



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2013

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2013 RM'000	30.09.2012 (Restated) RM'000	30.09.2013 RM'000	30.09.2012 (Restated) RM'000
Revenue		3,649,337	3,535,418	6,703,895	6,998,471
Cost of sales and operating expenses		(3,462,407)	(3,399,754)	(6,467,015)	(6,824,141)
Other income		116,618	74,122	256,210	188,484
Other expenses		(34,136)	(17,307)	(87,073)	(37,794)
Profit from operations		269,412	192,479	406,017	325,020
Finance costs		(87,079)	(85,304)	(175,701)	(162,534)
Share of results of jointly controlled entities (net of tax)		15,186	15,519	23,652	25,983
Share of results of associated companies (net of tax)		30,105	39,969	69,872	72,109
PROFIT BEFORE TAXATION	14	227,624	162,663	323,840	260,578
Taxation	19	(60,592)	(49,811)	(112,968)	(94,341)
NET PROFIT FOR THE FINANCIAL PERIOD		167,032	112,852	210,872	166,237
OTHER COMPREHENSIVE (LOSS)/INCOME					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Net gain on fair value changes of securities: available-for-sale		32,462	21,892	14,572	26,111
Currency translation differences of foreign subsidiaries		(49,372)	(7,460)	(66,991)	(2,300)
Share of other comprehensive income/(loss) of an associated company		-	(465)	77	212
<i>Reclassification adjustments:</i>					
Transfer of reserve of an associated company to profit or loss upon disposal		2,217	-	2,217	-
Gain on fair value changes of securities: available-for-sale					
- Transfer to profit or loss upon disposal		-	-	-	5,528
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL PERIOD		(14,693)	13,967	(50,125)	29,551
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		152,339	126,819	160,747	195,788
Net profit for the financial period attributable to:					
Owners of the Company		137,970	80,650	148,226	113,251
Non-controlling interest		29,062	32,202	62,646	52,986
		167,032	112,852	210,872	166,237
Total comprehensive income for the financial period attributable to:					
Owners of the Company		114,045	87,526	94,327	133,426
Non-controlling interest		38,294	39,293	66,420	62,362
		152,339	126,819	160,747	195,788
Basic earnings per share (sen):	25	7.14	4.17	7.67	5.86

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 30.09.2013 RM'000	Audited As at 31.03.2013 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,113,968	4,983,782
Concession assets		248,157	253,888
Prepaid lease properties		11,623	11,772
Investment properties		561,995	551,514
Land held for property development		715,776	1,051,772
Jointly controlled entities		411,796	429,448
Associated companies		1,182,593	1,184,012
Intangible assets		914,023	809,082
Deferred tax assets		228,798	282,283
Investment securities: financial assets at fair value through profit or loss			
- Banking		83,834	84,373
Investment securities: available-for-sale			
- Banking		5,911,310	5,106,283
- Non-banking		929,117	1,007,236
Investment securities: held-to-maturity			
- Banking		575	575
- Non-banking		454,827	459,841
Other receivables		12,804	12,289
Other assets		320	320
Banking related assets			
- Financing of customers		8,593,384	8,056,313
- Statutory deposits with Bank Negara Malaysia		651,721	612,721
		26,026,621	24,897,504
CURRENT ASSETS			
Assets held for sale		347,061	5,665
Inventories		1,901,470	1,990,412
Property development costs		220,027	235,643
Trade and other receivables		3,788,082	4,305,683
Reinsurance assets		260,691	222,361
Investment securities: financial assets at fair value through profit or loss			
- Banking		4,800	-
- Non-banking		408,367	361,522
Investment securities: available-for-sale			
- Banking		595,870	1,360,708
- Non-banking		16,835	32,608
Investment securities: held-to-maturity			
- Non-banking		21,680	31,545
Banking related assets			
- Cash and short-term funds		1,560,754	3,341,694
- Financing of customers		1,850,843	2,052,700
Bank balances and cash deposits		3,669,817	3,284,116
Derivative assets	22(a)	24,228	8,332
		14,670,525	17,232,989
TOTAL ASSETS		40,697,146	42,130,493

