



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 31 December 2018

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

The Board of Directors hereby announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/financial period ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2018 RM'000	31.12.2017 (Restated) RM'000	31.12.2018 RM'000	31.12.2017 (Restated) RM'000
Revenue		3,171,514	2,901,684	9,010,350	9,271,661
Cost of sales and operating expenses		(3,016,373)	(2,993,652)	(9,030,255)	(9,656,166)
Other income		65,408	131,200	198,381	1,580,156
Other expenses		(48,594)	(266,841)	(125,192)	(568,852)
Profit/(loss) from operations		171,955	(227,609)	53,284	626,799
Finance costs		(99,086)	(97,269)	(281,879)	(267,938)
Share of results of joint ventures (net of tax)		5,180	(2,169)	32,515	66
Share of results of associated companies (net of tax)		18,652	50,810	149,142	165,895
PROFIT/(LOSS) BEFORE TAXATION	14	96,701	(276,237)	(46,938)	524,822
Taxation	19	(43,363)	(32,748)	(121,186)	(144,005)
NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		53,338	(308,985)	(168,124)	380,817
OTHER COMPREHENSIVE (LOSS)/INCOME					
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net loss on fair value changes of investment securities: fair value through other comprehensive income		(8,536)	(7,909)	(5,692)	(8,410)
Currency translation differences of foreign subsidiary companies		340	(2,640)	3,282	(10,178)
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal		(599)	-	(2,813)	(6,740)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2018 RM'000	31.12.2017 (Restated) RM'000	31.12.2018 RM'000	31.12.2017 (Restated) RM'000
OTHER COMPREHENSIVE (LOSS)/INCOME (Continued)					
Transfer of reserve of a foreign subsidiary company to profit or loss upon disposal		-	256	-	83,182
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		(8,795)	(10,293)	(5,223)	57,854
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		44,543	(319,278)	(173,347)	438,671
Net profit/(loss) for the financial quarter/period attributable to:					
Owners of the Company		73,022	(70,027)	(4,996)	489,777
Holders of Perpetual Sukuk		20,026	20,026	59,861	59,861
Holders of Redeemable Convertible Cumulative Preference Shares		-	(27,836)	-	-
Non-controlling interest		(39,710)	(231,148)	(222,989)	(168,821)
		53,338	(308,985)	(168,124)	380,817
Total comprehensive income/(loss) for the financial quarter/period attributable to:					
Owners of the Company		66,812	(76,834)	(8,816)	554,345
Holders of Perpetual Sukuk		20,026	20,026	59,861	59,861
Holders of Redeemable Convertible Cumulative Preference Shares		-	(27,836)	-	-
Non-controlling interest		(42,295)	(234,634)	(224,392)	(175,535)
		44,543	(319,278)	(173,347)	438,671
Basic and diluted earnings/(loss) per share (sen):	25	3.78	(3.62)	(0.26)	25.33

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		6,088,779	5,901,065	6,453,357
Concession assets		-	209,102	217,152
Prepaid lease properties		51,923	53,208	50,813
Investment properties		235,644	248,193	246,889
Inventories		233,781	231,855	1,079,673
Joint ventures		324,146	298,075	413,826
Associated companies		791,334	885,404	756,543
Intangible assets		1,700,447	1,613,166	1,898,543
Deferred tax assets		156,824	146,057	149,371
Investment securities: fair value through profit or loss				
- Banking		350,533	290,433	310,982
Investment securities: fair value through other comprehensive income				
- Banking		5,748,331	5,540,505	5,035,771
- Non-banking		45,498	45,498	46,153
Investment securities: amortised cost				
- Banking		101,670	102,941	101,875
Trade and other receivables		1,156,544	923,218	262,717
Other assets		544	544	516
Banking related assets				
- Financing of customers		11,025,151	10,097,312	10,661,756
- Statutory deposits with Bank Negara Malaysia		694,488	674,500	698,636
		28,705,637	27,261,076	28,384,573

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
ASSETS (Continued)				
CURRENT ASSETS				
Assets and disposal groups held for sale		1,058,982	518,307	4,500
Inventories		2,030,537	2,368,955	2,424,153
Trade and other receivables		3,184,353	3,295,163	4,060,610
Investment securities: fair value through profit or loss				
- Non-banking		75,399	175,962	221,573
Investment securities: fair value through other comprehensive income				
- Banking		371,734	766,249	1,090,487
Investment securities: amortised cost				
- Banking		702	-	-
- Non-banking		-	8,000	8,000
Banking related assets				
- Cash and short-term funds		579,947	1,587,681	1,049,925
- Financing of customers		3,786,515	4,194,268	3,902,864
Bank balances and cash deposits		2,465,758	2,626,358	2,614,464
Derivative assets	22(a)	25,017	72,968	61,494
		13,578,944	15,613,911	15,438,070
TOTAL ASSETS		42,284,581	42,874,987	43,822,643

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital		1,740,302	1,740,302	1,740,302
Reserves		4,839,075	4,909,911	4,284,861
Equity attributable to Owners of the Company		6,579,377	6,650,213	6,025,163
Perpetual Sukuk		1,038,735	1,052,026	1,051,839
Redeemable Convertible Cumulative Preference Shares		669,266	669,266	1,289,550
Non-controlling interest		1,508,560	1,779,206	1,814,757
TOTAL EQUITY		9,795,938	10,150,711	10,181,309
NON-CURRENT LIABILITIES				
Deferred income		23,721	23,212	27,130
Trade and other payables		95,364	86,384	123,760
Long term borrowings	21(c)	3,450,313	3,465,291	4,105,407
Redeemable Convertible Cumulative Preference Shares		570,249	545,107	-
Provision for liabilities and charges		116,412	116,727	90,556
Provision for concession assets		-	179,938	138,809
Post-employment benefit obligations		6,169	8,199	37,741
Deferred tax liabilities		278,935	250,824	209,750
Banking related liabilities				
- Deposits from customers		312,883	617,221	418,615
- Recourse obligation on financing sold to Cagamas		475,002	485,851	-
		5,329,048	5,778,754	5,151,768

