



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 June 2013

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	First Quarter 3 Months Ended		Financial Year 3 Months Ended	
		30.06.2013 RM'000	30.06.2012 (Restated) RM'000	30.06.2013 RM'000	30.06.2012 (Restated) RM'000
Revenue		3,054,558	3,463,053	3,054,558	3,463,053
Cost of sales and operating expenses		(3,004,608)	(3,424,387)	(3,004,608)	(3,424,387)
Other income		139,592	114,362	139,592	114,362
Other expenses		(52,937)	(20,487)	(52,937)	(20,487)
Profit from operations		136,605	132,541	136,605	132,541
Finance costs		(88,622)	(77,230)	(88,622)	(77,230)
Share of results of jointly controlled entities (net of tax)		8,466	10,464	8,466	10,464
Share of results of associated companies (net of tax)		39,767	32,140	39,767	32,140
PROFIT BEFORE TAXATION	14	96,216	97,915	96,216	97,915
Taxation	19	(52,376)	(44,530)	(52,376)	(44,530)
NET PROFIT FOR THE FINANCIAL PERIOD		43,840	53,385	43,840	53,385
OTHER COMPREHENSIVE (LOSS)/INCOME					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Net (loss)/gain on fair value changes of securities: available-for-sale		(17,890)	4,219	(17,890)	4,219
Currency translation differences of foreign subsidiaries		(17,619)	5,160	(17,619)	5,160
Share of other comprehensive income of an associated company		77	677	77	677
<i>Reclassification adjustments:</i>					
Gain on fair value changes of securities: available-for-sale					
- Transfer to profit or loss upon disposal		-	5,528	-	5,528
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL PERIOD		(35,432)	15,584	(35,432)	15,584
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		8,408	68,969	8,408	68,969
Net profit for the financial period attributable to:					
Owners of the Company		10,256	32,601	10,256	32,601
Non-controlling interest		33,584	20,784	33,584	20,784
		43,840	53,385	43,840	53,385
Total comprehensive(loss)/ income for the financial period attributable to:					
Owners of the Company		(19,718)	45,900	(19,718)	45,900
Non-controlling interest		28,126	23,069	28,126	23,069
		8,408	68,969	8,408	68,969
Basic earnings per share (sen):	25	0.53	1.69	0.53	1.69

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30.06.2013 RM'000	Audited As at 31.03.2013 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,989,088	4,983,782
Concession assets		251,021	253,888
Prepaid lease properties		11,706	11,772
Investment properties		552,250	551,514
Land held for property development		761,552	1,051,772
Jointly controlled entities		433,768	429,448
Associated companies		1,184,693	1,184,012
Intangible assets		808,989	809,082
Deferred tax assets		258,787	282,283
Investment securities: financial assets at fair value through profit or loss			
- Banking		86,083	84,373
Investment securities: available-for-sale			
- Banking		5,655,544	5,106,283
- Non-banking		955,832	1,007,236
Investment securities: held-to-maturity			
- Banking		575	575
- Non-banking		464,342	459,841
Other receivables		11,239	12,289
Other assets		320	320
Banking related assets			
- Financing of customers		7,521,122	8,056,313
- Statutory deposits with Bank Negara Malaysia		603,721	612,721
		24,550,632	24,897,504
CURRENT ASSETS			
Assets held for sale		331,647	5,665
Inventories		2,036,181	1,990,412
Property development costs		243,056	235,643
Trade and other receivables		4,335,458	4,305,683
Reinsurance assets		262,707	222,361
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		406,424	361,522
Investment securities: available-for-sale			
- Banking		886,037	1,360,708
- Non-banking		45,276	32,608
Investment securities: held-to-maturity			
- Non-banking		36,260	31,545
Banking related assets			
- Cash and short-term funds		1,564,434	3,341,694
- Financing of customers		2,765,053	2,052,700
Bank balances and cash deposits		3,563,780	3,284,116
Derivative assets	22(a)	16,595	8,332
		16,492,908	17,232,989
TOTAL ASSETS		41,043,540	42,130,493