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 30.09.2013 RM'000	Audited As at 31.03.2013 (Restated) RM'000
EQUITY AND LIABILITIES			
Share Capital		1,719,601	1,719,601
Reserves		5,359,385	5,348,649
Equity attributable to owners of the Company		7,078,986	7,068,250
Non-controlling interest		1,300,646	1,254,030
TOTAL EQUITY		8,379,632	8,322,280
NON-CURRENT LIABILITIES			
Life insurance contract liabilities		1,658,145	1,743,628
Deferred income		90,832	91,454
Long term borrowings	21(c)	3,706,163	3,667,866
Provision for liabilities and charges		1,167	1,023
Provision for concession assets		29,831	19,250
Post-employment benefit obligations		38,268	45,981
Deferred tax liabilities		106,806	102,336
Banking related liabilities			
- Deposits from customers		38,478	31,505
		5,669,690	5,703,043
CURRENT LIABILITIES			
General and life insurance contract liabilities		792,660	715,061
Deferred income		41,180	38,567
Trade and other payables		5,632,982	5,505,394
Provision for liabilities and charges		162,635	155,525
Provision for concession assets		41,749	89,809
Post-employment benefit obligations		-	60
Bank borrowings			
- Bank overdrafts	21(a)	18,997	15,143
- Others	21(b)	2,508,411	2,794,047
Banking related liabilities			
- Deposits from customers		16,990,131	18,541,613
- Deposits and placements of banks and other financial institutions		10,644	10,774
- Bills and acceptances payable		291,692	132,750
- Recourse obligation on financing sold to Cagamas		60,278	61,679
Derivative liabilities	22(a)	11,886	22,999
Dividend payable		84,579	21,749
		26,647,824	28,105,170
TOTAL LIABILITIES		32,317,514	33,808,213
TOTAL EQUITY AND LIABILITIES		40,697,146	42,130,493
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		* 3.66	* 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	-	-	-	-	(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)
At 30 September 2013	1,933,237	1,719,601	20,701	911,016	(44,686)	4,791	224,422	4,243,141	7,078,986	1,300,646	8,379,632

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	-	-	-	-	(2,109)	22,072	212	113,251	133,426	62,362	195,788
<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	-	-	-	-	-	-	29,333	(29,333)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(11,310)	(11,310)
Final dividend in respect of financial year ended 31 March 2012	-	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)
At 30 September 2012	1,933,237	1,719,601	20,701	911,016	5,887	(7,930)	210,018	3,464,182	6,323,475	1,257,466	7,580,941

* 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

	6 Months Ended 30.09.2013	6 Months Ended 30.09.2012 (Restated)
	RM'000	RM'000
Net profit for the financial period	210,872	166,237
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	280,181	338,679
- Finance costs	175,701	162,534
- Taxation	112,968	94,341
- Share of results of jointly controlled entities (net of tax)	(23,652)	(25,983)
- Share of results of associated companies (net of tax)	(69,872)	(72,109)
- Others	82,535	127,399
Operating profit before working capital changes	768,733	791,098
Changes in working capital:		
Net increase in banking related assets	(447,979)	(735,412)
Net decrease in banking related liabilities	(1,387,098)	(2,028,662)
Net decrease/(increase) in current assets	828,050	(772,882)
Net decrease in current liabilities	(116,397)	(819,634)
Net cash used in operations	(354,691)	(3,565,492)
Interest received	51,284	45,833
Dividends received from jointly controlled entities	14,209	49,246
Dividends received from associated companies	36,595	39,501
Dividends received from investments	109	2,618
Tax paid, net of refund	(95,270)	(85,569)
Finance costs paid	(152,612)	(125,486)
Provision for liabilities and charges paid	(26,177)	(14,625)
Provision for concession assets paid	(48,060)	(46,910)
Post-employment benefit obligations paid	(11,971)	(178)
Net cash outflow from operating activities	(586,584)	(3,701,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(267,798)	(345,749)
Purchase of property, plant and equipment/intangible assets/investment properties	(468,302)	(431,174)
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	(1,457,764)	380,218
Acquisition of land held for property development	(5,589)	(1,834)
Acquisition of additional shares in subsidiary companies	(2,625)	(6,305)
Proceeds from disposal/maturity of investment securities	341,677	329,910
Proceeds from disposal of property, plant and equipment/concession assets	11,280	2,671
Redemption of available-for-sale securities	1,442,169	-
Capital redemption of a jointly controlled entity received	5,000	-
Net cash inflow from acquisition of subsidiary companies	2,307	-
Acquisition of an associated company	-	(1,000)
Proceeds from disposal of associated companies	35,407	6,190
Net cash outflow from investing activities	(364,238)	(67,073)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	6 Months Ended 30.09.2013 RM'000	6 Months Ended 30.09.2012 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	922,474	1,569,256
Repayment of bank borrowing/hire purchase and finance leases	(1,336,610)	(603,114)
Fixed deposits held as security/maintained as sinking fund	(256,767)	38,662
Dividends paid to shareholders	(21,749)	-
Dividends paid to non-controlling interest	(27,949)	(11,310)
Net cash (outflow)/inflow from financing activities	(720,601)	993,494
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,671,423)	(2,774,641)
Effects of foreign currency translation	12,208	1,626
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	4,318,820	4,440,732
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	3,669,817	2,775,707
Banking related assets – cash and short-term funds	1,560,754	1,963,176
Bank overdrafts	(18,997)	(18,454)
	5,211,574	4,720,429
Less: Fixed deposits held as security	(874,923)	(268,064)
Less: Bank balance in respect of Automotive Development Fund liabilities	(17,831)	(11,633)
	4,318,820	4,440,732