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
CURRENT LIABILITIES				
Liabilities relating to disposal groups held for sale		674,624	135,683	-
Deferred income		10,429	8,810	12,998
Trade and other payables		5,031,444	5,291,680	6,420,039
Provision for liabilities and charges		325,354	321,215	274,993
Provision for concession assets		-	1,740	6,146
Post-employment benefit obligations		229	593	495
Bank borrowings				
- Bank overdrafts	21(a)	12,190	9,062	6,511
- Others	21(b)	2,213,534	2,315,346	2,186,391
Banking related liabilities				
- Deposits from customers		18,787,869	18,754,061	18,946,279
- Deposits and placements of banks and other financial institutions		56,843	8,854	561,654
- Bills and acceptances payable		8,098	9,618	9,196
Derivative liabilities	22(a)	38,981	88,860	64,864
		27,159,595	26,945,522	28,489,566
TOTAL LIABILITIES		32,488,643	32,724,276	33,641,334
TOTAL EQUITY AND LIABILITIES		42,284,581	42,874,987	43,822,643
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.40	3.44	3.12

* 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 Audited Financial Statements for the financial year ended 31 March 2018 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserves RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
At 1 April 2018	1,933,237	1,740,302	1,212,210	(7,291)	(12,997)	56,184	3,745,299	6,733,707	1,052,026	669,266	1,830,873	10,285,872
Prior years' adjustments	-	-	-	-	(1,419)	36,006	(118,081)	(83,494)	-	-	(51,667)	(135,161)
As restated	1,933,237	1,740,302	1,212,210	(7,291)	(14,416)	92,190	3,627,218	6,650,213	1,052,026	669,266	1,779,206	10,150,711
Net (loss)/profit for the financial period	-	-	-	-	-	-	(4,996)	(4,996)	59,861	-	(222,989)	(168,124)
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	2,134	(5,954)	-	-	(3,820)	-	-	(1,403)	(5,223)
Total comprehensive income/(loss) for the financial period	-	-	-	2,134	(5,954)	-	(4,996)	(8,816)	59,861	-	(224,392)	(173,347)
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(1,129)	-	1,129	-	-	-	-	-
Net gain from equity investment (elected as FVOCI) upon derecognition	-	-	-	-	-	-	41	41	-	-	17	58
Effect of changes in RPGT rate	-	-	-	-	-	(76)	-	(76)	-	-	-	(76)
Transfer of a subsidiary company's reserves	-	-	-	-	-	5,199	(5,199)	-	-	-	-	-
Sub-total carried forward	1,933,237	1,740,302	1,212,210	(5,157)	(21,499)	97,313	3,618,193	6,641,362	1,111,887	669,266	1,554,831	9,977,346

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserves RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
Sub-total brought forward	1,933,237	1,740,302	1,212,210	(5,157)	(21,499)	97,313	3,618,193	6,641,362	1,111,887	669,266	1,554,831	9,977,346
Realisation of revaluation reserves upon disposal of an investment property	-	-	-	-	-	(31)	31	-	-	-	-	-
<u>Transactions with Owners</u>												
Acquisition of additional interest in subsidiary companies	-	-	-	-	-	-	(3,988)	(3,988)	-	-	(11,415)	(15,403)
Effect of deconsolidation of a subsidiary company under members' voluntary winding up	-	-	(450)	-	-	-	450	-	-	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(73,152)	-	-	(73,152)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(34,856)	(34,856)
First and final dividend in respect of financial year ended 31 March 2018	-	-	-	-	-	-	(57,997)	(57,997)	-	-	-	(57,997)
At 31 December 2018	1,933,237	1,740,302	1,211,760	(5,157)	(21,499)	97,282	3,556,689	6,579,377	1,038,735	669,266	1,508,560	9,795,938

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	RCCPS RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserves RM'000	Currency Translation Differences RM'000	FVOCI Reserve RM'000	Other Reserves RM'000						
At 1 April 2017	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,704,768	6,071,787	1,051,839	1,289,550	1,841,137	10,254,313
Prior years' adjustments	-	-	-	-	-	-	(46,624)	(46,624)	-	-	(26,380)	(73,004)
As restated	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,658,144	6,025,163	1,051,839	1,289,550	1,814,757	10,181,309
Net profit/(loss) for the financial period	-	-	-	-	-	-	489,777	489,777	59,861	-	(168,821)	380,817
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	75,173	(10,605)	-	-	64,568	-	-	(6,714)	57,854
Total comprehensive income/(loss) for the financial period	-	-	-	75,173	(10,605)	-	489,777	554,345	59,861	-	(175,535)	438,671
Transfer of revaluation gain on disposal of investment properties	-	-	-	-	-	(382)	382	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	40,202	(40,202)	-	-	-	-	-
<u>Transactions with Owners</u>												
Disposal of a subsidiary company	-	-	-	-	-	33,123	(33,123)	-	-	-	-	-
Effect of change in shareholding in subsidiary companies	-	-	-	-	-	-	153,593	153,593	-	-	306,707	460,300
Net issuance of RCCPS	-	-	-	-	-	-	-	-	-	250,000	-	250,000
RCCPS Purchase	-	-	-	-	-	-	(9,315)	(9,315)	-	(340,685)	-	(350,000)
Sub-total carried forward	1,933,237	1,740,302	1,212,275	(9,158)	(11,963)	573,074	3,219,256	6,723,786	1,111,700	1,198,865	1,945,929	10,980,280

