



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2019

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/period ended 30 September 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Revenue		3,594,857	3,184,425	7,031,714	5,838,836
Cost of sales and operating expenses		(3,437,298)	(3,254,077)	(6,745,334)	(6,013,882)
Other income		75,017	57,285	194,499	132,973
Other expenses		(21,705)	(29,093)	(75,539)	(76,598)
Profit/(loss) from operations		210,871	(41,460)	405,340	(118,671)
Finance costs		(116,685)	(100,201)	(226,566)	(182,793)
Share of results of joint ventures (net of tax)		836	25,775	8,933	27,335
Share of results of associated companies (net of tax)		36,002	66,646	90,039	130,490
PROFIT/(LOSS) BEFORE TAXATION	15	131,024	(49,240)	277,746	(143,639)
Taxation	20	(45,080)	(27,464)	(82,429)	(77,823)
NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		85,944	(76,704)	195,317	(221,462)
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Item that will not be reclassified subsequently to profit or loss:</u>					
Net gain/(loss) on fair value changes of equity instrument: financial assets at fair value through other comprehensive income		(3,696)	2,160	1,774	(7,264)
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income		24,425	36,041	55,518	10,108
Currency translation differences of foreign subsidiary companies		1,431	1,914	264	2,942

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
OTHER COMPREHENSIVE INCOME/(LOSS) (Continued)					
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income upon disposal		(8,274)	(2,183)	(10,843)	(2,214)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/ PERIOD (NET OF TAX)		13,886	37,932	46,713	3,572
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		99,830	(38,772)	242,030	(217,890)
Net profit/(loss) for the financial quarter/period attributable to:					
Owners of the Company		40,078	(11,419)	86,292	(78,018)
Holder of Perpetual Sukuk		20,026	20,026	39,835	39,835
Non-controlling interest		25,840	(85,311)	69,190	(183,279)
		85,944	(76,704)	195,317	(221,462)
Total comprehensive income/(loss) for the financial quarter/period attributable to:					
Owners of the Company		49,750	14,829	119,282	(75,628)
Holder of Perpetual Sukuk		20,026	20,026	39,835	39,835
Non-controlling interest		30,054	(73,627)	82,913	(182,097)
		99,830	(38,772)	242,030	(217,890)
Basic and diluted earnings/(loss) per share (sen):	26	2.07	(0.59)	4.46	(4.04)

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 2019 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.09.2019 RM'000	As at 31.03.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,427,057	6,100,951
Prepaid lease properties		50,643	51,495
Investment properties		270,818	294,857
Inventories		235,244	234,589
Joint ventures		425,527	317,415
Associated companies		868,369	805,843
Intangible assets		1,617,495	1,563,114
Deferred tax assets		136,440	147,213
Investment securities: financial assets at fair value through profit or loss			
- Banking		551,900	156,456
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		3,371,883	4,635,531
- Non-banking		44,898	44,898
Investment securities: financial assets at amortised cost			
- Banking		103,567	102,596
Trade and other receivables		1,365,838	1,288,562
Other assets		478	504
Banking related assets			
- Financing of customers		11,479,959	11,269,467
- Statutory deposits with Bank Negara Malaysia		672,850	699,275
		27,622,966	27,712,766
CURRENT ASSETS			
Assets and disposal groups held for sale		1,422,101	1,275,893
Inventories		2,439,364	2,550,799
Trade and other receivables		3,175,005	3,040,005
Investment securities: financial assets at fair value through profit or loss			
- Banking		18,293	504,344
- Non-banking		147,193	164,076
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,771,965	300,501
Investment securities: financial assets at amortised cost			
- Banking		442	714
Banking related assets			
- Cash and short-term funds		1,530,742	842,508
- Financing of customers		3,738,470	3,749,776
Bank balances and cash deposits		2,061,807	2,510,409
Derivative assets	23(a)	15,506	25,035
		16,320,888	14,964,060
TOTAL ASSETS		43,943,854	42,676,826

