



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2015

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the current quarter/financial period ended 30 September 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue		3,253,950	3,224,697	6,204,177	6,949,448
Cost of sales and operating expenses		(3,299,258)	(3,192,265)	(6,345,224)	(6,802,644)
Other income		207,146	172,770	361,530	290,980
Other expenses		(86,789)	(27,039)	(129,596)	(60,115)
Profit from operations		75,049	178,163	90,887	377,669
Finance costs		(96,496)	(95,896)	(190,018)	(191,463)
Share of results of joint ventures (net of tax)		8,290	9,409	16,947	22,323
Share of results of associated companies (net of tax)		65,828	84,455	151,534	152,657
PROFIT BEFORE TAXATION	14	52,671	176,131	69,350	361,186
Taxation	19	(16,619)	(53,729)	(22,402)	(103,635)
NET PROFIT FOR THE QUARTER/FINANCIAL PERIOD		36,052	122,402	46,948	257,551
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net (loss)/gain on fair value changes of securities: available-for-sale		(55,968)	5,825	(63,091)	6,092
Currency translation differences of foreign subsidiaries		95,196	(18,604)	139,481	(25,850)
<u>Reclassification adjustments:</u>					
Gain on fair value changes of securities: available-for-sale					
- Transfer to profit or loss upon disposal		-	789	-	789
Transfer of reserve of an associated company to profit or loss upon disposal		(4,604)	-	(4,604)	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)		34,624	(11,990)	71,786	(18,969)
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/FINANCIAL PERIOD		70,676	110,412	118,734	238,582
Net (loss)/profit for the quarter/financial period attributable to:					
Owners of the Company		3,897	93,094	(15,821)	200,931
Holder of Perpetual Sukuk		19,384	-	37,030	-
Non-controlling interest		12,771	29,308	25,739	56,620
		36,052	122,402	46,948	257,551
Total comprehensive (loss)/income for the quarter/financial period attributable to:					
Owners of the Company		52,247	78,437	71,035	180,188
Holder of Perpetual Sukuk		19,384	-	37,030	-
Non-controlling interest		(955)	31,975	10,669	58,394
		70,676	110,412	118,734	238,582
Basic (loss)/earnings per share (sen):	25	0.20	4.81	(0.82)	10.39

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30.09.2015 RM'000	Audited As at 31.03.2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,718,192	5,562,954
Concession assets		224,921	230,651
Prepaid lease properties		52,718	53,412
Investment properties		624,581	560,325
Land held for property development		792,907	728,086
Joint ventures		386,821	390,252
Associated companies		1,389,221	1,307,016
Intangible assets		1,637,190	1,392,565
Deferred tax assets		120,481	123,588
Investment securities: financial assets at fair value through profit or loss			
- Banking		151,705	118,657
Investment securities: available-for-sale			
- Banking		5,444,482	5,411,269
- Non-banking		46,238	46,238
Investment securities: held-to-maturity			
- Banking		139,829	139,042
Other receivables		159,876	155,336
Other assets		509	509
Banking related assets			
- Financing of customers		10,720,546	10,259,671
- Statutory deposits with Bank Negara Malaysia		703,361	757,721
		28,313,578	27,237,292
CURRENT ASSETS			
Assets held for sale		-	63,405
Inventories		2,294,727	2,364,414
Property development costs		362,592	320,695
Trade and other receivables		4,981,341	4,587,513
Investment securities: available-for-sale			
- Banking		498,466	1,024,210
Banking related assets			
- Cash and short-term funds		354,491	1,226,944
- Financing of customers		3,178,296	2,998,566
Bank balances and cash deposits		1,948,045	2,461,408
Derivative assets	22(a)	197,250	74,975
		13,815,208	15,122,130
TOTAL ASSETS		42,128,786	42,359,422

