



## **DRB-HICOM BERHAD**

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2014

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

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 2014.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue		3,224,697	3,649,337	6,949,448	6,703,895
Cost of sales and operating expenses		(3,192,265)	(3,462,407)	(6,802,644)	(6,467,015)
Other income		172,770	116,618	290,980	256,210
Other expenses		(27,039)	(34,136)	(60,115)	(87,073)
Profit from operations		178,163	269,412	377,669	406,017
Finance costs		(95,896)	(87,079)	(191,463)	(175,701)
Share of results of jointly controlled entities (net of tax)		9,409	15,186	22,323	23,652
Share of results of associated companies (net of tax)		84,455	30,105	152,657	69,872
<b>PROFIT BEFORE TAXATION</b>	14	<b>176,131</b>	227,624	<b>361,186</b>	323,840
Taxation	19	(53,729)	(60,592)	(103,635)	(112,968)
<b>NET PROFIT FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>122,402</b>	167,032	<b>257,551</b>	210,872
<b>OTHER COMPREHENSIVE LOSS</b>					
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain on fair value changes of securities: available-for-sale		5,825	32,462	6,092	14,572
Currency translation differences of foreign subsidiaries		(18,604)	(49,372)	(25,850)	(66,991)
Share of other comprehensive income of an associated company		-	-	-	77
<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		-	2,217	-	2,217
<b>OTHER COMPREHENSIVE LOSS FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)</b>		<b>(11,990)</b>	(14,693)	<b>(18,969)</b>	(50,125)
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>110,412</b>	152,339	<b>238,582</b>	160,747
Net profit for the quarter/financial period attributable to:					
Owners of the Company		93,094	137,970	200,931	148,226
Non-controlling interest		29,308	29,062	56,620	62,646
		<b>122,402</b>	167,032	<b>257,551</b>	210,872
Total comprehensive income for the quarter/financial period attributable to:					
Owners of the Company		78,437	114,045	180,188	94,327
Non-controlling interest		31,975	38,294	58,394	66,420
		<b>110,412</b>	152,339	<b>238,582</b>	160,747
Basic earnings per share (sen):	25	<b>4.81</b>	7.14	<b>10.39</b>	7.67

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2014 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at 30.09.2014 RM'000	Audited As at 31.03.2014 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,480,765	5,561,456
Concession assets		236,408	242,139
Prepaid lease properties		37,247	37,709
Investment properties		498,610	540,505
Land held for property development		743,573	733,306
Jointly controlled entities		413,485	413,371
Associated companies		1,343,068	1,226,189
Intangible assets		1,289,114	1,145,450
Deferred tax assets		189,546	219,773
Investment securities: financial assets at fair value through profit or loss			
- Banking		85,980	98,710
Investment securities: available-for-sale			
- Banking		6,518,386	5,608,740
- Non-banking		46,308	131,031
Investment securities: held-to-maturity			
- Banking		138,269	-
- Non-banking		-	45,569
Other receivables		282,763	378,359
Other assets		509	633
Banking related assets			
- Financing of customers		9,110,223	8,410,371
- Statutory deposits with Bank Negara Malaysia		729,721	648,721
		<b>27,143,975</b>	<b>25,442,032</b>
<b>CURRENT ASSETS</b>			
Assets held for sale		350	5,799
Inventories		2,220,126	2,038,213
Property development costs		257,317	257,711
Trade and other receivables		4,451,055	3,830,163
Reinsurance assets		-	211,478
Investment securities: available-for-sale			
- Banking		756,557	456,507
- Non-banking		-	982
Investment securities: held-to-maturity			
- Non-banking		-	41,263
Banking related assets			
- Cash and short-term funds		679,656	1,087,047
- Financing of customers		3,180,330	3,287,185
Bank balances and cash deposits		2,058,690	3,047,754
Derivative assets	22(a)	37,967	20,796
		<b>13,642,048</b>	<b>14,284,898</b>
<b>TOTAL ASSETS</b>		<b>40,786,023</b>	<b>39,726,930</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