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 30.06.2013 RM'000	Audited As at 31.03.2013 (Restated) RM'000
EQUITY AND LIABILITIES			
Share Capital		1,719,601	1,719,601
Reserves		5,329,919	5,348,649
Equity attributable to owners of the Company		7,049,520	7,068,250
Non-controlling interest		1,259,342	1,254,030
TOTAL EQUITY		8,308,862	8,322,280
NON-CURRENT LIABILITIES			
Life insurance contract liabilities		1,761,376	1,743,628
Deferred income		91,082	91,454
Long term borrowings	21(c)	3,726,754	3,667,866
Provision for liabilities and charges		1,188	1,023
Provision for concession assets		23,964	19,250
Post-employment benefit obligations		45,948	45,981
Deferred tax liabilities		103,896	102,336
Banking related liabilities			
- Deposits from customers		33,774	31,505
		5,787,982	5,703,043
CURRENT LIABILITIES			
General and life insurance contract liabilities		777,778	715,061
Deferred income		36,703	38,567
Trade and other payables		5,528,007	5,505,394
Provision for liabilities and charges		159,776	155,525
Provision for concession assets		55,280	89,809
Post-employment benefit obligations		-	60
Bank borrowings			
- Bank overdrafts	21(a)	20,909	15,143
- Others	21(b)	3,064,471	2,794,047
Banking related liabilities			
- Deposits from customers		16,996,865	18,541,613
- Deposits and placements of banks and other financial institutions		10,822	10,774
- Bills and acceptances payable		217,477	132,750
- Recourse obligation on financing sold to Cagamas		60,984	61,679
Derivative liabilities	22(a)	17,624	22,999
Dividend payable		-	21,749
		26,946,696	28,105,170
TOTAL LIABILITIES		32,734,678	33,808,213
TOTAL EQUITY AND LIABILITIES		41,043,540	42,130,493
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		* 3.65	* 3.66

* 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 2013 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	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 2013	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	240,989	4,191,941	7,100,546	1,253,764	8,354,310
Prior years' adjustments (Note 2 (ii))	-	-	-	-	-	-	(32,296)	-	(32,296)	266	(32,030)
As restated	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	208,693	4,191,941	7,068,250	1,254,030	8,322,280
Total comprehensive (loss)/ income for the financial year	-	-	-	-	(17,475)	(12,576)	77	10,256	(19,718)	28,126	8,408
<u>Transactions with owners</u>											
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	988	988	(4,588)	(3,600)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	6,234	(6,234)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(18,226)	(18,226)
At 30 June 2013	1,933,237	1,719,601	20,701	911,016	4,790	(18,543)	215,004	4,196,951	7,049,520	1,259,342	8,308,862

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	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 2012	1,933,237	1,719,601	20,701	911,016	7,996	(35,007)	182,701	3,354,642	6,161,650	1,131,613	7,293,263
Prior years' adjustments *	-	-	-	-	-	5,005	-	82,462	87,467	84,036	171,503
Prior years' adjustments (Note 2 (ii))	-	-	-	-	-	-	(2,233)	-	(2,233)	-	(2,233)
As restated	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	180,468	3,437,104	6,246,884	1,215,649	7,462,533
Total comprehensive income for the financial period	-	-	-	-	5,250	7,372	677	32,601	45,900	23,069	68,969
<u>Transactions with owners</u>											
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	5	1,157	1,162	(9,235)	(8,073)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	16,240	(16,240)	-	-	-
At 30 June 2012	1,933,237	1,719,601	20,701	911,016	13,246	(22,630)	197,390	3,454,622	6,293,946	1,229,483	7,523,429

* In respect of the changes in Bank Negara Malaysia Guidelines for Life Insurers – unallocated surplus and reserve of non-participating funds held by a Life insurance subsidiary company.