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 30.09.2015 RM'000	Audited As at 31.03.2015 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,719,601	1,719,601
Reserves		5,835,024	5,850,985
Equity attributable to owners of the Company		7,554,625	7,570,586
Perpetual Sukuk		1,051,956	822,291
Non-controlling interest		877,097	959,290
TOTAL EQUITY		9,483,678	9,352,167
NON-CURRENT LIABILITIES			
Deferred income		118,656	139,509
Long term borrowings	21(c)	4,659,802	4,832,149
Provision for liabilities and charges		4,656	3,110
Provision for concession assets		90,291	74,574
Post-employment benefit obligations		40,889	34,791
Deferred tax liabilities		68,034	91,292
Banking related liabilities – Deposits from customers		44,152	51,826
		5,026,480	5,227,251
CURRENT LIABILITIES			
Deferred income		59,569	50,869
Trade and other payables		6,081,087	5,995,704
Provision for liabilities and charges		238,371	195,653
Provision for concession assets		16,424	17,557
Bank borrowings			
- Bank overdrafts	21(a)	22,774	21,835
- Others	21(b)	2,245,523	2,065,779
Banking related liabilities			
- Deposits from customers		17,203,571	18,870,198
- Deposits and placements of banks and other financial institutions		1,486,714	408,836
- Bills and acceptances payable		73,030	67,723
Derivative liabilities	22(a)	104,569	56,851
Dividend payable		86,996	28,999
		27,618,628	27,780,004
TOTAL LIABILITIES		32,645,108	33,007,255
TOTAL EQUITY AND LIABILITIES		42,128,786	42,359,422
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.91	3.92

* Based on 1,933,237,051 ordinary shares in issue.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares		Non-distributable					Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Perpetual Sukuk RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000					
At 1 April 2015	1,933,237	1,719,601	20,701	1,000,039	(92,529)	(814)	324,688	4,598,900	7,570,586	822,291	959,290	9,352,167
Total comprehensive income/(loss) for the financial period	-	-	-	-	131,020	(44,164)	-	(15,821)	71,035	37,030	10,669	118,734
Net issuance of Perpetual Sukuk (Note 6)	-	-	-	-	-	-	-	-	-	223,841	-	223,841
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	(31,206)	-	(31,206)
<u>Transactions with owners</u>												
Capital repayment to non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(86,460)	(86,460)
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	21,728	(21,728)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(6,402)	(6,402)
Final dividend in respect of financial year ended 31 March 2015	-	-	-	-	-	-	-	(86,996)	(86,996)	-	-	(86,996)
At 30 September 2015	1,933,237	1,719,601	20,701	1,000,039	38,491	(44,978)	346,416	4,474,355	7,554,625	1,051,956	877,097	9,483,678

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Issued and fully paid ordinary shares		Non-distributable					Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Perpetual Sukuk RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000					
At 1 April 2014	1,933,237	1,719,601	20,701	911,016	(89,405)	(15,440)	271,832	4,487,828	7,306,133	-	1,199,852	8,505,985
Total comprehensive (loss)/ income for the financial period	-	-	-	-	(25,703)	4,960	-	200,931	180,188	-	58,394	238,582
<u>Transactions with owners</u>												
Disposal of subsidiary companies	-	-	-	89,023	-	-	18,047	(44,821)	62,249	-	(157,490)	(95,241)
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	(222)	-	222	-	-	-	2,937	2,937
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	18,897	(18,897)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(144,935)	(144,935)
Final dividend in respect of financial year ended 31 March 2014	-	-	-	-	-	-	-	(86,996)	(86,996)	-	-	(86,996)
At 30 September 2014	1,933,237	1,719,601	20,701	1,000,039	(115,330)	(10,480)	308,998	4,538,045	7,461,574	-	958,758	8,420,332