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 30.09.2019 RM'000	As at 31.03.2019 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,014,818	4,970,161
Equity attributable to Owners of the Company		6,755,120	6,710,463
Perpetual Sukuk		1,052,446	1,051,745
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,619,602	1,584,420
TOTAL EQUITY		10,096,434	10,015,894
NON-CURRENT LIABILITIES			
Deferred income		25,908	26,585
Trade and other payables		62,961	64,489
Lease liabilities		332,769	-
Long term borrowings	22(c)	3,441,665	3,548,020
Redeemable Convertible Cumulative Preference Shares		596,357	578,728
Provision for liabilities and charges		15,339	11,057
Post-employment benefit obligations		6,104	6,116
Deferred tax liabilities		291,692	291,804
Banking related liabilities			
- Deposits from customers		314,673	313,445
- Recourse obligation on financing sold to Cagamas		463,352	471,102
		5,550,820	5,311,346
CURRENT LIABILITIES			
Liabilities related to disposal groups held for sale		732,222	718,926
Deferred income		7,420	6,406
Trade and other payables		4,662,240	5,129,151
Lease liabilities		73,954	-
Provision for liabilities and charges		284,336	301,046
Post-employment benefit obligations		272	430
Bank borrowings			
- Bank overdrafts	22(a)	8,985	12,959
- Others	22(b)	2,956,380	2,757,732
Banking related liabilities			
- Deposits from customers		19,326,565	18,347,717
- Deposits and placements of banks and other financial institutions		103,504	6,747
- Bills and acceptances payable		10,090	15,678
Derivative liabilities	23(a)	72,635	52,794
Dividend payable		57,997	-
		28,296,600	27,349,586
TOTAL LIABILITIES		33,847,420	32,660,932
TOTAL EQUITY AND LIABILITIES		43,943,854	42,676,826
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.49	3.47

* 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 2019 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 Reserve RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
At 1 April 2019	1,933,237	1,740,302	1,211,760	(6,397)	(9,321)	137,582	3,636,537	6,710,463	1,051,745	669,266	1,584,420	10,015,894
Effect of adoption of MFRS 16	-	-	-	-	-	-	(16,628)	(16,628)	-	-	(6,156)	(22,784)
As restated	1,933,237	1,740,302	1,211,760	(6,397)	(9,321)	137,582	3,619,909	6,693,835	1,051,745	669,266	1,578,264	9,993,110
Net profit for the financial period	-	-	-	-	-	-	86,292	86,292	39,835	-	69,190	195,317
Other comprehensive income for the financial period, net of tax	-	-	-	476	32,514	-	-	32,990	-	-	13,723	46,713
Total comprehensive income for the financial period	-	-	-	476	32,514	-	86,292	119,282	39,835	-	82,913	242,030
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(432)	-	432	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	(3,547)	3,547	-	-	-	-	-
Sub-total carried forward	1,933,237	1,740,302	1,211,760	(5,921)	22,761	134,035	3,710,180	6,813,117	1,091,580	669,266	1,661,177	10,235,140

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 Reserve 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	1,211,760	(5,921)	22,761	134,035	3,710,180	6,813,117	1,091,580	669,266	1,661,177	10,235,140
Transactions with Owners												
Effect of deconsolidation of a subsidiary company	-	-	2,325	-	-	-	(2,325)	-	-	-	(26,658)	(26,658)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(39,134)	-	-	(39,134)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(14,917)	(14,917)
First and final dividend in respect of financial year ended 31 March 2019	-	-	-	-	-	-	(57,997)	(57,997)	-	-	-	(57,997)
At 30 September 2019	1,933,237	1,740,302	1,214,085	(5,921)	22,761	134,035	3,649,858	6,755,120	1,052,446	669,266	1,619,602	10,096,434

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 Reserve RM'000	Currency Translation Differences RM'000	FVOCI Reserve RM'000	Other Reserves RM'000						
At 1 April 2018	1,933,237	1,740,302	1,212,210	(7,291)	(14,005)	83,529	3,588,500	6,603,245	1,052,026	669,266	1,773,587	10,098,124
Net loss for the financial period	-	-	-	-	-	-	(78,018)	(78,018)	39,835	-	(183,279)	(221,462)
Other comprehensive income for the financial period, net of tax	-	-	-	1,949	441	-	-	2,390	-	-	1,182	3,572
Total comprehensive loss for the financial period	-	-	-	1,949	441	-	(78,018)	(75,628)	39,835	-	(182,097)	(217,890)
Net gain from equity investment (elected as FVOCI) upon derecognition	-	-	-	-	-	-	678	678	-	-	290	968
Transfer of a subsidiary company's reserves	-	-	-	-	-	5,310	(5,310)	-	-	-	-	-
<u>Transactions with Owners</u>												
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(171)	(171)	-	-	(2,232)	(2,403)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(39,587)	-	-	(39,587)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(31,184)	(31,184)
First and final dividend in respect of financial year ended 31 March 2018	-	-	-	-	-	-	(57,997)	(57,997)	-	-	-	(57,997)
At 30 September 2018	1,933,237	1,740,302	1,212,210	(5,342)	(13,564)	88,839	3,447,682	6,470,127	1,052,274	669,266	1,558,364	9,750,031