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 September 2012				
Consolidated Statement Of Comprehensive Income				
Share of results of jointly controlled entities (net of tax)	25,476	507	-	25,983
Share of results associated companies (net of tax)	72,616	(507)	-	72,109
For the quarter ended 30 September 2012				
Consolidated Statement Of Comprehensive Income				
Share of results of jointly controlled entities (net of tax)	15,420	99	-	15,519
Share of results associated companies (net of tax)	40,068	(99)	-	39,969
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 September 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 September 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 September 2013.

7. DIVIDENDS PAID

- (a) 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.
- (b) The shareholders have approved a final gross dividend of 0.5 sen per share, less taxation of 25% and a tax exempt dividend of 4.0 sen per share at the last Annual General Meeting held on 19 September 2013 in respect of the financial year ended 31 March 2013. The net dividend amounting to RM84,579,121 was paid on 18 October 2013.

8. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial period ended 30 September 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	5,567,394	1,314,378	180,527	17,812	7,080,111
Inter-segment revenue	(279,047)	(12,871)	(66,486)	(17,812)	(376,216)
External revenue	5,288,347	1,301,507	114,041	-	6,703,895

8. SEGMENTAL INFORMATION (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Results					
Segment profit	227,572	152,435	328	(10,815)	369,520
Unallocated expenses					(13,467)
Interest income					49,964
Finance costs					(175,701)
Share of results of jointly controlled entities (net of tax)	20,999	-	2,653	-	23,652
Share of results of associated companies (net of tax)	41,825	26,961	1,086	-	69,872
Profit before taxation					323,840
Taxation					(112,968)
Net profit for the financial period					210,872
Attributable to:					
Owners of the Company					148,226
Non-controlling interest					62,646

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 SEPTEMBER 2013

- (a) 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%.
- (b) On 1 July 2013, Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary of the Group, completed the disposal of its 40% equity interest in Netstar Advanced Systems Sdn. Bhd. ("Netstar") for a cash consideration of RM3,008,773. As a result, Netstar ceased to be an associated company of the Group.
- (c) On 1 July 2013, HICOM Holdings Berhad, effectively 100% owned subsidiary company of the Group, completed 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. As a result, Niro Ceramic ceased to be an associated company of the Group.
- (d) On 2 July 2013, Miyazu (Malaysia) Sdn. Bhd. which was previously a jointly controlled entity of the Group has been classified as a subsidiary company, in accordance with FRS 10.
- (e) On 2 August 2013, Alam Flora Sdn. Bhd., an indirect 97.37% owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 in DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") from HICOM Holdings Berhad via an internal re-organisation. The Group's effective equity interest in DHES is 97.37%.
- (f) On 4 September 2013, Lotus Cars Malaysia Sdn. Bhd. ("Lotus Cars Malaysia") was incorporated with the issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. The core business of Lotus Cars Malaysia is to act as a distributor of Lotus cars and its related spare parts and accessories in Malaysia.
- (g) On 25 September 2013, Lotus Advance Technologies Sdn. Bhd. ("LATSB"), effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Symphony Lotus Limited ("SLL") for a total cash consideration of USD3.00 and transfer and assignment of the amounts owing by SLL to SLL's shareholders to LATSB for a cash consideration of USD15,000,000. As a result, SLL became a wholly-owned subsidiary of the Group.
- (h) On 30 September 2013, HICOM Holdings Berhad completed the disposal of its 30% equity interest in Midea Scott & English Electronics Sdn. Bhd. ("Midea SEE") for a cash consideration of RM936,000. As a result, Midea SEE ceased to be an associated company of the Group.
- (i) On 30 September 2013, Bank Muamalat Malaysia Berhad, a direct 70% subsidiary company of the Group, disposed its 20% equity interest in Pos Ar-Rahnu Sdn. Bhd. ("Pos Ar-Rahnu") to POS Malaysia Berhad for a cash consideration of RM1,000,000. As a result, the Group's effective interest in Pos Ar-Rahnu had reduced to 32.21% from 39.77%.