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	RCCPS RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserves RM'000	Currency Translation Differences RM'000	FVOCI Reserve RM'000	Other Reserves RM'000						
Sub-total brought forward	1,933,237	1,740,302	1,212,275	(9,158)	(11,963)	573,074	3,219,256	6,723,786	1,111,700	1,198,865	1,945,929	10,980,280
Reclassification of RCCPS	-	-	-	-	-	-	-	-	-	(529,599)	-	(529,599)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(72,719)	-	-	(72,719)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(52,348)	(52,348)
First and final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	-	(19,332)	(19,332)	-	-	-	(19,332)
At 31 December 2017	1,933,237	1,740,302	1,212,275	(9,158)	(11,963)	573,074	3,199,924	6,704,454	1,038,981	669,266	1,893,581	10,306,282

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Period 9 Months Ended 31.12.2018 RM'000	Financial Period 9 Months Ended 31.12.2017 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/profit for the financial period	(168,124)	380,817
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	537,943	516,882
- Finance costs	281,879	267,938
- Taxation	121,186	144,005
- Share of results of joint ventures (net of tax)	(32,515)	(66)
- Share of results of associated companies (net of tax)	(149,142)	(165,895)
- Others	222,978	297,427
Operating profit before working capital changes	814,205	1,441,108
Changes in working capital:		
Net (increase)/decrease in banking related assets	(567,247)	293,811
Net decrease banking related liabilities	(224,061)	(1,292,343)
Net (increase)/decrease in current assets	(9,098)	396,764
Net decrease in current liabilities	(234,686)	(481,001)
Net cash (used)/generated in operations	(220,887)	358,339
Interest received	52,872	52,812
Tax paid, net of refunds	(47,820)	(35,571)
Finance costs paid	(238,806)	(251,503)
Provision for liabilities and charges paid	(48,145)	(68,946)
Post-employment benefit obligations paid	(2,578)	(288)
Provision for concession assets paid	(1,350)	(3,799)
Net cash (outflow)/inflow from operating activities	(506,714)	51,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities by a banking subsidiary company (net proceeds from disposals)	(522,524)	(928,866)
Acquisition of additional shares in a subsidiary company	(13,000)	-
Dividends received from joint ventures	4,153	19,418
Dividends received from associated companies	243,612	114,869
Dividends received from other investments	113	202
Movement in fixed deposits placement with maturity profile more than 3 months	11,948	(25,556)
Net cash inflow from disposals of subsidiary companies	-	428,870
Proceeds from disposals of property, plant and equipment/investment properties	9,230	37,386
Redemption/maturity of investment securities by a banking subsidiary company	770,514	826,246
Purchases of property, plant and equipment/intangible assets	(780,958)	(577,355)
Redemption of preference shares by a joint venture	-	5,000
Share of subscription in a subsidiary company by a non-controlling shareholder	-	170,300
Withdrawal of investment securities	103,455	72,944
Net cash (outflow)/inflow from investing activities	(173,457)	143,458

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Period 9 Months Ended 31.12.2018 RM'000	Financial Period 9 Months Ended 31.12.2017 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(73,152)	(72,719)
Dividends paid to non-controlling interest	(34,856)	(52,348)
Dividends paid to shareholders	(57,997)	(19,332)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	(51,638)	(61,905)
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	21	2,998
Net proceeds from issuance of RCCPS	-	250,000
Proceeds from bank borrowings	2,576,601	3,272,598
Proceeds from recourse obligation on sold to Cagamas by a banking subsidiary company	-	490,157
RCCPS Purchase	-	(350,000)
Repayment of bank borrowing/hire purchase and finance leases	(2,680,120)	(3,481,935)
Repayment of principal for recourse obligation on financing sold to Cagamas	(10,845)	-
Net cash outflow from financing activities	(331,986)	(22,486)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,012,157)	172,016
Effects of foreign currency translation	2,523	(16,858)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	3,188,749	2,763,498
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	2,179,115	2,918,656
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,465,758	3,099,260
Banking related assets - cash and short-term funds	579,947	843,728
Bank overdrafts	(12,190)	(8,803)
	3,033,515	3,934,185
Less: Bank balances and fixed deposits held as security/sinking fund	(1,046,768)	(889,639)
Less: Fixed deposits with maturity profile more than 3 months	(13,365)	(36,798)
Less: Bank balances in respect of Automotive Development Fund liabilities	(21,013)	(20,314)
Less: Collections held by a postal subsidiary company on behalf of third parties	(53,496)	(68,757)
Less: Bank balances in Escrow account arising from RCCPS	-	(21)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	280,242	-
	2,179,115	2,918,656

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 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 unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2018 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)

For the years up to and including the financial year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) in Malaysia whereas, the interim financial report of the Group, for the current financial period ended 31 December 2018, is prepared in accordance with MFRS Framework, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. Except for certain differences, the requirements under FRS and MFRS are similar. Accordingly, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all periods presented except as discussed below:

(i) Classification and measurement of financial instruments

Under MFRS, the classification for all financial assets, except equity instruments and derivatives, shall be assessed based on a combination of the Group’s business model for managing the assets and the financial assets’ contractual cash flow characteristics.

The categories of financial assets under MFRS are as follows:

- Amortised cost
- Fair value through other comprehensive income (“FVOCI”), with gains or losses recycled to profit or loss on derecognition
- FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Fair value through profit or loss (“FVTPL”)

The Group reclassified financial assets previously recognised as available for sale and held to maturity to the appropriate MFRS categories noted above.

The accounting for financial liabilities remains largely the same as it was under FRS, except for the treatment of gains or losses arising from an entity’s own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the profit or loss.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

(ii) Impairment of financial assets

Upon transition to MFRS, the Group’s accounting for impairment of financial assets, has been replaced from the incurred loss approach to the forward-looking expected credit loss (“ECL”) approach. ECL approach is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For the banking subsidiary company, the Group applied the MFRS’s general approach to record an allowance for ECL for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECL associated with the probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination.