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended 30.09.2015 RM'000	6 Months Ended 30.09.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	46,948	257,551
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	279,536	267,577
- Finance costs	190,018	191,463
- Taxation	22,402	103,635
- Share of results of joint ventures (net of tax)	(16,947)	(22,323)
- Share of results of associated companies (net of tax)	(151,534)	(152,657)
- Gain on disposal of subsidiary companies	-	(97,424)
- Others	66,436	22,889
Operating profit before working capital changes	436,859	570,711
Changes in working capital:		
Net increase in banking related assets	(621,604)	(739,166)
Net (decrease)/increase in banking related liabilities	(591,116)	1,596,405
Net increase in current assets	(304,994)	(209,682)
Net increase/(decrease) in current liabilities	13,412	(183,299)
Net cash (used in)/generated from operations	(1,067,443)	1,034,969
Interest received	32,451	34,260
Dividends received from joint ventures	18,556	22,160
Dividends received from associated companies	79,142	35,868
Tax paid, net of refund	(54,457)	(116,707)
Finance costs paid	(204,203)	(172,353)
Provision for liabilities and charges paid	(10,213)	(50,776)
Post-employment benefit obligations paid	(186)	(192)
Provision for concession assets paid	(1,133)	(907)
Net cash (outflow)/inflow from operating activities	(1,207,486)	786,322
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	128,222	(1,431,795)
Additional cost incurred for land held for property development	(450)	(336)
Capital repayment to non-controlling interest of a subsidiary company	(86,460)	-
Net cash outflow from acquisitions of subsidiary companies	-	(34,803)
Net cash outflow from disposal of subsidiary companies	-	(266,813)
New investment in an associated company	(490)	-
Purchase of property, plant and equipment/intangible assets/investment properties	(653,077)	(396,031)
Proceeds from disposal/maturity of investment securities	-	35
Proceeds from disposal of property, plant and equipment/investment properties/assets held for sale	76,408	64,045
Redemption of available-for-sale securities by a banking subsidiary company	275,000	129,000
Redemption of preference shares by a joint venture	5,000	-
Net cash outflow from investing activities	(255,847)	(1,936,698)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	6 Months Ended 30.09.2015 RM'000	6 Months Ended 30.09.2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of Perpetual Sukuk	223,841	-
Proceeds from bank borrowings	2,280,083	2,253,630
Repayment of bank borrowing/hire purchase and finance leases	(2,313,187)	(2,338,809)
Fixed deposits held as security/maintained as sinking fund	(45,379)	46,868
Dividends paid to holders of Perpetual Sukuk	(31,206)	-
Dividends paid to shareholders	(28,999)	(28,999)
Dividends paid to non-controlling interest	(6,402)	(144,935)
Net cash inflow/(outflow) from financing activities	78,751	(212,245)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,384,582)	(1,362,621)
Effects of foreign currency translation	(47,866)	(1,675)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	2,590,271	3,278,336
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	1,157,823	1,914,040
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	1,948,045	2,058,690
Banking related assets – cash and short-term funds	354,491	679,656
Bank overdrafts	(22,774)	(29,657)
	2,279,762	2,708,689
Less: Fixed deposits held as security	(1,103,583)	(775,642)
Less: Bank balance in respect of Automotive Development Fund liabilities	(18,356)	(19,007)
	1,157,823	1,914,040

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report is prepared in accordance with Financial Reporting Standard (“FRS”) 134 on “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2015.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2015. There were no new accounting standards that became effective for the financial year beginning on 1 April 2015.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 September 2015.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2015.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amount reported in prior financial periods that has a material effect to this interim financial report.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 September 2015.

(a) Perpetual Sukuk Musharakah Programme (“Perpetual Sukuk”)

During the current financial period, the Company had undertaken three issuances of the Perpetual Sukuk amounting RM225 million.

	RM’000
Total proceeds	225,000
Less: direct expenses attributable to the issuance	(1,159)
Net proceeds	<u>223,841</u>

7. DIVIDENDS PAID

- (a) A single tier interim dividend of 1.5 sen per share amounting to RM28,998,558 for the financial year ended 31 March 2015, was paid on 28 April 2015.
- (b) The shareholders have approved a single tier final dividend of 4.5 sen per share at the last Annual General Meeting held on 9 September 2015 in respect of the financial year ended 31 March 2015. The net dividend of RM86,995,667 was paid on 9 October 2015.

8. SEGMENTAL INFORMATION

The information of each of the Group’s business segments for the financial period ended 30 September 2015 is as follows:

	Automotive RM’000	Services RM’000	Property, Asset & Construction RM’000	Investment Holding RM’000	Group RM’000
Revenue					
Total revenue	5,047,356	1,349,320	162,436	27,052	6,586,164
Inter-segment revenue	(240,163)	(80,241)	(34,531)	(27,052)	(381,987)
External revenue	4,807,193	1,269,079	127,905	-	6,204,177
Results					
Segment (loss)/profit	(108,802)	184,775	18,536	(13,251)	81,258
Unallocated expenses					(19,250)
Interest income on short term deposits					28,879
Finance costs					(190,018)

8. SEGMENTAL INFORMATION (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Results (Continued)					
Share of results of joint ventures (net of tax)	15,959	-	988	-	16,947
Share of results of associated companies (net of tax)	141,877	9,657	-	-	151,534
Profit before taxation					69,350
Taxation					(22,402)
Net profit for the financial period					46,948
Attributable to:					
Owners of the Company					(15,821)
Holders of Perpetual Sukuk					37,030
Non-controlling interest					25,739

9. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment brought forward from the previous annual audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

10. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

- (a) On 27 April 2015, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, entered into a share sale agreement with Johnson Controls Holding Japan TYK for the disposal of its entire 30% equity interest in Johnson Controls Automotive Holding (M) Sdn. Bhd. for a cash consideration of RM45,000,000. The transaction was completed on the even date.
- (b) On 8 June 2015, DRB-HICOM Berhad completed the acquisition of 100% equity interest in EON Network Systems Sdn. Bhd. (“ENSSB”) comprising 2 ordinary shares of RM1.00 each from EON Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, via an internal re-organisation. On 16 June 2015, ENSSB changed its name to DRB-HICOM Northern Gateway Sdn. Bhd.
- (c) On 7 July 2015, HICOM Builders Sdn. Bhd. (“HBSB”), an indirect wholly-owned subsidiary company of the Group, entered into a joint venture and shareholders’ agreement with MRCB Engineering Sdn. Bhd. (“MESB”) and Dekad Kaliber Sdn. Bhd. (“DKSB”), the joint venture company in relation to the proposed development of the integrated, custom, quarantine and security complex located at Bukit Kayu Hitam, Kedah. HBSB and MESB’s shareholding in DKSB are 49% and 51% respectively. As a result, DKSB became a 49% associated company of the Group.
- (d) On 11 August 2015, Perusahaan Otomobil Nasional Sdn. Bhd., a wholly-owned indirect subsidiary company of the Group, completed the disposal of its entire 25% equity interest in Vina Star Motors Corporation (“VSMC”) to Mitsubishi Motor Corporation and Mitsubishi Corporation for a sale consideration of RM17,146,000. As a result, VSMC ceased to be an associated company of the Group.
- (e) On 26 August 2015, the Company announced that Myanmar Scott & English Co., Ltd (“MSE”), a wholly-owned dormant subsidiary company of Scott & English (Malaysia) Sdn. Bhd., which in turn is an indirect 70% owned subsidiary company of the Group, was voluntarily deregistered. As a result, MSE ceased to be a subsidiary company of the Group.
- (f) On 26 August 2015, the Company announced that Scott & English (Cambodia) Limited (“SEC”), a wholly-owned dormant subsidiary company of Scott & English (Malaysia) Sdn. Bhd., which in turn is an indirect 70% owned subsidiary company of the Group, was voluntarily deregistered. As a result, SEC ceased to be a subsidiary company of the Group.
- (g) On 15 September 2015, DRB-HICOM SPV (Labuan) Limited (“DHS”), a wholly-owned subsidiary company of the Group, was incorporated under the Labuan Companies Act, 1990 in the Federal Territory of Labuan, Malaysia. It is intended to be involved in investment, funding and treasury related functions for the DRB-HICOM Group.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets from what was reported in last annual audited financial statements.

13. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD

No material loss is anticipated as these amounts arose in the business of the Bank Muamalat Malaysia Berhad in which it makes various commitments and incurs certain contingent liabilities with legal recourse to its customers.

Risk Weighted Exposures of Bank Muamalat Malaysia Berhad are as follows:

	As at 30.09.2015		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Trade-related contingencies	35,076	7,015	6,917
Transaction related contingencies	298,155	149,077	146,294
Credit extension commitment:			
– maturity within one year	870,377	174,075	167,781
– maturity exceeding one year	1,911,419	955,710	193,978
Profit rate related contracts	3,675,000	104,921	20,984
Foreign exchange related contracts	2,542,217	168,456	123,308
	9,332,244	1,559,254	659,262

14. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

	3 Months Ended		6 Months Ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Allowance for/write off of investment securities and financing of customers (net)	17,274	52,401	40,546	88,615
Amortisation of :				
- intangible assets	49,836	16,359	91,224	50,592
- concession assets	2,864	2,865	5,730	5,731

14. PROFIT BEFORE TAXATION (Continued)

Profit before taxation is arrived at after charging/(crediting) the following: (Continued)

	3 Months Ended		6 Months Ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	141,772	133,778	279,536	267,577
Doubtful debts (net of write backs)	5,502	8,338	3,597	12,475
Finance costs	96,496	95,896	190,018	191,463
Impairment loss/(reversal of impairment loss) of (net)				
- property, plant and equipment	(629)	-	(621)	438
- investment securities: available-for-sale	-	-	-	(28,621)
(Gain)/loss on fair value adjustment of investment properties	1,282	649	(6,248)	1,204
Net write off of property, plant and equipment	113	1,163	722	1,187
(Gain)/loss on disposal of:				
- assets held for sale	8,531	(26)	(12,267)	(26)
- investment securities	(1,919)	(3,698)	(4,938)	(5,573)
- property, plant and equipment	2,044	(1,416)	(2,703)	(1,486)
- subsidiary companies	-	(97,424)	-	(97,424)
Interest income on short term deposits	(12,907)	(15,140)	(28,879)	(33,696)
Inventories written off/down (net of write backs)	(10,341)	3,768	(14,016)	9,415
Marked to market (gain)/loss on derivatives (net)	(65,598)	(15,888)	(74,557)	(7,189)
Net foreign exchange differences	(1,426)	(1,922)	(27,194)	(4,247)