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 30.09.2013		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	6,352	6,352	6,352
Trade-related contingencies	21,635	4,327	1,868
Transaction related contingencies	373,318	186,659	181,857
Obligations under an on-going underwriting agreement	7,500	3,750	750
Credit extension commitment:			
– maturity within one year	758,298	151,660	121,403
– maturity exceeding one year	2,183,540	1,091,770	295,259
Bills of collection	23,331	-	-
Profit rate related contracts	875,000	42,392	8,478
Foreign exchange related contracts	975,841	13,695	5,196
	5,224,815	1,500,605	621,163

14. PROFIT BEFORE TAXATION

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

	3 Months Ended		6 Months Ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Allowance for/write off of investment securities and financing of customers	43,634	1,135	70,875	1,278
Amortisation of :				
- intangible assets	41,514	36,521	80,931	108,134
- concession assets	2,864	4,059	5,731	8,112
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	144,825	174,653	280,181	338,679
Doubtful debts (net of write backs)	2,706	(6,810)	4,993	(321)
Finance costs	87,079	85,304	175,701	162,534
Impairment loss/(reversal of impairment loss) (net) of				
- assets held for sale	-	-	7,293	-
- property, plant and equipment	(7)	(246)	6,423	88
- investment securities: available-for-sale	9,849	9,687	6,821	11,339
Inventories written off/down (net of write backs)	526	7,024	(3,806)	9,942
Loss on fair value adjustment of investment properties	1,820	1,352	2,211	2,703
Net write off of property, plant and equipment	(33)	117	186	283
Dividend income	(64)	(42)	(109)	(2,626)
(Gain)/loss on disposal of:				
- investment securities	(3,665)	(3,839)	(8,105)	(21,143)
- property, plant and equipment	(1,007)	3,595	(3,748)	3,550
- concession assets	(922)	-	(922)	-
- associated companies	(3,832)	-	(3,832)	(1,643)
(Gain)/loss on fair value adjustment of securities at fair value through profit or loss	833	(761)	(176)	(289)

14. PROFIT BEFORE TAXATION (Continued)

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

	3 Months Ended		6 Months Ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Interest income on short term deposits	(29,773)	(21,451)	(49,964)	(41,543)
Marked to market net (gain)/loss on derivatives	(13,371)	1,242	(27,009)	(13,296)
Net foreign exchange differences	(17,049)	3,014	(17,226)	2,076

15. REVIEW OF PERFORMANCE

- (a) For the financial period ended 30 September 2013, the Group's revenue declined marginally by 4.2% to RM6.7 billion as compared to RM7.0 billion in the previous corresponding period ended 30 September 2012.

Group Business Sectors	6 Months Ended	6 Months Ended	Variance
	30.09.2013 RM'000	30.09.2012 RM'000	
(i) Automotive	5,288,347	5,505,629	(217,282)
(ii) Services	1,301,507	1,294,166	7,341
(iii) Property, Asset & Construction (PAC)	114,041	198,676	(84,635)
Total	6,703,895	6,998,471	(294,576)

(i) Automotive Sector

The slight drop in Automotive sector's revenue was mainly attributed to different sales mix of vehicles sold during the financial period.

(ii) Services Sector

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

15. REVIEW OF PERFORMANCE (Continued)

(a) (Continued)

(iii) **PAC Sector**

The lower revenue was mainly due to lower percentage of completion of the property development projects during the current financial period.

(b) The Group achieved a higher profit before taxation of RM323.84 million for the financial period ended 30 September 2013 as compared with RM260.58 million in the corresponding period ended 30 September 2012, an increase of 24% mainly contributed by automotive sector.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a higher profit before taxation of RM227.62 million in the current quarter ended 30 September 2013 compared with RM96.22 million in the preceding quarter ended 30 June 2013. The increase is mainly due to the better performance of the automotive and services companies in the Group.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2014

As announced by Bank Negara Malaysia, the Malaysian economy recorded a stronger growth in the third quarter with domestic demand remaining as key driver of growth as well as improvement in exports. The GDP for the third quarter of 2013 was 5% surpassing the second quarter growth of 4.4%. The targeted growth rate for the full year is expected to be around 4.5% to 5%.

In line with its strategic business objectives, the Group has completed the acquisition of Composites Technology Research Malaysia Sdn. Bhd. on 4 November 2013 and is expected to complete the acquisition of Konsortium Logistik Berhad in December 2013. In addition, the divestment of certain identified non-core assets is progressing and will be finalised by the end of the financial year. The business opportunities arising from the new investments will provide synergies with existing businesses of the Group to achieve business and operational efficiencies and effectiveness which will be able to provide long-term sustainable growth for the Group.