Other than the banking subsidiary company, the Group has applied the MFRS’s simplified approach for contract assets and trade and other receivables, and has calculated ECL based on lifetime expected credit losses. The simplified approach excludes tracking of changes in credit risk.

(iii) Revenue recognition

Upon adoption of MFRS, revenue arising from contracts with customers are accounted for using the five-step model. Under MFRS, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected to apply certain practical expedients allowed under MFRS whereby the Group did not restate any contracts that are completed as at date of transition, 1 April 2017.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

(iii) Revenue recognition (Continued)

The key effects of MFRS are as follows: (Continued)

- (a) Under FRS, for the sale of certain motor vehicles, the Group concluded that it is a principal as it has an exposure to significant risks and rewards, based on the existence of credit risk. Pursuant to the adoption of MFRS, the Group reassessed its position and has determined that it is an agent, as it does not control the motor vehicles before they are transferred to the customer. There is no impact on the profits of the Group but will result in the decrease of revenue and cost of sales previously recognised.
- (b) MFRS requires revenue to be recognised at selling price less any variable considerations, including rebates and incentives, given to customers. Prior to MFRS, the Group estimated the rebates and incentives and accrued related provision. Upon adoption of MFRS, the Group has reclassified the variable considerations previously recognised in cost of sales and selling and distribution costs arising from the sale of motor vehicles as deduction from revenue.
- (c) The Group is required to identify and separately account for performance obligations arising from contracts with customers under MFRS. Under FRS, a single performance obligation was identified for certain supply of automotive parts agreements, vehicle leasing agreements and construction contracts. Upon transition to MFRS, the Group has reassessed and identified these contracts to have two separate performance obligations where revenue shall be recognised separately based on the progress of the respective performance obligations.
- (d) Under FRS, revenue for property development activities are recognised based on percentage of completion method. However, under MFRS, this method shall be conditional upon the Group having no alternative use for the property and an enforceable right to payment for work completed to date. FRSIC Consensus 23 Application of MFRS 15 *Revenue from Contracts with Customers on Sale of Residential Properties* issued by the Malaysian Institute of Accountants (“MIA”), allows sales of residential properties in Malaysia, to be recognised based on percentage of completion method. In respect of sales of non-residential properties, the Group has concluded that based on the existing agreements, it does not have an enforceable right to payment for work completed to date. Accordingly, revenue and property development cost on non-residential properties shall be recognised to profit or loss only upon completion.

The presentation of property development cost capitalised under FRS has now been classified as inventories under MFRS.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

(iv) Provision for affordable housing

Under FRS, the Group recognised upfront provisions for the foreseeable losses arising from mandatory affordable housing for residential development as required by FRSIC Consensus 17, *Development of Affordable Housing* issued by the MIA. Under MFRS, losses arising from development of affordable housing shall be recognised based on stage of completion, conditional upon available profits from future profitable housing projects of the residential development. Given there is future profits of the Group’s residential development, the Group has made a reversal of the provision recognised previously.

(v) Business combinations

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(a) The classification of former business combinations under FRS is maintained.

(b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(c) The carrying amount of goodwill recognised under FRS is maintained.

(vi) Assets and liabilities of subsidiary companies, joint ventures and associated companies

Under MFRS 1, the assets and liabilities of subsidiary companies, joint ventures and associated companies which have adopted the MFRS Framework earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiary companies, joint ventures and associated companies, after adjusting for consolidation adjustments.

(vii) Estimates

MFRS 1 requires the estimates at 1 April 2017 and at 31 March 2018 to be consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS, reflect conditions at 1 April 2017, the date of transition to MFRS and as of 31 March 2018.

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows:

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
As at 31 March 2018			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	5,939,520	(38,455)	5,901,065
Land held for development	274,171	(274,171)	-
Inventories	-	231,855	231,855
Deferred tax assets	152,308	(6,251)	146,057
Investment securities: fair value through profit or loss - Banking	161,274	129,159	290,433
Investment securities: fair value through other comprehensive income			
- Banking	-	5,540,505	5,540,505
- Non-Banking	-	45,498	45,498
Investment securities: amortised cost - Banking	-	102,941	102,941
Investment securities: available-for-sale			
- Banking	5,553,163	(5,553,163)	-
- Non-Banking	45,498	(45,498)	-
Investment securities: held-to-maturity - Banking	143,730	(143,730)	-
Trade and other receivables	935,852	(12,634)	923,218
Banking related assets - Financing of customers	10,216,425	(119,113)	10,097,312
<u>Current assets</u>			
Inventories	1,640,454	728,501	2,368,955
Property development costs	797,798	(797,798)	-
Trade and other receivables	3,271,976	23,187	3,295,163
Investment securities: available-for-sale - Banking	766,249	(766,249)	-
Investment securities: fair value through other comprehensive income - Banking	-	766,249	766,249
Investment securities: fair value through profit or loss			
- Non-banking	292	175,670	175,962
Investment securities: amortised cost			
- Non-banking	-	8,000	8,000
Banking related assets - Financing of customers	4,301,547	(107,279)	4,194,268
Bank balances and cash deposits	2,834,028	(207,670)	2,626,358

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
As at 31 March 2018			
Consolidated Statement of Financial Position (Continued)			
<u>Non-current liabilities</u>			
Deferred income	109,596	(86,384)	23,212
Trade and other payables	-	86,384	86,384
Deferred tax liabilities	254,309	(3,485)	250,824
<u>Current liabilities</u>			
Deferred income	45,439	(36,629)	8,810
Trade and other payables	5,412,851	(121,171)	5,291,680
Banking related liabilities - Deposits from customers	18,778,061	(24,000)	18,754,061
Equity			
Reserves	4,993,405	(83,494)	4,909,911
Non-controlling interest	1,830,873	(51,667)	1,779,206
Consolidated Statement of Changes in Equity			
Available-for-sale reserve	(12,997)	12,997	-
Fair Value through Other Comprehensive Income Reserve	-	(14,416)	(14,416)
Other reserves	56,184	36,006	92,190
Retained earnings	3,745,299	(118,081)	3,627,218
Net assets per share attributable to Owners of the Company	3.48	(0.04)	3.44