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	3 Months Ended			6 Months Ended		
		30.09.2015 RM'000	30.09.2014 RM'000	Variance RM'000	30.09.2015 RM'000	30.09.2014 RM'000	Variance RM'000
(i)	Automotive	2,561,090	2,526,463	34,627	4,807,193	5,410,478	(603,285)
(ii)	Services	634,363	601,943	32,420	1,269,079	1,382,389	(113,310)
(iii)	Property, Asset & Construction (PAC)	58,497	96,291	(37,794)	127,905	156,581	(28,676)
	Total	3,253,950	3,224,697	29,253	6,204,177	6,949,448	(745,271)

- (a) For the current financial quarter ended 30 September 2015, the Group achieved a revenue of RM3.25 billion compared with RM3.22 billion in the corresponding quarter ended 30 September 2014. All the business sectors contributed to the improved revenue except for PAC sector due to lower sales of the property development projects.
- (b) For the six months ended 30 September 2015, the Group's revenue declined by 10.7% to RM6.20 billion compared with RM6.95 billion in the corresponding period ended 30 September 2014.

(i) Automotive Sector

The decline in revenue is mainly attributable to the lower sales of motor vehicles during the period under review.

(ii) Services Sector

The drop in revenue was mainly due to the absence of revenue from the insurance business following the disposal of the insurance subsidiary company, Uni.Asia General Insurance Berhad in last July 2014.

(iii) PAC Sector

The reduction in revenue was mainly due to the lower percentage of completion of the property development projects.

15.2 Profit Before Tax (PBT)

For the current quarter and financial period ended 30 September 2015, the Group recorded a lower pre-tax profit of RM52.67 million and RM69.35 million respectively compared with pre-tax profits of RM176.13 million and RM361.19 million respectively in the corresponding quarter /period ended 30 September 2014.

The decline in the financial performance was mainly due to the current market sentiments and challenging economic and business conditions which had affected the Group's various businesses especially the automotive and property sectors.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a profit before tax of RM52.67 million in the current quarter ended 30 September 2015 compared with RM16.68 million in the preceding quarter ended 30 June 2015 mainly due to better performance of companies in the Automotive sector.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2016

Malaysia's economic growth expanded moderately to 4.7% in the third quarter of 2015 compared with 4.9% in the second quarter. The growth was mainly driven by private sector investment and spend.

The outlook for the remaining period of the financial year is expected to be challenging due to difficult domestic market conditions which has resulted in lower consumer confidence and consumption. In view of this, the Group will continue to remain focused on cost management and initiatives to further improve operational efficiency and effectiveness to enhance the Group's resilience.

18. PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee for the current financial period in a public document.

19. TAXATION

Taxation comprises the following:

	3 Months Ended		6 Months Ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Current taxation	12,594	14,135	22,736	70,276
Deferred taxation	4,025	39,594	(334)	33,359
Total	16,619	53,729	22,402	103,635

The Group's effective tax rate for the current financial period ended 30 September 2015 is higher than the statutory tax rate mainly due to losses of certain companies which cannot be set-off against profits of other companies and certain expenses which were not deductible for tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 26 February 2015, the Company entered into a conditional share sale agreement (“SSA”) with Northern Gateway Sdn. Bhd. for the proposed acquisition of 100% equity interest in Northern Gateway Infrastructure Sdn. Bhd. for a total cash consideration of RM20,000,000. The acquisition was completed on 20 November 2015.
- (b) Bank Negara Malaysia vide letter dated 30 September 2015 granted approval for DRB-HICOM Berhad, to commence negotiations with Malaysia Building Society Berhad (“MBSB”) on the proposed merger of Bank Muamalat Malaysia Berhad and MBSB, subject to all parties concluding the negotiations within three (3) months from the date of this letter. DRB-HICOM Berhad and MBSB would be required to obtain the prior approval of the Minister of Finance, with recommendation of BNM, pursuant to the Islamic Financial Services Act 2013, before entering into any agreement to effect the above merger.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 30.09.2015 RM'000
(a) Short Term Borrowings	
Bank overdrafts	
- Secured	15,451
- Unsecured	7,323
Total	22,774
(b) Others	
<u>Secured</u>	
Bankers acceptances	11,787
Revolving credits	67,998
Short term loans	21,037
Short term loans under Islamic financing	153,836
Hire purchase and finance lease liabilities – portion repayable within 12 months	13,768
Long term loans – portion repayable within 12 months	496,200
Long term loans under Islamic financing – portion repayable within 12 months	169,037
Sub-total	933,663