	Note	Unaudited As at 30.09.2014 RM'000	Audited As at 31.03.2014 RM'000
<b>EQUITY AND LIABILITIES</b>			
Share Capital		1,719,601	1,719,601
Reserves		5,741,973	5,586,532
<b>Equity attributable to owners of the Company</b>		<b>7,461,574</b>	<b>7,306,133</b>
<b>Non-controlling interest</b>		<b>958,758</b>	<b>1,199,852</b>
<b>TOTAL EQUITY</b>		<b>8,420,332</b>	<b>8,505,985</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		115,787	103,660
Long term borrowings	21(c)	5,208,413	5,359,595
Provision for liabilities and charges		3,021	1,807
Provision for concession assets		57,560	43,742
Post-employment benefit obligations		32,263	33,099
Deferred tax liabilities		67,185	61,166
Banking related liabilities			
- Deposits from customers		42,453	45,976
		<b>5,526,682</b>	<b>5,649,045</b>
<b>CURRENT LIABILITIES</b>			
General insurance contract liabilities		-	691,616
Deferred income		55,481	58,445
Trade and other payables		5,565,889	5,329,620
Provision for liabilities and charges		172,677	182,843
Provision for concession assets		23,502	27,281
Bank borrowings			
- Bank overdrafts	21(a)	29,657	14,806
- Others	21(b)	1,821,450	1,764,843
Banking related liabilities			
- Deposits from customers		18,418,137	17,260,467
- Deposits and placements of banks and other financial institutions		606,538	101,074
- Bills and acceptances payable		41,798	105,004
Derivative liabilities	22(a)	16,884	6,902
Dividend payable		86,996	28,999
		<b>26,839,009</b>	<b>25,571,900</b>
<b>TOTAL LIABILITIES</b>		<b>32,365,691</b>	<b>31,220,945</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,786,023</b>	<b>39,726,930</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)</b>		<b>3.86</b>	<b>3.78</b>

\* 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 2014 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 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)
<b>At 30 September 2014</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>1,000,039</b>	<b>(115,330)</b>	<b>(10,480)</b>	<b>308,998</b>	<b>4,538,045</b>	<b>7,461,574</b>	<b>958,758</b>	<b>8,420,332</b>

**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 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 *	-	-	-	-	-	-	(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 period	-	-	-	-	(66,951)	10,758	2,294	148,226	94,327	66,420	160,747
<u>Transactions with owners</u>											
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	988	988	(4,588)	(3,600)
Effect of reclassification of a former jointly controlled entity to a subsidiary company	-	-	-	-	-	-	-	-	-	12,733	12,733
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	13,435	(13,435)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(27,949)	(27,949)
Final dividend in respect of financial year ended 31 March 2013	-	-	-	-	-	-	-	(84,579)	(84,579)	-	(84,579)
<b>At 30 September 2013</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>911,016</b>	<b>(44,686)</b>	<b>4,791</b>	<b>224,422</b>	<b>4,243,141</b>	<b>7,078,986</b>	<b>1,300,646</b>	<b>8,379,632</b>

\* In respect of the change in accounting policy of FRS 119 *Employee Benefits* (2011).