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM’000	Effects of adoption of MFRS RM’000	As restated RM’000
As at 1 April 2017			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	6,463,431	(10,074)	6,453,357
Land held for development	1,182,226	(1,182,226)	-
Inventories	-	1,079,673	1,079,673
Deferred tax assets	147,192	2,179	149,371
Investment securities: fair value through profit or loss - Banking	197,208	113,774	310,982
Investment securities: fair value through other comprehensive income			
- Banking	-	5,035,771	5,035,771
- Non-Banking	-	46,153	46,153
Investment securities: amortised cost - Banking	-	101,875	101,875
Investment securities: available-for-sale			
- Banking	5,040,929	(5,040,929)	-
- Non-Banking	46,153	(46,153)	-
Investment securities: held-to-maturity - Banking	142,168	(142,168)	-
Trade and other receivables	264,144	(1,427)	262,717
Banking related assets - Financing of customers	10,772,103	(110,347)	10,661,756
<u>Current assets</u>			
Inventories	2,285,452	138,701	2,424,153
Property development costs	140,186	(140,186)	-
Trade and other receivables	4,057,560	3,050	4,060,610
Investment securities: available-for-sale - Banking	1,090,487	(1,090,487)	-
Investment securities: fair value through other comprehensive income - Banking	-	1,090,487	1,090,487
Investment securities: fair value through profit or loss			
- Non-banking	175	221,398	221,573
Investment securities: amortised cost			
- Non-banking	-	8,000	8,000
Banking related assets - Financing of customers	3,939,713	(36,849)	3,902,864
Bank balances and cash deposits	2,876,862	(262,398)	2,614,464

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM’000	Effects of adoption of MFRS RM’000	As restated RM’000
As at 1 April 2017			
Consolidated Statement of Financial Position (Continued)			
<u>Non-current liabilities</u>			
Deferred income	151,621	(124,491)	27,130
Trade and other payables	-	123,760	123,760
Deferred tax liabilities	210,270	(520)	209,750
<u>Current liabilities</u>			
Deferred income	48,410	(35,412)	12,998
Trade and other payables	6,499,555	(79,516)	6,420,039
Banking related liabilities - Deposits from customers	18,979,279	(33,000)	18,946,279
Equity			
Reserves	4,331,485	(46,624)	4,284,861
Non-controlling interest	1,841,137	(26,380)	1,814,757
Consolidated Statement of Changes in Equity			
Available-for-sale reserve	(1,358)	1,358	-
Fair Value through Other Comprehensive Income Reserve	-	(1,358)	(1,358)
Retained earnings	2,704,768	(46,624)	2,658,144
Net assets per share attributable to Owners of the Company	3.14	(0.02)	3.12

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
For the financial quarter ended 31 December 2017			
Consolidated Statement of Comprehensive Income			
Revenue	3,047,426	(145,742)	2,901,684
Cost of sales and operating expenses	(3,128,579)	134,927	(2,993,652)
Other income	131,437	(237)	131,200
Other expense	(261,546)	(5,295)	(266,841)
Loss from operations	(211,262)	(16,347)	(227,609)
Loss before taxation	(259,890)	(16,347)	(276,237)
Taxation	(31,057)	(1,691)	(32,748)
Net loss for the financial quarter	(290,947)	(18,038)	(308,985)
Total comprehensive loss for the financial quarter			
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Net loss on fair value changes of investment securities: available-for-sale	(7,909)	7,909	-
Net loss on fair value changes of investment securities: fair value through other comprehensive income	-	(7,909)	(7,909)
Net loss for the financial quarter attributable to:			
Owners of the Company	(58,152)	(11,875)	(70,027)
Non-controlling interest	(224,985)	(6,163)	(231,148)
Total comprehensive loss for the financial quarter attributable to:			
Owners of the Company	(64,959)	(11,875)	(76,834)
Non-controlling interest	(228,471)	(6,163)	(234,634)
Basic and diluted earnings per share (sen)	(3.01)	(0.61)	(3.62)

2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017 and the reconciliation of the financial performance for the quarter/period ended 31 December 2017, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
For the financial period ended 31 December 2017			
Consolidated Statement of Comprehensive Income			
Revenue	9,727,666	(456,005)	9,271,661
Cost of sales and operating expenses	(10,090,989)	434,823	(9,656,166)
Other income	1,582,034	(1,878)	1,580,156
Other expense	(558,963)	(9,889)	(568,852)
Profit from operations	659,748	(32,949)	626,799
Profit before taxation	557,771	(32,949)	524,822
Taxation	(139,142)	(4,863)	(144,005)
Net profit for the financial period	418,629	(37,812)	380,817
Total comprehensive loss for the financial period			
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Net loss on fair value changes of investment securities: available-for-sale	(8,410)	8,410	-
Net loss on fair value changes of investment securities: fair value through other comprehensive income	-	(8,410)	(8,410)
<u>Reclassification adjustments:</u>			
Transfer of realised gain on fair value changes of investment securities: available-for-sale upon disposal	(6,740)	6,740	-
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal	-	(6,740)	(6,740)
Net profit for the financial period attributable to:			
Owners of the Company	508,708	(18,931)	489,777
Non-controlling interest	(149,940)	(18,881)	(168,821)
Total comprehensive income for the financial period attributable to:			
Owners of the Company	573,276	(18,931)	554,345
Non-controlling interest	(156,654)	(18,881)	(175,535)
Basic and diluted earnings per share (sen)	26.31	(0.98)	25.33

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 31 December 2018.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

Save as disclosed in Note 2, 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 31 December 2018.

