	(4,132)
Bank borrowings	(37,127)	(24,302)
Finance lease payables	(474)	(430)
Hire-purchase payables	<u>(5)</u>	<u>(12)</u>
Net cash used in financing activities	<u><u>(46,425)</u></u>	<u><u>(42,103)</u></u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(32,252)</b>	<b>(5,271)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u><b>188,104</b></u>	<u><b>172,971</b></u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<u><u><b>155,852</b></u></u>	<u><u><b>167,700</b></u></u>
Cash and cash equivalents comprise :		
Cash and bank balances	161,424	167,700
Bank overdrafts	<u>(5,572)</u>	<u>--</u>
	<u><u><b>155,852</b></u></u>	<u><u><b>167,700</b></u></u>

The notes on pages 10 to 16 are an integral part of these condensed consolidated financial statements.

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and the requirements of the Malaysian Companies Act, 2016 and comply with applicable disclosure provisions under Paragraph 9.22 of the Listing Requirements of the 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 2017.

### 2. Significant accounting policies

The accounting policies and method of computation applied by the Group in these unaudited 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 2017, except for the adoption of the following MFRSs, amendments to MFRSs and IC Interpretations during the current financial period :

#### Effective for financial periods beginning on or after 1 January 2018

Amendment to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
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 Considerations

The initial adoption of the above MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group saved for the key changes to the Group's accounting policies as summarised in 2.1.

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 2019

Annual Improvements to MFRSs 2015-2017 Cycle	
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 119	Employee Benefits - Plan Amendments, Curtailment or Settlement
MFRS 16	Leases
MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

#### Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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#### 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
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### 2.1 Key changes to the Group's accounting policies

The key changes to the Group's accounting policies are summarised below:

#### MFRS 9: Financial Instruments

##### Classification and measurement

Investment classified as loans and receivables that's held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding were carried at amortised cost, and will continue to be measured at amortised cost upon the application of MFRS 9;

Other investments being equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured were previously classified as available-for-sale investments carried at cost, less accumulated impairment. Upon the application of MFRS 9, these financial assets are measured at 'fair value through other comprehensive income' (FVTOCI); and

All other financial assets and financial liabilities will continue to be measured on the same bases as was previously adopted under MFRS 139.

##### Impairment

MFRS 9 requires the Group to record expected credit losses on all of trade and other receivables and amount owing by subsidiaries either on a 12-month or lifetime basis. The Group elected to apply the simplified approach and record lifetime expected losses on all receivables. Upon application of the expected credit loss model, the loss allowance is not significantly different from the loss allowance under the previous basis of impairment.

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

**3. 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 2017 was not qualified.

**4. 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.

**5. Exceptional items**

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

**6. Estimates**

In preparing the condensed interim financial statements, the critical judgements made by management in applying the Group's accounting policies and the key estimation made were consistent with those applied in the financial statements of the Group for the year ended 31 December 2017.

**7. 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 share-based payments during the period was as follows:

	Period ended 31/03/2018	
	Number of shares '000	Share Capital RM'000
Ordinary shares		
As at 1 January 2018	390,887	391,651
Share-based payments	-	-
As at 31 March 2018	<u>390,887</u>	<u>391,651</u>

The Long-Term Incentive Plan ("LTIP") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 19 November 2014. The LTIP was implemented on 26 September 2016 and will be in force for a period of 10 years from the effective date.

The LTIP comprises of two schemes, namely, the Performance Share Plan ("PSP") and Restricted Share Plan ("RSP").

The outstanding number of shares under the PSP during the financial period are 443,500 shares and will expire on 30 April 2019. There are no outstanding shares under the RSP during the financial period.

**8. Dividends paid**

A second interim single tier dividend of 1.5 sen per share on 390,887,653 ordinary shares amounting to RM5,863,315 in respect of the financial year ended 31 December 2017 was paid on 28 March 2018.

**9. Subsequent material events**

There were no material subsequent events to be disclosed at at the date of this report.

**10. Changes in composition of the Group**

On 12 February 2018, the Group increased its stake in Oriental Metal Industries Sdn Bhd ("OMI") by way of acquisition of the remaining non-controlling interests comprise of 2,310,000 ordinary shares representing 22.00% of the ordinary share capital of OMI for a cash consideration of RM1,746,360. The acquisition was completed on 12 March 2018 and OMI became a wholly-owned subsidiary of the Group.

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

**11. Capital commitments**

The amount of commitments in respect of the acquisition of property, plant and equipments not provided for in the interim financial statements as at 31 March 2018 is as follows :

	<u>RM'000</u>
Approved and contracted for	--
Approved and not contracted for	<u>12,526</u>

**12. Significant related party transactions**

During the period ended 31 March 2018, the Group and the Company had the following transactions with related parties :

	Period ended 31/03/2018 <u>RM'000</u>
<b><u>Group</u></b>	
Purchases from a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	273,301
Sales to a subsidiary of Perodua	15
Sales to an associate of Perodua	4,631
Purchases from Hino Motors Sales (Malaysia) Sdn. Bhd.	9,053
Purchases from Toyota Tsusho Corporation, its subsidiaries and associates	3,343
Purchases from Toyota Tsusho (Malaysia) Sdn. Bhd., its subsidiaries and associates	<u>175</u>
<b><u>Company</u></b>	
Management fees from:	
- subsidiaries	-
- associates	<u>30</u>

**13. Contingent liabilities or assets**

The Group does not have any significant contingent liabilities or assets which upon due or enforceable, may have a material impact on the results of the Group.