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 2013 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended 30.06.2013	3 Months Ended 30.06.2012 (Restated)
	RM'000	RM'000
Net profit for the financial period	43,840	53,385
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	135,356	164,026
- Finance costs	88,622	77,230
- Taxation	52,376	44,530
- Share of results of jointly controlled entities (net of tax)	(8,466)	(10,464)
- Share of results of associated companies (net of tax)	(39,767)	(32,140)
- Others	10,651	57,474
Operating profit before working capital changes	282,612	354,041
Changes in working capital:		
Net increase in banking related assets	(194,324)	(463,195)
Net decrease in banking related liabilities	(1,458,399)	(2,269,114)
Net (increase)/decrease in current assets	(42,468)	55,413
Net increase/(decrease) in current liabilities	76,018	(1,413,980)
Net cash used in operations	(1,336,561)	(3,736,835)
Interest received	19,413	16,289
Dividends received from jointly controlled entities	2,450	-
Dividends received from associated companies	4,474	-
Dividends received from investments	45	1,837
Tax paid, net of refund	(43,515)	(35,669)
Finance costs paid	(83,682)	(70,198)
Provision for liabilities and charges paid	(9,675)	(11,318)
Provision for concession assets paid	(24,044)	(31,514)
Post-employment benefit obligations paid	(129)	(106)
Net cash outflow from operating activities	(1,471,224)	(3,867,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(167,872)	(164,968)
Purchase of property, plant and equipment/intangible assets/investment properties	(201,386)	(266,536)
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	(955,584)	279,533
Acquisition of land held for property development	(5,027)	(2,018)
Acquisition of additional shares in subsidiary companies	(2,625)	(6,305)
Proceeds from disposal/maturity of investment securities	175,002	207,376
Proceeds from disposal of property, plant and equipment/concession assets	10,212	1,164
Redemption of available-for-sale securities	867,456	-
Acquisition of an associated company	-	(1,000)
Proceeds from disposal of an associated company	-	6,190
Net cash (outflow)/inflow from investing activities	(279,824)	53,436

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 Months Ended 30.06.2013 RM'000	3 Months Ended 30.06.2012 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	987,543	1,350,503
Repayment of bank borrowing/hire purchase and finance leases	(696,842)	(365,377)
Fixed deposits held as security/maintained as sinking fund	(168,628)	28,489
Dividends paid to shareholders	(21,749)	-
Dividends paid to non-controlling interest	(18,226)	-
Net cash inflow from financing activities	82,098	1,013,615
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,668,950)	(2,800,463)
Effects of foreign currency translation	(4,526)	1,610
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	5,978,035	7,213,747
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	4,304,559	4,414,894
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	3,563,780	2,742,584
Banking related assets – cash and short-term funds	1,564,434	1,976,058
Bank overdrafts	(20,909)	(13,878)
	5,107,305	4,704,764
Less: Fixed deposits held as security	(786,784)	(279,652)
Less: Bank balance in respect of Automotive Development Fund liabilities	(15,962)	(10,218)
	4,304,559	4,414,894

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013 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 2013.

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 2013 except for the adoption of the following new and revised FRSs, and Amendments to FRSs which are relevant to the Group’s operations with effect from 1 April 2013:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investments in Associates and Joint Ventures (2011)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Government Loans
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2012)]
Amendments to FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendment to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2012)]
Amendments to FRS 101	Presentation of Financial Statements -Presentation of Items of Other Comprehensive Income
Amendment to FRS 116	Property, Plant and Equipment [Improvements to FRSs (2012)]
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2012)]
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2012)]

2. CHANGES IN ACCOUNTING POLICIES (Continued)

The adoption of the above standards did not result in material impact on the financial statements of the Group other than the following:

(i) **FRS 11 Joint Arrangements**

The Group has carried out an assessment on adoption of FRS 11 and has concluded that there is no change in the classification of investments in jointly controlled entities with the exception of Exedy (Malaysia) Sdn. Bhd. (“Exedy”), an associated company of PROTON Holdings Berhad (“PROTON”). Exedy has been reclassified from investment in an associated company to investment in a jointly controlled entity as joint decisions are required to be made by all the shareholders in respect of its operational and financial matters.