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 2014 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 Months Ended 30.09.2014 RM'000</b>	<b>6 Months Ended 30.09.2013 RM'000</b>
Net profit for the financial period	257,551	210,872
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	267,577	280,181
- Finance costs	191,463	175,701
- Taxation	103,635	112,968
- Share of results of jointly controlled entities (net of tax)	(22,323)	(23,652)
- Share of results of associated companies (net of tax)	(152,657)	(69,872)
- Gain on disposals of subsidiary companies	(97,424)	-
- Others	22,889	82,535
Operating profit before working capital changes	570,711	768,733
Changes in working capital:		
Net increase in banking related assets	(739,166)	(447,979)
Net increase/(decrease) in banking related liabilities	1,596,405	(1,387,098)
Net (increase)/decrease in current assets	(209,682)	828,050
Net decrease in current liabilities	(183,299)	(116,397)
Net cash generated from/(used in) operations	1,034,969	(354,691)
Interest received	34,260	51,284
Dividends received from jointly controlled entities	22,160	14,209
Dividends received from associated companies	35,868	36,595
Dividends received from investments	-	109
Tax paid, net of refund	(116,707)	(95,270)
Finance costs paid	(172,353)	(152,612)
Provision for liabilities and charges paid	(50,776)	(26,177)
Post-employment benefit obligations paid	(192)	(11,971)
Provision for concession assets paid	(907)	(48,060)
Net cash inflow/(outflow) from operating activities	<b>786,322</b>	<b>(586,584)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	(1,431,795)	(1,457,764)
Purchase of property, plant and equipment/intangible assets/investment properties	(396,031)	(468,302)
Additional cost incurred for land held for property development	(336)	(5,589)
Net cash (outflow)/inflow from acquisition of subsidiary companies	(34,803)	2,307
Net cash outflow from disposal of subsidiary companies	(266,813)	-
Proceeds from disposal/maturity of investment securities	35	341,677
Proceeds from disposal of property, plant and equipment/concession assets/assets held for sale	64,045	11,280
Capital redemption of a jointly controlled entity received	-	5,000
Proceeds from disposal of associated companies	-	35,407
Acquisition of additional shares in subsidiary companies	-	(2,625)
Acquisition of investment securities	-	(267,798)
Redemption of available-for-sale securities	129,000	1,442,169
Net cash outflow from investing activities	<b>(1,936,698)</b>	<b>(364,238)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	<b>6 Months Ended 30.09.2014 RM'000</b>	<b>6 Months Ended 30.09.2013 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	2,253,630	922,474
Repayment of bank borrowing/hire purchase and finance leases	(2,338,809)	(1,336,610)
Fixed deposits held as security/maintained as sinking fund	46,868	(256,767)
Dividends paid to shareholders	(28,999)	(21,749)
Dividends paid to non-controlling interest	(144,935)	(27,949)
Net cash outflow from financing activities	<b>(212,245)</b>	<b>(720,601)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,362,621)</b>	<b>(1,671,423)</b>
Effects of foreign currency translation	(1,675)	12,208
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	3,278,336	5,978,035
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>1,914,040</b>	<b>4,318,820</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,058,690	3,669,817
Banking related assets – cash and short-term funds	679,656	1,560,754
Bank overdrafts	(29,657)	(18,997)
	<b>2,708,689</b>	<b>5,211,574</b>
Less: Fixed deposits held as security	(775,642)	(874,923)
Less: Bank balance in respect of Automotive Development Fund liabilities	(19,007)	(17,831)
	<b>1,914,040</b>	<b>4,318,820</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2014 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 2014.

### **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 2014 except for the adoption of the following Amendments to FRSs and Issues Committee (“IC”) Interpretations which are applicable to the Group with effect from 1 April 2014:

Amendments to FRS 10	Consolidated Financial Statements: Investment Entities
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to FRS 127	Separate Financial Statements: Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities
Amendments to FRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
IC Interpretation 21	Levies
Annual improvements to FRSs 2010 – 2012 Cycle	
Annual improvements to FRSs 2011 – 2013 Cycle	

The adoption and application of the above amendments or interpretation are not expected to have any material impact to the financial statements of the Group.

### **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 2014.

### **4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

Save as disclosed below, 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 2014.

**4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE (Continued)**

On 16 July 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% subsidiary company of the Group, completed the disposal of its entire equity interest of 68.09% in Uni.Asia General Insurance Berhad for a total cash consideration of approximately RM374.5 million (Refer Note 11(c)). As a result, the Group had realised a gain on disposal of RM97.47 million which has been included under other income in the consolidated statement of comprehensive income for the financial period ended 30 September 2014.

**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 September 2014.

**7. DIVIDENDS PAID**

- (a) A single tier interim dividend of 1.50 sen per share amounting to RM28,998,556 for the financial year ended 31 March 2014, was paid on 28 April 2014.
- (b) The shareholders have approved a single tier final dividend of 4.5 sen per share at the last Annual General Meeting held on 30 September 2014 in respect of the financial year ended 31 March 2014. The net dividend of RM86,995,667 was paid on 30 October 2014.

**8. SEGMENTAL INFORMATION**

The information of each of the Group's business segments for the financial period ended 30 September 2014 is as follows:

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property, Asset &amp; Construction RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
Total revenue	5,667,939	1,434,076	193,585	26,678	7,322,278
Inter-segment revenue	(257,461)	(51,687)	(37,004)	(26,678)	(372,830)
External revenue	5,410,478	1,382,389	156,581	-	6,949,448

**8. SEGMENTAL INFORMATION (Continued)**

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property, Asset &amp; Construction RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Results</b>					
Segment profit	67,411	167,611	32,324	(11,552)	255,794
Gain on disposal of subsidiary companies					97,424
Unallocated expenses					(9,245)
Interest income on short term deposits					33,696
Finance costs					(191,463)
Share of results of jointly controlled entities (net of tax)	17,877	-	4,446	-	22,323
Share of results of associated companies (net of tax)	132,803	19,854	-	-	152,657
Profit before taxation					361,186
Taxation					(103,635)
Net profit for the financial period					257,551
Attributable to:					
Owners of the Company					200,931
Non-controlling interest					56,620