Included in the Consolidated Statement of Comprehensive Income in the corresponding period ended 31 December 2017 was the R&D reimbursement grant received from the Government of RM1.10 billion. The effect of PROTON restructuring costs have been recognised in the corresponding quarter and financial period amounting to RM195.84 million and RM521.31 million respectively.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amounts 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 31 December 2018.

7. DIVIDEND PAID

The shareholders approved a single tier first and final dividend of 3.0 sen per share at the last Annual General Meeting held on 30 August 2018 in respect of the financial year ended 31 March 2018. The dividend of RM57,997,112 was paid on 1 October 2018.

8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 31 December 2018 is as follows:

	Automotive RM'000	Services RM'000	Property RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	5,636,365	3,452,896	400,564	30,823	9,520,648
Inter-segment revenue	(356,441)	(86,819)	(36,215)	(30,823)	(510,298)
External revenue	5,279,924	3,366,077	364,349	-	9,010,350
Results					
Segment (loss)/profit	(325,493)	235,868	131,713	14,120	56,208
Unallocated expenses					(55,192)
Interest income on short term deposits					52,268
Finance costs					(281,879)
Share of results of joint ventures (net of tax)	31,102	-	1,413	-	32,515
Share of results of associated companies (net of tax)	148,571	571	-	-	149,142
Loss before taxation					(46,938)
Taxation					(121,186)
Net loss for the financial period					(168,124)
Attributable to:					
Owners of the Company					(4,996)
Holder of Perpetual Sukuk					59,861
Non-controlling interest					(222,989)

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 EVENTS

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 31 DECEMBER 2018

- (a) On 10 April 2018, PROTON Holdings Berhad, a direct 50.10% owned subsidiary company of the Group, had via its wholly-owned subsidiary company, Proton Marketing Sdn. Bhd., incorporated a 90% owned new subsidiary company known as PROTON Motor Parsian Company (Ltd.) ("PMPC"), in Iran. As a result, PMPC is an indirect 45.09% owned subsidiary company of the Group.
- (b) On 6 August 2018, Proton Singapore Pte. Ltd. ("PSPL"), an indirect 50.10% owned dormant subsidiary company of the Group has commenced the dissolution exercise via members' voluntary winding up. Upon the dissolution, PSPL will cease to be an indirect 50.10% owned subsidiary company of the Group.
- (c) On 18 September 2018, PNSL Berhad an indirect 53.50% owned subsidiary company of the Group, acquired the remaining 49% equity interest in Parcel Tankers Malaysia Sdn. Bhd. ("PTM") previously held by Yuma Shipping Pte. Ltd. for consideration of RM2.403 million, thus increasing its ownership from 51% to 100% in PTM. As a result, PTM became an indirect 53.50% owned subsidiary company of the Group.
- (d) On 1 November 2018, PSH Investment Holding (BVI) Ltd. ("PSHI"), an indirect 53.50% owned dormant subsidiary company of the Group was struck off from the British Virgin Islands Registry of Corporate Affairs. As a result, PSHI ceased to be an indirect subsidiary company of the Group.
- (e) On 7 December 2018, DRB-HICOM Defence Technologies Sdn. Bhd., a direct wholly-owned subsidiary company of the Group, acquired the remaining 3.13% equity interest in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") from Petroliam Nasional Berhad for a total cash consideration of RM13 million, thus increasing its ownership from 96.87% to 100% in CTRM. As a result, CTRM is an indirect wholly-owned subsidiary company of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018 (Continued)

- (f) On 24 December 2018, Indungan Jaya Sdn. Bhd. (“IJSB”) was incorporated by HICOM Indungan Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group. As a result, IJSB became an indirect wholly-owned 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 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 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 31.12.2018		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Direct credit substitutes	348,652	348,652	298,664
Trade-related contingencies	51,615	10,323	933
Transaction related contingencies	423,541	211,770	200,040
Credit extension commitment:			
- maturity within one year	936,710	187,342	184,058
- maturity exceeding one year	2,125,915	1,062,958	325,235
Profit rate related contracts	2,400,000	86,188	17,238
Foreign exchange related contracts	2,173,394	53,847	39,859
	8,459,827	1,961,080	1,066,027

14. PROFIT/(LOSS) BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
	31.12.2018 RM'000	31.12.2017 (Restated) RM'000	31.12.2018 RM'000	31.12.2017 (Restated) RM'000
Allowance for doubtful debts (net)	38,032	5,726	44,614	12,869
Amortisation of:				
- intangible assets	30,791	46,826	115,716	144,752
- concession assets	-	3,007	4,448	9,074
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	197,097	188,634	537,943	516,882
Finance costs	99,086	97,269	281,879	267,938
Financing written off	5,530	149	14,249	3,178
Impairment loss of property, plant and equipment/prepaid lease properties	2,859	5,141	2,957	15,686
Net foreign exchange differences	(12,202)	(58,865)	44,843	(106,629)
(Write back of)/allowance for financing of customers	(4,939)	(36,375)	12,924	32,352
Allowance for slow moving inventories	32,944	13,953	32,658	30,607
Write off of property, plant and equipment	432	3,227	1,581	4,175
Effect of PROTON's restructuring	(6,000)	195,844	(16,200)	521,312
Gain on disposal of:				
- investment securities	(1,560)	(5,366)	(3,143)	(29,814)
- property, plant and equipment	(2,999)	(11,253)	(5,034)	(13,982)
- investment properties	(473)	(1,391)	(473)	(626)
(Gain)/loss on fair value adjustment of:				
- investment properties	(710)	109	(469)	326
- investment securities	(35,214)	2,383	(36,662)	(11,757)
Grant income	-	-	-	(1,100,000)
Interest income on short term deposits	(20,853)	(20,542)	(52,268)	(50,626)
Marked to market loss/(gain) on derivatives (net)	6,365	7,071	(1,928)	26,628