(ii) **FRS 119 Employee Benefits (2011)**

The revised FRS 119 requires the recognition of changes in defined benefit obligations and changes in fair value of plan assets when they occur, and hence eliminates the ‘corridor method’ permitted under the previous version of FRS 119 and accelerates the recognition of past service costs. The revised FRS 119 requires all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. This revised accounting standard has been applied retrospectively.

The effects of the changes in accounting policies adopted by the Group are as follows:

	As previously stated RM'000	Effect of change in accounting policy – 2 (i) RM'000	Effect of change in accounting policy – 2 (ii) RM'000	As restated RM'000
As at 31 March 2013				
Consolidated Statement Of Financial Position				
<u>Non-current assets</u>				
Jointly controlled entities	409,207	20,241	-	429,448
Associated companies	1,204,253	(20,241)	-	1,184,012
<u>Non-current liabilities</u>				
Post-employment benefit obligations	13,951	-	32,030	45,981
Consolidated Statement Of Changes in Equity				
Other reserves	240,989	-	(32,296)	208,693
Non-controlling interest	1,253,764	-	266	1,254,030

2. CHANGES IN ACCOUNTING POLICIES (Continued)

The effects of the changes in accounting policies adopted by the Group are as follows:
(Continued)

	As previously stated RM'000	Effect of change in accounting policy – 2 (i) RM'000	Effect of change in accounting policy – 2 (ii) RM'000	As restated RM'000
For the financial period ended 30 June 2012				
Consolidated Statement Of Comprehensive Income				
Share of results of jointly controlled entities (net of tax)	10,056	408	-	10,464
Share of results associated companies (net of tax)	32,548	(408)	-	32,140
As at 31 March 2012				
Consolidated Statement Of Changes in Equity				
Other reserves	182,701	-	(2,233)	180,468

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 June 2013.

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 June 2013.

5. CHANGES IN ESTIMATES

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

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

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 June 2013.

7. DIVIDENDS PAID

An interim gross dividend of 1.5 sen per share less taxation of 25% amounting to RM21,748,917 for the financial year ended 31 March 2013, was paid on 29 April 2013.

8. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial period ended 30 June 2013 is as follows:

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	2,460,858	651,856	108,620	8,907	3,230,241
Inter-segment revenue	(128,989)	(7,034)	(30,753)	(8,907)	(175,683)
External revenue	2,331,869	644,822	77,867	-	3,054,558
Results					
Segment profit	80,176	49,510	7,356	(11,875)	125,167
Unallocated expenses					(8,753)
Interest income					20,191
Finance costs					(88,622)
Share of results of jointly controlled entities (net of tax)	7,474	-	992	-	8,466
Share of results of associated companies (net of tax)	25,348	13,333	1,086	-	39,767
Profit before taxation					96,216
Taxation					(52,376)
Net profit for the financial period					43,840
Attributable to:					
Owners of the Company					10,256
Non-controlling interest					33,584

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

Save as disclosed in Note 20, 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 likely to affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 JUNE 2013

On 26 June 2013, PROTON Holdings Berhad, a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 2.5% equity interest in PHN Industry Sdn. Bhd. ("PHN Industry") for a cash consideration of RM2,625,000. Subsequently, the Group's effective equity interest in PHN Industry increased from 97.5% to 100%.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets since the 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 30.06.2013		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	6,312	6,312	6,312
Trade-related contingencies	73,993	14,799	6,891
Transaction related contingencies	500,410	250,205	190,966
Obligations under an on-going underwriting agreement	7,500	3,750	750
Credit extension commitment:			
– maturity within one year	764,879	152,976	136,837
– maturity exceeding one year	2,012,961	1,006,480	279,606
Bills of collection	21,290	-	-
Profit rate related contracts	875,000	37,250	7,450
Foreign exchange related contracts	601,545	10,561	4,784
	4,863,890	1,482,333	633,596