**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 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 2014**

- (a) On 18 June 2014, Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Sistem Sewa Kereta Malaysia Sdn. Bhd. (“SSKM”) for a cash consideration of RM5.50 million. As a result, SSKM became a wholly-owned subsidiary company of the Group.
- (b) On 10 July 2014, Scott & English (Malaysia) Sdn. Bhd., a 70% owned subsidiary company of the Group, disposed its entire 51% equity interest in Scott & English Trading (Sarawak) Sdn. Bhd. (“SET”) for a cash consideration of RM649,000. As a result, SET ceased to be an indirect subsidiary company of the Group.
- (c) On 16 July 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% subsidiary company of the Group, completed the disposal of its entire equity interest of 68.09% in Uni.Asia General Insurance Berhad (“UAG”) for a total cash consideration of approximately RM374.5 million. As a result, UAG ceased to be an indirect subsidiary company of the 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:

	<b>As at 30.09.2014</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
Direct credit substitutes	27,864	27,864	27,333
Trade-related contingencies	12,800	2,560	1,755
Transaction related contingencies	369,280	184,640	178,442

**13. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD (Continued)**

	As at 30.09.2014		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Credit extension commitment:			
– maturity within one year	2,004,521	400,904	248,323
– maturity exceeding one year	1,527,277	763,638	320,032
Bills of collection	48,817	-	-
Profit rate related contracts	3,300,000	104,030	20,806
Foreign exchange related contracts	1,545,837	38,749	18,992
Foreign exchange related contracts - Spot	534,321	627	125
	<b>9,370,717</b>	<b>1,523,012</b>	<b>815,808</b>

**14. PROFIT BEFORE TAXATION**

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

	3 Months Ended		6 Months Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Allowance for/write off of investment securities and financing of customers (net)	52,401	43,634	88,615	70,875
Amortisation of :				
- intangible assets	16,359	41,514	50,592	80,931
- concession assets	2,865	2,864	5,731	5,731
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	133,778	144,825	267,577	280,181
Doubtful debts (net of write backs)	8,338	2,706	12,475	4,993
Finance costs	95,896	87,079	191,463	175,701

**14. PROFIT BEFORE TAXATION (Continued)**

	3 Months Ended		6 Months Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Inventories written off/down (net of write backs)	3,768	526	9,415	(3,806)
Loss on fair value adjustment of investment properties	649	1,820	1,204	2,211
Loss/(gain) on fair value adjustment of securities at fair value through profit or loss	-	833	-	(176)
Net write off of property, plant and equipment	1,163	(33)	1,187	186
(Write-back of impairment loss)/impairment loss of (net)				
- assets held for sale	-	-	-	7,293
- property, plant and equipment	-	(7)	438	6,423
- investment securities: available-for-sale	-	9,849	(28,621)	6,821
Dividend income	-	(64)	-	(109)
Gain on disposal of:				
- investment securities	(3,698)	(3,665)	(5,573)	(8,105)
- assets held for sale	(26)	(9)	(26)	(9)
- property, plant and equipment	(1,416)	(1,007)	(1,486)	(3,748)
- concession assets	-	(922)	-	(922)
- subsidiary companies	(97,424)	-	(97,424)	-
- associated companies	-	(3,832)	-	(3,832)
Interest income on short term deposits	(15,140)	(29,773)	(33,696)	(49,964)
Marked to market gain on derivatives	(15,888)	(13,371)	(7,189)	(27,009)
Net foreign exchange differences	(1,922)	(17,049)	(4,247)	(17,226)

**15. REVIEW OF PERFORMANCE**

- (a) For the financial period ended 30 September 2014, the Group's revenue increased marginally by 3.7% to RM6.95 billion as compared to RM6.70 billion in the previous corresponding financial period ended 30 September 2013. All the business sectors of the Group contributed to the growth in revenue.

	Group Business Sectors	Financial Period 6 months Ended		Variance RM'000
		30.09.2014 RM'000	30.09.2013 RM'000	
(i)	Automotive	5,410,478	5,288,347	122,131
(ii)	Services	1,382,389	1,301,507	80,882
(iii)	Property, Asset & Construction (PAC)	156,581	114,041	42,540
	<b>Total</b>	<b>6,949,448</b>	<b>6,703,895</b>	<b>245,553</b> ↑ 3.7%

(i) **Automotive Sector**

The increase in Automotive sector's revenue was mainly attributed to the recognition of revenue from defence projects, higher sales of motor vehicles and the inclusion of sales revenue from Composites Technology Research Malaysia Sdn. Bhd.