The financial performance of the Group for the financial year ending 31 March 2014 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:

	3 Months Ended		6 Months Ended	
	30.09.2013 RM'000	30.09.2012 RM'000	30.09.2013 RM'000	30.09.2012 RM'000
Current taxation	28,655	22,231	53,723	74,951
Deferred taxation	31,937	27,580	59,245	19,390
Total	60,592	49,811	112,968	94,341

The Group's effective tax rate for the financial period ended 30 September 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 12 July 2013, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary company of the Group, entered into a Share Sale Agreement with the Minister of Finance Incorporated ("MOF") to acquire 466,778,067 ordinary shares of RM1.00 each representing 96.87% equity interest in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") from MOF for a total cash consideration of approximately RM298,300,000. The acquisition was completed on 4 November 2013. As a result, CTRM became a subsidiary company of the Group.

20. STATUS OF CORPORATE PROPOSALS (Continued)

- (c) 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.
- (d) On 25 October 2013, KL Airport Services Sdn. Bhd. (“KLAS”), effectively a wholly-owned subsidiary company of the Group, entered into a conditional Share Sale and Purchase Agreement (“SSPA”) with Bendahara 1 Sdn. Bhd. for the proposed acquisition of 155,462,322 ordinary shares of RM1.00 each in Konsortium Logistik Berhad (“KLB”) (“KLB Shares”) representing approximately 61.61% equity interest in KLB for a total purchase consideration of RM240,966,599.10 or RM1.55 per KLB Share (“Proposed Acquisition”). With the Proposed Acquisition, KLB will become a 61.61% owned subsidiary company of KLAS. Pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 and Section 9(1) of the Malaysian Code on Take-Over and Mergers, 2010, KLAS and its parties acting in concert, if any, will be obligated to extend a mandatory general offer for the remaining KLB Shares not owned by KLAS after the Proposed Acquisition at a cash offer price of RM1.55 for each KLB Share. The SSPA is pending fulfilment of the conditions precedent.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

		As at 30.09.2013 RM’000
	Short Term Borrowings	
(a)	Bank overdrafts	
	- Secured	10,677
	- Unsecured	8,320
	Total	18,997

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2013 RM'000
(b) Short Term Borrowings (Continued)	
Others	
<u>Secured</u>	
Bankers acceptances	142,080
Revolving credits	274,471
Hire purchase and finance lease liabilities – portion repayable within 12 months	13,617
Long term loans – portion repayable within 12 months	1,053,509
Long term loans under Islamic financing – portion repayable within 12 months	176,959
Sub-total	1,660,636
<u>Unsecured</u>	
Bankers acceptances	544,938
Revolving credits	248,000
Short term loans	3,557
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	13,229
Sub-total	847,775
Total	2,508,411
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	45,015
	(13,617)
	31,398
Long term loans - portion repayable within 12 months	2,131,460
	(1,053,509)
	1,077,951

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2013 RM'000
(c) Long Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long term loans under Islamic financing	2,341,288
- portion repayable within 12 months	(176,959)
	2,164,329
<u>Unsecured</u>	
Long term loans	17,335
- portion repayable within 12 months	(1,818)
	15,517
Long term loans under Islamic financing	453,201
- portion repayable within 12 months	(36,233)
	416,968
Total	3,706,163
Grand Total	6,233,571

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
30.09.2013	RM226.7 million (SGD 87.5 million) RM1.56 million (Thai Baht 15 million) RM1.08 billion (GBP 203.97 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 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	832,802	14,227	7,877
Currency swap foreign exchange contracts	759,079	4,859	4,009
Islamic profit rate swap	875,000	5,142	-
	2,466,881	24,228	11,886

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 RM27.01 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 2013.

23. MATERIAL LITIGATION

As at the date of this report, there is no significant update on those material litigations 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 September 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		6 Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Net profit attributable to owners of the Company (RM'000)	137,970	80,650	148,226	113,251
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	7.14	4.17	7.67	5.86

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

	As at 30.09.2013 RM'000	As at 30.09.2012 (Restated) RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,668,731	3,024,768
- Unrealised	106,437	21,517
	3,775,168	3,046,285
Total share of retained profits from jointly controlled entities:		
- Realised	146,684	151,607
- Unrealised	2,597	1,550
Total share of retained profits from associated companies:		
- Realised	317,322	263,614
- Unrealised	1,370	1,126
Total Group retained profits as per consolidated financial statements	4,243,141	3,464,182

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
28 November 2013