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2015 RM'000
Short Term Borrowings (Continued)	
(b) Others (Continued)	
<u>Unsecured</u>	
Bankers acceptances	993,270
Revolving credits	264,639
Short term loans	1,834
Short term loans under Islamic financing	30,000
Long term loans – portion repayable within 12 months	2,018
Long term loans under Islamic financing – portion repayable within 12 months	9,771
Deferred liability	10,328
Sub-total	1,311,860
Total	2,245,523
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities	42,692
- portion repayable within 12 months	(13,768)
	28,924
Long term loans	2,065,556
- portion repayable within 12 months	(496,200)
	1,569,356
Long term loans under Islamic financing	2,817,105
- portion repayable within 12 months	(169,037)
	2,648,068
<u>Unsecured</u>	
Long term loans	4,871
- portion repayable within 12 months	(2,018)
	2,853

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2015 RM'000
(c) Long Term Borrowings (Continued)	
<u>Unsecured</u> (Continued)	
Long term loans under Islamic financing - portion repayable within 12 months	420,372 (9,771)
	410,601
Total	4,659,802
Grand Total	6,928,099

Note: Apart from the following Ringgit equivalent of foreign currency borrowings, the rest of the borrowings and deferred liabilities are denominated in Ringgit Malaysia.

As at	Amount
30.09.2015	RM266.43 million (SGD 85.5 million) RM141.64 million (USD 31.9 million) RM27.69 million (GBP 4.1 million) RM1.83 million (Baht 15 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 2015 consist of foreign exchange contracts and profit rate swap which are measured at their fair value together with their corresponding contract/notional amounts as below:

	Contract/ Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	1,487,866	141,725	11,660
Currency swap foreign exchange contracts	1,454,591	30,552	92,909
Islamic profit rate swap	3,675,000	24,973	-
	6,617,457	197,250	104,569

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2015:

- (i) the credit risk, market risk and liquidity risk associated with these financial derivatives;
 - (ii) the cash requirements of the financial derivatives; and
 - (iii) the policy in place for mitigating or controlling the risks associated with these financial derivatives.
- (b) Disclosure of gains/loss arising from fair value changes of financial derivatives

During the current financial period, the Group recognised a total net gain of RM74.56 million in the consolidated statement of comprehensive income arising from the fair value changes on the foreign exchange contracts and profit rate swap which are marked to market as at 30 September 2015.

23. MATERIAL LITIGATION

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

24. DIVIDEND

No interim dividend has been declared for the financial period ended 30 September 2015.

25. EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the Group's net (loss)/profit attributable to owners of the Company by the number of ordinary shares in issue during the financial period.

	3 Months Ended		6 Months Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Net (loss)/profit attributable to owners of the Company (RM'000)	3,897	93,094	(15,821)	200,931
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic (loss)/earnings per share (sen)	0.20	4.81	(0.82)	10.39

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The retained profits of the Group as at 30 September 2015 are analysed as follows:

	As at 30.09.2015 RM'000	As at 30.09.2014 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,579,091	3,773,491
- Unrealised	218,577	134,250
	<u>3,797,668</u>	<u>3,907,741</u>
Total share of retained profits from joint ventures:		
- Realised	137,348	149,785
- Unrealised	3,870	2,983
Total share of retained profits from associated companies:		
- Realised	519,224	479,439
- Unrealised	16,245	(1,903)
Total Group retained profits as per consolidated financial statements	<u>4,474,355</u>	<u>4,538,045</u>

DRB-HICOM BERHAD
(203430-W)
(Incorporated in Malaysia)

27. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding audited annual financial statements was not subject to any qualification.

BY ORDER OF THE BOARD

DATO' CHAN CHOY LIN, CAROL
Secretary

Shah Alam
26 November 2015