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended			Financial Period 9 Months Ended		
		31.12.2018	31.12.2017	Variance	31.12.2018	31.12.2017	Variance
		RM'000	(Restated) RM'000		RM'000	(Restated) RM'000	
(i)	Automotive	1,951,786	1,596,390	355,396	5,279,924	5,304,554	(24,630)
(ii)	Services	1,134,291	1,075,827	58,464	3,366,077	3,274,731	91,346
(iii)	Property	85,437	229,467	(144,030)	364,349	692,376	(328,027)
	Total	3,171,514	2,901,684	269,830	9,010,350	9,271,661	(261,311)

↓ 2.8%

For the three months ended 31 December 2018, the Group's revenue increased to RM3.17 billion compared with RM2.90 billion in the corresponding quarter ended 31 December 2017. The higher revenue was contributed by the better performance of the automotive companies including the sale of X70 SUV by PROTON, which was launched in December 2018.

In respect of the nine months ended 31 December 2018, the Group's revenue marginally dropped by 2.8% to RM9.01 billion compared with RM9.27 billion in the corresponding period ended 31 December 2017.

(i) Automotive Sector

Higher sales volume was recorded by the automotive companies including PROTON and also higher percentage of completion of AV 8x8 project by DRB-HICOM Defence Technologies Sdn. Bhd. Included in the previous period was sales revenue of Lotus which was disposed off in September 2017 and this caused the net negative variance for the financial period.

(ii) Services Sector

The Services sector achieved higher revenue mainly from banking and waste management businesses.

(iii) Property Sector

The reduction for the quarter/financial period was mainly due to lower revenue recognised from construction related projects.

15. REVIEW OF PERFORMANCE (Continued)

15.2 Profit/(Loss) Before Tax

The Group registered a pre-tax profit of RM96.70 million for the financial quarter ended 31 December 2018 compared with pre-tax loss of RM276.24 million in the corresponding quarter ended 31 December 2017. For the nine months financial period ended 31 December 2018, the Group incurred pre-tax losses of RM46.94 million compared with pre-tax profit of RM524.82 million in the corresponding financial period ended 31 December 2017.

For the current quarter/financial period, all the business sectors of the Group achieved better operating financial performance (excluding exceptional items). Included in the corresponding financial period ended 31 December 2017 was R&D reimbursement grant income of RM1.10 billion and the PROTON restructuring costs were reflected in the corresponding quarter and financial period ended 31 December 2017.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM96.70 million in the current quarter ended 31 December 2018 compared with pre-tax loss of RM49.24 million in the preceding quarter ended 30 September 2018. The better financial performance of all the business sectors of the Group contributed to the profits for the current quarter.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2019

Following PROTON's maiden SUV's official debut on 12 December 2018, PROTON has to-date delivered over 7,000 units of X70 from the bookings of approximately 18,000 units. The national carmaker continues to pursue quality improvement initiatives as well as improving PROTON's model offerings. These key efforts have proven to be instrumental in boosting the market's confidence in PROTON. At the sales networks, adoption of global standards have ensured a more customer-oriented delivery process.

Other business units within the Group also continue pursuing operational improvements across the value-chain, as they move to enhance their business performance.

The Group's operating results for the current financial year ending 31 March 2019 is expected to be better than the previous year's financial performance (excluding the exceptional items).

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
	31.12.2018 RM'000	31.12.2017 (Restated) RM'000	31.12.2018 RM'000	31.12.2017 (Restated) RM'000
Current taxation	38,412	16,857	100,070	50,833
Deferred taxation	4,951	15,891	21,116	93,172
Total	43,363	32,748	121,186	144,005

For the financial period ended 31 December 2018, despite the Group recording losses, the taxation charge arose mainly from certain profit making subsidiary companies.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 8 March and 11 July 2018, DRB-HICOM Group had entered into various agreements and supplemental agreements respectively for the proposed disposals of certain property assets and investments to Prisma Dimensi Sdn. Bhd. and Kelana Ventures Sdn. Bhd. The Proposed Disposals have been approved by DRB-HICOM Berhad shareholders at the Extraordinary General Meeting (“EGM”) held on 15 October 2018. The Proposed Disposals are pending fulfilment of other conditions precedent.
- (b) On 1 August 2018, HICOM Holdings Berhad (“HHB”), a direct wholly-owned subsidiary company of the Group, had entered into a conditional share sale agreement (“SSA”) with Tunas Pancar Sdn. Bhd. (“TPSB”), a wholly-owned subsidiary company of Malakoff Corporation Berhad, for the proposed disposal of HHB’s entire equity interest of 97.37% in Alam Flora Sdn. Bhd. (“AFSB”) involving 74 million ordinary shares in AFSB, for a total cash consideration of RM944.6 million, subject to the terms and conditions of the SSA (“Proposed Disposal”). The Proposed Disposal has been approved by DRB-HICOM Berhad shareholders at the EGM held on 15 October 2018. The Proposed Disposal is pending fulfilment of other conditions precedent (“CP”). Pursuant to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the carrying value of AFSB’s assets and liabilities have been classified as held for sale on the Consolidated Statement of Financial Position. On 31 January 2019, HHB and TPSB had mutually agreed to extend the CP period until 31 July 2019 for the fulfilment of the other CPs as set out in the SSA.