14. PROFIT BEFORE TAXATION

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

	3 Months Ended	
	30.06.2013 RM'000	30.06.2012 RM'000
Allowance for/write off of investment securities and financing of customers	27,241	143
Amortisation of :		
- intangible assets	39,417	71,613
- concession assets	2,867	4,053
Depreciation and amortisation of property, plant and equipment/ prepaid lease properties	135,356	164,026
Doubtful debts (net of write backs)	2,287	6,489
Finance costs	88,622	77,230
Impairment loss of		
- assets held for sale	7,293	-
- property, plant and equipment	6,430	334
Inventories written off/down (net of write backs)	(4,332)	2,918
Loss on fair value adjustment of investment properties	391	1,351
Write off of property, plant and equipment	219	166
Dividend income	(45)	(2,584)
Gain on disposal of:		
- investment securities	(4,440)	(17,304)
- property, plant and equipment	(2,741)	(45)
- an associated company	-	(1,643)
(Gain)/loss on fair value adjustment of securities at fair value through profit or loss	(1,009)	472
Interest income on short term deposits	(20,191)	(20,092)
Marked to market gain derivatives (net of loss)	(13,638)	(14,538)
Net foreign exchange differences	(177)	(938)
(Reversal of impairment loss)/impairment loss of investment securities: available-for-sale (net)	(3,028)	1,652

15. REVIEW OF PERFORMANCE

- (a) The Group recorded a lower revenue of RM3.05 billion for the current quarter ended 30 June 2013 as compared to RM3.46 billion in the previous corresponding quarter ended 30 June 2012. The decline was mainly on account of lower sales in the Automotive sector.

Group Business Sectors	Quarter Ended 30.06.2013 RM'000	Quarter Ended 30.06.2012 RM'000	Variance RM'000
(i) Automotive	2,331,869	2,760,174	(428,305)
(ii) Property, Asset & Construction (PAC)	77,867	62,779	15,088
(iii) Services	644,822	640,100	4,722
Total	3,054,558	3,463,053	(408,495)

(i) Automotive Sector

The drop in Automotive sector's revenue was due to the softening of motor vehicle sales as consumers had held back purchases in anticipation of the lowering of car prices after the general election.

(ii) PAC Sector

The higher revenue for the current quarter was contributed by the progress of on-going property development projects.

(iii) Services Sector

Generally, all the companies in the Services sector achieved satisfactory sales performance during the period under review.

- (b) For the current quarter ended 30 June 2013, the Group achieved a pre-tax profit of RM96.22 million compared with RM97.92 million in the corresponding quarter ended 30 June 2012.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group recorded pre-tax profit of RM96.22 million in the current quarter ended 30 June 2013 compared with RM314.19 million in the preceding quarter ended 31 March 2013. The preceding quarter results included a one-off gain on disposal of property, plant and equipment by a subsidiary company and purchase price allocation adjustments arising from the acquisition of PROTON. The results for the current quarter was mainly affected by lower profit contribution from the automotive and services sectors.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014

The total industry volume (“TIV”) for new motor vehicle sales for the first six months of 2013 rose by 4.1% to 313,488 units compared with 301,269 units in the same period in 2012. However, due to market sentiments, for the period from April to June 2013, the TIV declined to 155,754 units from 162,725 units recorded during the corresponding period for 2012. The new motor vehicle sales for the second half of 2013 is expected to improve on the back of new model launches and attractive sales offerings by the automotive companies.