**14. 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)

14. Operating segments (cont'd)

Period ended 31 March 2018

	Motor Trading	Auto Parts Manufacturing	Property development	All others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	399,702	62,175	1,261	322	463,460
Results for reportable segments	4,548	(2,483)	233	(1,623)	675
Share of results of a jointly venture	--	3,367	--	--	3,367
Share of results of associates	36,934	(148)	--	--	36,786
Interest income	809	43	--	524	1,376
Finance costs	(124)	(1,357)	--	(1,475)	(2,956)
Profit/(loss) before tax for reportable segment	42,167	(578)	233	(2,574)	39,248
Depreciation and amortisation	(2,228)	(2,377)	(6)	(416)	(5,027)
Capital expenditure	818	714	--	--	1,532
Segment assets	545,387	167,820	12,760	146,999	872,966
Jointly controlled entity	--	63,888	--	22,899	86,787
Investment in associates	1,070,178	80,384	--	--	1,150,562
Segment liabilities	(141,279)	(156,602)	(2,768)	(112,311)	(412,960)

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 joint 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	241,892	22,880	267,506	1,193,186
Jointly controlled entity	--	93,945	--	53,930	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)

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

**14. Operating segments (cont'd)**

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

	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
<u>Revenues</u>		
Total revenues for Group's reportable segments	463,138	417,971
All others	322	101
	<u>463,460</u>	<u>418,072</u>
<u>Profit or loss</u>		
Total profit / (loss) for Group's reportable segments, including finance costs and interest income	1,669	(1,387)
All others	(2,574)	(4,480)
Share of results of jointly controlled entity	3,367	2,380
Share of results of associates	36,786	26,109
	<u>39,248</u>	<u>22,622</u>
<u>Assets</u>		
Total assets for Group's reportable segments	725,967	925,680
All others	146,999	267,506
Jointly controlled entity	86,787	147,875
Investment in associates	1,150,562	1,085,999
	<u>2,110,315</u>	<u>2,427,060</u>
<u>Liabilities</u>		
Total liabilities for Group's reportable segments	300,649	367,270
All others	112,311	179,554
	<u>412,960</u>	<u>546,824</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 2017. 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.

**15. Review of Group performance**

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

**16. Current year prospects**

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

**17. Variance from profit forecast or profit guarantee**

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

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

**18. Income tax expense**

	Current Quarter 31/03/2018 RM'000	Year to date 31/03/2018 RM'000
Current year's provision	2,181	2,181
Add : Under/(Over) provision in prior years	--	--
	2,181	2,181
Deferred taxation	--	--
Income tax expense	<u>2,181</u>	<u>2,181</u>

A reconciliation of the statutory income tax rate at 24% to the effective income tax rate of the Group for the current

	Current Quarter 31/03/2018 %	Year to date 31/03/2018 %
Statutory income tax rate in Malaysia	24.0	24.0
Adjustment for tax applicable to share of results in associates	(22.5)	(22.5)
Adjustment for tax applicable to share of results in jointly controlled entity	(2.1)	(2.1)
Expenses not deductible for tax purpose / (Income not subject to tax)	6.1	6.1
	<u>5.5</u>	<u>5.5</u>

**19. Corporate proposals**

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

**20. Group borrowings and debt securities**

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Denominated in Malaysian Currency (RM)		
Secured	133,359	101,719
Unsecured	--	--
Total	<u>133,359</u>	<u>101,719</u>

**21. Material litigations**

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

**22. Dividend**

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

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

23. Earnings per ordinary share (EPS)

	Quarter ended		Year to date 3 months ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
<b>Basic earnings per ordinary share</b>	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	32,815	19,425	32,815	19,425
	'000	'000	'000	'000
Number of ordinary shares in issue	390,887	390,885	390,887	390,885
Basic earnings per share (sen)	8.40	4.97	8.40	4.97
<b>Diluted earnings per ordinary share</b>	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	32,815	19,425	32,815	19,425
	'000	'000	'000	'000
Number of ordinary shares in issue	390,887	390,885	390,887	390,885
Adjustments for assumed full exercise of LTIP	444	444	444	444
Number of ordinary shares used in the calculation of diluted earnings per share	391,331	391,329	391,331	391,329
Diluted earnings per share (sen)	8.39	4.96	8.39	4.96

24. Items to disclose in the Statement of Comprehensive Income

	Quarter ended		Year to date 3 months ended	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	RM'000	RM'000	RM'000	RM'000
a) Interest income	1,376	1,138	1,376	1,138
b) Interest expense	(2,956)	(4,132)	(2,956)	(4,132)
c) Depreciation and amortisation	(5,027)	(6,017)	(5,027)	(6,017)

Other than the items above which have been included in the Condensed Consolidated Statement of Profit or Loss, there were no impairment of assets, provisions for and write off of receivable and inventories, gain or loss on derivatives, disposal of quoted or unquoted investments or properties, and other exceptional items for the current financial period ended 31 March 2018.

25. Authorised for issue

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 23 May 2018.

BY ORDER OF THE BOARD  
MBM RESOURCES BERHAD

WONG PEIR CHYUN  
COMPANY SECRETARY  
KUALA LUMPUR  
DATED : 23 MAY 2018

For further information, please contact Ms Annie Chin, Group Financial Controller at Tel : +603-2273 8803  
Our Quarterly Announcement for the first quarter ended 31 March 2018 can be downloaded from the internet at  
[www.bursamalaysia.com](http://www.bursamalaysia.com) or [www.mbmr.com.my](http://www.mbmr.com.my)