(ii) **Services Sector**

The increase was mainly contributed by the integrated logistics business of the Group.

(iii) **PAC Sector**

The higher revenue was contributed from the on-going property development projects.

- (b) The Group achieved a higher PBT of RM361.19 million for the financial period ended 30 September 2014 compared with RM323.84 million in the corresponding financial period ended 30 September 2013, an increase of 11.5%.

**16. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group recorded a lower pre-tax profit of RM176.13 million in the current quarter ended 30 September 2014 compared with RM185.06 million in the preceding quarter ended 30 June 2014.

**17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2015**

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014 supported by domestic demand and external trade. The GDP growth for the full year 2014 is expected to be between 5.5% and 6%.

All the business sectors of the Group continued to perform well save for the automotive business which has been more challenging than expected. The automotive sector has been impacted by the tighter financing conditions and higher interest costs for purchasers. Despite the market conditions, the Group will continue to introduce new models for various marques under the Group in order to remain competitive.

Notwithstanding the above challenges in the business environment, the Group's financial performance for the financial year ending 31 March 2015 is expected to be satisfactory.

**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:

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current taxation	14,135	28,655	70,276	53,723
Deferred taxation	39,594	31,937	33,359	59,245
<b>Total</b>	<b>53,729</b>	<b>60,592</b>	<b>103,635</b>	<b>112,968</b>

The Group's effective tax rate for the financial period ended 30 September 2014 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 28 October 2014, the Company made an application to the Securities Commission (“SC”) for a proposed perpetual sukuk musharakah programme of RM2.0 billion in nominal value (“Proposed Sukuk Programme”). The Proposed Sukuk Programme is pending the approval from the SC.
- (b) On 10 November 2014, KL Airport Services Sdn. Bhd. (“KLAS”), effectively a wholly-owned subsidiary company of the Group, entered into a share sale and purchase agreement (“SSA”) with the shareholders of Gading Sari Aviation Services Sdn. Bhd. (“Gading Sari”) for the acquisition of 100% equity interest in Gading Sari for a total cash consideration of RM72 million. The completion of the acquisition is pending fulfillment of the conditions precedent.
- (c) On 14 November 2014, the Company and ISUZU Motors Asia Limited (“IMA”) entered into a share sale and purchase agreement with ISUZU HICOM Malaysia Sdn. Bhd. (“IHM”), a 49% indirect associated company of the Group, for the following:
- i. Disposal of 25.57% equity interest in Isuzu Malaysia Sdn. Bhd. (“IMSB”) by the Company to IHM for cash consideration of RM20.46 million; and
  - ii. Disposal of 25.43% equity interest in IMSB by IMA to IHM for cash consideration of RM20.34 million.

The above disposals were completed on the even date and referred to as the internal reorganisation. As a result, the Group’s effective shareholding in IMSB reduced from 49% to 48.42%.

- (d) On 25 November 2014, HICOM Holdings Berhad (“HHB”), effectively a wholly-owned company of the Group, completed the acquisition of the remaining 30% equity interest in Oriental Summit Industries Sdn. Bhd. (“OSI”) for a total cash consideration of RM12 million. As a result, the effective equity interest in OSI increased from 70% to 100%.

**21. BORROWINGS AND DEFERRED LIABILITIES**

Total Group borrowings are as follows:

		<b>As at 30.09.2014 RM’000</b>
	<b>Short Term Borrowings</b>	
(a)	<b>Bank overdrafts</b>	
	- Secured	18,750
	- Unsecured	10,907
	<b>Total</b>	<b>29,657</b>

**21. BORROWINGS AND DEFERRED LIABILITIES (Continued)**

	<b>As at 30.09.2014 RM'000</b>
<b>(b) Short Term Borrowings (Continued)</b>	
<b>Others</b>	
<u>Secured</u>	
Bankers acceptances	12,462
Revolving credits	66,261
Short term loans	73,848
Hire purchase and finance lease liabilities – portion repayable within 12 months	16,605
Long term loans – portion repayable within 12 months	332,425
Long term loans under Islamic financing – portion repayable within 12 months	100,748
	<b>602,349</b>
<u>Unsecured</u>	
Bankers acceptances	890,387
Revolving credits	275,993
Long term loans – portion repayable within 12 months	5,026
Long term loans under Islamic financing – portion repayable within 12 months	36,764
Deferred liability	10,931
Sub-total	<b>1,219,101</b>
<b>Total</b>	<b>1,821,450</b>
<b>(c) Long Term Borrowings</b>	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	48,037
	(16,605)
	<b>31,432</b>
Long term loans - portion repayable within 12 months	2,450,357
	(332,425)
	<b>2,117,932</b>