20. STATUS OF CORPORATE PROPOSALS (Continued)

- (c) On 29 January 2019, HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (“HTS”), an indirect 51% owned subsidiary company of the Group had entered into a Shareholders Agreement (“SA”) with Jiangsu Xinquan Automotive Trim Co. Ltd. (“XQ”) to form a joint venture company incorporated in Malaysia named as XINQUAN-HICOM Malaysia Sdn. Bhd. (“XQ-HICOM”) to design, develop and manufacture instrument panel, floor consoles and door trims and related components for vehicles (“Proposed Joint Venture”). Upon receipt of relevant approvals from the Chinese government for overseas investment, XQ will assign its rights and obligations under the SA to Xinquan Development Hong Kong Limited (“XQ HK”), a wholly-owned subsidiary company of XQ to be incorporated in Hong Kong. The proposed shareholdings of HTS and XQ HK in XQ-HICOM are 49% and 51% respectively.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

		As at 31.12.2018 RM'000
(a)	Short Term Borrowings	
	Bank overdrafts	
	- Secured	7,157
	- Unsecured	5,033
	Total	12,190
(b)	Others	
	<u>Secured</u>	
	Bankers acceptances	36,237
	Revolving credits	277,303
	Short term loans	4,010
	Short term loans under Islamic financing	153,061
	Hire purchase and finance lease liabilities - portion repayable within 12 months	17,791
	Long term loans - portion repayable within 12 months	207,791
Long term loans under Islamic financing - portion repayable within 12 months	623,324	
	Sub-total	1,319,517

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 31.12.2018 RM'000
(b) Others (continued)	
<u>Unsecured</u>	
Bankers acceptances	563,887
Revolving credits	303,370
Short term loans under Islamic financing	25,000
Long term loans - portion repayable within 12 months	1,760
Sub-total	894,017
Total	2,213,534
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	60,370 (17,791)
	42,579
Long term loans - portion repayable within 12 months	723,469 (207,791)
	515,678
Long term loans under Islamic financing - portion repayable within 12 months	2,759,389 (623,324)
	2,136,065
<u>Unsecured</u>	
Long term loans - portion repayable within 12 months	4,987 (1,760)
	3,227
Long term loans under Islamic financing	752,764
Total	3,450,313
Grand Total	5,676,037

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

(d) Apart from the following Ringgit Malaysia (“RM”) equivalent of foreign currency borrowings, the rest of the borrowings and deferred liabilities are denominated in RM.

	Short Term			Long Term			Total		
	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000
As at 31 December 2018									
Secured									
Revolving credits	GBP	750	3,938				GBP	750	3,938
Short term loans under Islamic financing	GBP	1,109	5,823				GBP	1,109	5,823
	USD	35,569	147,238				USD	35,569	147,238
Long term loans	USD	28,283	118,760	USD	42,631	179,006	USD	70,914	297,766
Long term loans under Islamic financing	USD	7,861	32,809	USD	29,782	123,688	USD	37,643	156,497
Total			308,568			302,694			611,262

22. OUTSTANDING DERIVATIVES

(a) Derivatives outstanding as at 31 December 2018 consist mainly of foreign exchange contracts, profit rate swap and capped cross currency interest rate swap which are measured at their fair values 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			
Currency forward foreign exchange contracts	1,263,837	22,168	4,364
Currency swap foreign exchange contracts	1,086,298	2,849	22,439
Islamic profit rate swap	2,400,000	-	10,801
Capped cross currency interest rate swap	362,167	-	1,377
	5,112,302	25,017	38,981

22. OUTSTANDING DERIVATIVES (Continued)

(a) (Continued)

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2018:

- (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 gain/(loss) arising from fair value changes of financial derivatives

During the financial period ended 31 December 2018, the Group recognised a total net gain of RM1.93 million in profit or loss arising from the fair value changes on the currency forward foreign exchange contracts, currency swap foreign exchange contracts, Islamic profit rate swap and capped cross currency interest rate swap which are marked to market as at 31 December 2018.

23. MATERIAL LITIGATION

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

On 14 January 2019, PROTON Automobile (China) Ltd. ("PACL") has been served with a Civil Complaint by Goldstar Heavy Industrial Co., Ltd. ("Goldstar"), involving PACL and Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") as Defendants. PACL is a wholly-owned subsidiary company of PONS B and PONS B is wholly-owned subsidiary company of PROTON Holdings Berhad ("PHB") which in turn is a 50.10% owned subsidiary company of DRB-HICOM Berhad ("The Company").

Goldstar is claiming, inter alia, the sum of Renminbi (RMB) 860,613,418 (equivalent to RM522,908,713 based on Bank Negara Exchange Rate as at 17 January 2019 of RMB1 : MYR0.6076). The claims arose as a result of the Equity Joint Venture Contract ("EJVC") dated 17 April 2015, entered into between PHB, Lotus Group International Limited and Goldstar on the establishment of a joint venture company named as Goldstar Lotus Automobile Co., Ltd. ("GLAC"); and its termination on 22 January 2018, amongst others. The said termination had been announced to Bursa Malaysia Securities Berhad on 23 January 2018.

The purpose of the EJVC was to form a joint venture company to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories and to provide after-sales services (including spare parts) in connection with its products in People's Republic of China.

GLAC has not yet commenced its business operations due to GLAC not having obtained the required manufacturing licence. The deadline to obtain the manufacturing licence pursuant to the EJVC was originally 25 September 2017. This was subsequently extended to 31 December 2017. Pursuant to the EJVC, failure to obtain the said manufacturing licence within the agreed timeframe entitles either party to terminate the EJVC.

23. MATERIAL LITIGATION (Continued)

The Company has appointed its lawyers to review the aforesaid claims and will take all necessary steps to defend against the claims and ensure the rights of the Group are protected. The appearance date stated in the Civil Complaint is on 9 July 2019.

24. DIVIDEND

No dividend has been declared for the financial period ended 31 December 2018.

25. EARNINGS/(LOSS) PER SHARE

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

	Financial Quarter Ended 3 Months Ended		Financial Period Ended 9 Months Ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
Net profit/(loss) attributable to Owners of the Company (RM'000)	73,022	(70,027)	(4,996)	489,777
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted earnings/(loss) per share (sen)	3.78	(3.62)	(0.26)	25.33

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

26. 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

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
28 February 2019