PROTON launched the new Saga SV in mid-June and Suprima S in mid-August 2013 which were intended to enhance PROTON’s product range offerings and re-capture PROTON’s market share.

The Group will continue its business expansion and transformation programmes, including effective cost management initiatives, and to undertake divestment of certain assets such as Uni.Asia Life Assurance Berhad, in line with its strategic business objectives.

The above initiatives are expected to have a positive impact on the Group’s financial performance for the financial year ending 31 March 2014.

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	
	30.06.2013	30.06.2012
	RM’000	RM’000
Current taxation	25,068	52,720
Deferred taxation	27,308	(8,190)
Total	52,376	44,530

The Group’s effective tax rate for the financial period ended 30 June 2013 is higher than the statutory tax rate mainly due to profits of certain companies which for income tax purposes cannot be set-off against losses incurred by other companies and certain expenses which were not deductible for tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 8 April 2013, Neraca Prisma Sdn. Bhd. and Benua Kurnia Sdn. Bhd., indirect wholly-owned subsidiary companies of the Group entered into Sale and Purchase Agreements (“SPAs”) for the proposed disposal of certain parcels of freehold land held under title PTD 99396 (HSD 329948) and PTD 68903 (HSD 290184) measuring approximately 613.79 acres to Promosi Etika Sdn. Bhd. for a total cash consideration of approximately RM534.73 million. The completion of the SPAs is pending the fulfilment of the conditions precedent.
- (b) On 31 May 2013, HICOM Holdings Berhad entered into the Share Sale Agreements (“SSAs”) with Midea Refrigeration (Hong Kong) Ltd. and Eastern Trinity Sdn. Bhd. for the proposed disposal of its entire 30% equity interest in Midea Scott & English Electronics Sdn. Bhd. for a total cash consideration of RM936,000. The completion of the SSAs is pending fulfilment of the conditions precedent.
- (c) On 31 May 2013, Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary of the Group, entered into Sale of Shares Agreement with RTG Corporation Sdn. Bhd. to dispose its 40% equity interest in Netstar Advanced Systems Sdn. Bhd. (“Netstar”) for a cash consideration of RM3,008,773. The disposal was completed on 1 July 2013 and as a result, Netstar ceased to be an associated company of the Group.
- (d) On 11 June 2013, Lotus Advance Technologies Sdn. Bhd. (“LATSB”), effectively a wholly-owned subsidiary company of the Group, entered into a conditional Share Sale and Purchase Agreement (“SSA”) with the shareholders of Symphony Lotus Limited (“SLL”) for the proposed acquisition of 1,000,000 ordinary shares of USD1.00 each in SLL representing the entire equity interest in SLL for a total cash consideration of USD3.00 and proposed transfer and assignment of the amounts owing by SLL to SLL’s shareholders to LATSB for a cash consideration of USD15,000,000. The completion of the SSA is pending fulfilment of the conditions precedent.
- (e) On 17 June 2013, HICOM Holdings Berhad, effectively 100% owned subsidiary company of the Group, entered into a Share Sale Agreement with Eng Lian Enterprise Sdn. Bhd. for the disposal of its 21.01% equity interest in Niro Ceramic (M) Sdn. Bhd. (“Niro Ceramic”) for a cash consideration of approximately RM30,462,000. The disposal was completed on 1 July 2013 and as a result, Niro Ceramic ceased to be an associated company of the Group.
- (f) On 12 July 2013, DRB-HICOM Defence Technologies Sdn. Bhd. (“DEFTECH”), a wholly-owned subsidiary company of the Group, entered into a Share Sale Agreement (“SSA”) with the Minister of Finance Incorporated (“MOF”) to acquire the entire 466,778,067 ordinary shares of RM1.00 each representing 96.87% equity interest in Composites Technology Research Malaysia Sdn. Bhd. from MOF for a total cash consideration of approximately RM298,300,000. The completion of the SSA is pending the fulfilment of the conditions precedent.