**21. BORROWINGS AND DEFERRED LIABILITIES (Continued)**

	<b>As at 30.09.2014 RM'000</b>
<b>(c) Long Term Borrowings (Continued)</b>	
<u>Secured</u> (Continued)	
Long term loans under Islamic financing - portion repayable within 12 months	2,734,643 (100,748)
	<b>2,633,895</b>
<u>Unsecured</u>	
Long term loans - portion repayable within 12 months	19,742 (5,026)
	<b>14,716</b>
Long term loans under Islamic financing - portion repayable within 12 months	447,202 (36,764)
	<b>410,438</b>
<b>Total</b>	<b>5,208,413</b>
<b>Grand Total</b>	<b>7,059,520</b>

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

<b>As at</b>	<b>Amount</b>
30.09.2014	RM221.99 million (SGD 86.5 million) RM50.83 million (USD15.5 million) RM15.17 million (GBP2.8 million)

**22. OUTSTANDING DERIVATIVES**

- (a) Derivatives outstanding as at 30 September 2014 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
<b>Financial instruments at fair value through profit or loss</b>			
Forward foreign exchange contracts	1,453,767	12,566	7,353
Currency swap foreign exchange contracts	1,229,683	10,871	9,531
Islamic profit rate swap	3,300,000	14,530	-
	5,983,450	37,967	16,884

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2014:

- (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 RM7.2 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 2014.

### **23. MATERIAL LITIGATION**

Save as disclosed below, there is no material litigation pending as at the date of this report.

On 1 October 2003, Konsortium Logistik Berhad (“KLB”), acting as an agent for Petronas Dagangan Berhad (“Petronas Dagangan”), entered into an agreement with Sri Awad Pengangkutan Enterprise Sdn. Bhd. (“Sri Awad”) where Sri Awad was appointed to provide transportation services of Liquefied Petroleum Gas (“LPG”) solely and exclusively for Petronas Dagangan as the principal (“Main Agreement”).

On 21 August 2009, Sri Awad filed a Writ of Summons and Statement of Claim against Petronas Dagangan (as First Defendant) and KLB (as Second Defendant). Details of the claims are as follows:

- (a) Damages of RM17,864,168 for wrongful termination of services under the Main Agreement that was served by Petronas Dagangan to Sri Awad on 29 July 2008; and
- (b) Damages of RM3,825,000 for loss suffered by Sri Awad in relation to the following:
  - (i) the failure of Petronas Dagangan to accept all 6 tanker units that was fabricated and manufactured to the specific specifications requested by Petronas Dagangan; and
  - (ii) the failure to make payments for the usage of the 2 out of 8 tanker units that was accepted by Petronas Dagangan which has resulted Sri Awad being unable to service the payments of the financing arrangement with Malaysian Industrial Development Finance Berhad (“MIDF”).

The case was part heard on 10, 11 and 13 November 2014 and the High Court has fixed the case for continued trial on 18, 19, 22 and 23 December 2014.

### **24. DIVIDEND**

No interim dividend has been declared for the financial period ended 30 September 2014.

**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		6 Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Net profit attributable to owners of the Company (RM'000)	93,094	137,970	200,931	148,226
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	<b>4.81</b>	<b>7.14</b>	<b>10.39</b>	<b>7.67</b>

**26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES**

The retained profits of the Group as at 30 September 2014 are analysed as follows:

	As at 30.09.2014 RM'000	As at 30.09.2013 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,773,491	3,668,731
- Unrealised	134,250	106,437
	3,907,741	3,775,168
Total share of retained profits from jointly controlled entities:		
- Realised	149,785	146,684
- Unrealised	2,983	2,597
Total share of retained profits from associated companies:		
- Realised	479,439	317,322
- Unrealised	(1,903)	1,370
Total Group retained profits as per consolidated financial statements	4,538,045	4,243,141

**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  
27 November 2014