20. STATUS OF CORPORATE PROPOSALS (Continued)

- (g) On 15 August 2013, Uni.Asia Capital Sdn. Bhd. (“UAC”), an indirect 51% owned subsidiary company of the Group, has submitted an application to Bank Negara Malaysia (“BNM”) to seek the approval of the Minister of Finance pursuant to Sections 89 and 90 of the Financial Services Act, 2013, to review a proposal for UAC to enter into a Sale and Purchase Agreement (“SPA”) with a company to be respectively owned by The Prudential Insurance Company of America and Bank Simpanan Nasional in relation to the proposed disposal of UAC’s entire 100% equity interest in Uni.Asia Life Assurance Berhad for a total cash consideration of RM518 million subject to any adjustment thereto. The signing of the SPA is pending approval from BNM.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 30.06.2013 RM'000
(a) Short Term Borrowings	
Bank overdrafts	
- Secured	13,098
- Unsecured	7,811
Total	20,909
(b) Others	
<u>Secured</u>	
Bankers acceptances	176,100
Revolving credits	303,901
Hire purchase and finance lease liabilities – portion repayable within 12 months	12,908
Long term loans – portion repayable within 12 months	1,231,908
Long term loans under Islamic financing – portion repayable within 12 months	145,087
Sub-total	1,869,904

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.06.2013 RM'000
(b) Short Term Borrowings (Continued)	
Others (Continued)	
<u>Unsecured</u>	
Bankers acceptances	889,547
Revolving credits	250,300
Short term loans	2,529
Long term loans – portion repayable within 12 months	1,818
Long term loans under Islamic financing – portion repayable within 12 months	36,233
Deferred liability	14,140
Sub-total	1,194,567
Total	3,064,471
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities	39,358
- portion repayable within 12 months	(12,908)
	26,450
Long term loans	2,335,726
- portion repayable within 12 months	(1,231,908)
	1,103,818
Long term loans under Islamic financing	2,320,967
- portion repayable within 12 months	(145,087)
	2,175,880

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.06.2013 RM'000
(c) Long Term Borrowings (Continued)	
<u>Unsecured</u>	
Long term loans	9,155
- portion repayable within 12 months	(1,818)
	7,337
Long term loans under Islamic financing	449,502
- portion repayable within 12 months	(36,233)
	413,269
Total	3,726,754
Grand Total	6,812,134

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
30.06.2013	RM219.4 million (SGD 87.5 million) RM1.5 million (Thai Baht 15 million) RM987 million (GBP 203.7 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 June 2013 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	728,361	13,153	11,677
Currency swap foreign exchange contracts	389,782	3,442	3,778
Islamic profit rate swap	875,000	-	2,169
	1,993,143	16,595	17,624

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2013:

- (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 liabilities

During the current financial period, the Group recognised a total net gain of RM13.64 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 June 2013.

23. MATERIAL LITIGATION

As at the date of this report, there is no significant update on those material litigation disclosed in Annual Report for the financial year ended 31 March 2013.

24. DIVIDEND

No interim dividend has been declared for the financial period ended 30 June 2013.

25. EARNINGS PER SHARE

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

	3 Months Ended	
	30.06.2013	30.06.2012
Net profit attributable to owners of the Company (RM'000)	10,256	32,601
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	0.53	1.69

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The retained profits of the Group as at 30 June 2013 are analysed as follows:

	As at 30.06.2013 RM'000	As at 30.06.2012 (Restated) RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,587,991	2,957,173
- Unrealised	136,741	52,930
	3,724,732	3,010,103
Total share of retained profits from jointly controlled entities:		
- Realised	150,585	181,405
- Unrealised	1,842	(2,304)
Total share of retained profits from associated companies:		
- Realised	319,230	263,327
- Unrealised	562	2,091
Total Group retained profits as per consolidated financial statements	4,196,951	3,454,622

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
29 August 2013