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 2019 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Period 6 Months Ended 30.09.2019 RM'000	Financial Period 6 Months Ended 30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the financial period	195,317	(221,462)
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	384,947	340,846
- Finance costs	226,566	182,793
- Taxation	82,429	77,823
- Share of results of joint ventures (net of tax)	(8,933)	(27,335)
- Share of results of associated companies (net of tax)	(90,039)	(130,490)
- Others	133,785	162,239
Operating profit before working capital changes	924,072	384,414
Changes in working capital:		
Net increase in banking related assets	(217,814)	(466,954)
Net increase banking related liabilities	1,071,245	89,746
Net (increase)/decrease in current assets	(224,347)	303,748
Net decrease in current liabilities	(470,915)	(223,567)
Net cash generated from operations	1,082,241	87,387
Interest received	31,727	31,345
Tax paid, net of refunds	(38,174)	(29,993)
Finance costs paid	(76,247)	(81,824)
Provision for liabilities and charges paid	(52,224)	(30,929)
Post-employment benefit obligations paid	(273)	(2,454)
Provision for concession assets paid	(1,603)	(1,301)
Net cash inflow/(outflow) from operating activities	945,447	(27,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities by a banking subsidiary company (net)	(582,868)	(229,712)
Dividends received from joint ventures	17,152	375
Dividends received from an associated company	28,940	181,902
Dividends received from other investments	150	113
Interest received	8,479	919
Movement in fixed deposits placement with maturity profile more than 3 months	818	7,830
Net cash inflow from partial disposal of equity interest in a former subsidiary company	35,377	-
New investment in a joint venture	(19,600)	-
Proceeds from disposal of an investment security by a non-banking subsidiary company	332	-
Proceeds from disposals of property, plant and equipment	6,361	3,495
Redemption of investment securities by a banking subsidiary company	565,268	165,253
Purchases of property, plant and equipment/concession assets/intangible assets/ investment properties	(519,208)	(420,932)
Withdrawal of investment securities	17,187	72,777
Net cash outflow from investing activities	(441,612)	(217,980)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Period 6 Months Ended 30.09.2019 RM'000	Financial Period 6 Months Ended 30.09.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(39,134)	(39,587)
Dividends paid to non-controlling interest	(14,917)	(2,065)
Finance costs paid	(126,114)	(72,775)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	23,210	2,600
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	-	21
Payment of the principal portion of lease liabilities	(42,007)	-
Proceeds from bank borrowings	2,857,056	1,800,138
Repayment of bank borrowing/hire purchase and finance leases	(2,801,111)	(1,739,459)
Repayment of principal for recourse obligation on financing sold to Cagamas	(7,694)	(11,223)
Net cash outflow from financing activities	(150,711)	(62,350)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	353,124	(308,099)
Effects of foreign currency translation	(1,528)	3,034
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	2,912,504	3,340,525
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	3,264,100	3,035,460
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,061,807	2,807,814
Banking related assets - cash and short-term funds	1,530,742	845,115
Bank overdrafts	(8,985)	(15,706)
	3,583,564	3,637,223
Less: Bank balances and fixed deposits held as security/sinking fund	(823,254)	(840,754)
Less: Fixed deposits with maturity profile more than 3 months	(11,184)	(17,483)
Less: Bank balances in respect of Automotive Development Fund liabilities	(21,529)	(20,835)
Less: Collections held by a postal subsidiary company on behalf of third parties	(33,206)	(45,665)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	569,709	322,974
	3,264,100	3,035,460

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 2019 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 2019 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. CHANGE OF FINANCIAL YEAR END

As announced on 8 July 2019, the Company changed its financial year end from 31 March to 31 December. As a result, the next annual audited financial statements of the Group will be covering a 9-month period ending 31 December 2019.

3. 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 2019 except for the adoption of the following new/amended standards which are applicable to the Group with effect from 1 April 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 – 2017 Cycle	

The adoption and application of the above standards did not have any material impact to the financial statements of the Group, other than as disclosed below:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

MFRS 16 Leases (Continued)

At the commencement date of a lease, a lessee recognises a lease liability to make lease payments and a right-of-use asset representing the right to use the underlying asset during the lease term, included in property, plant and equipment. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees are also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from the current accounting under MFRS 117. Lessors continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Transition to MFRS 16

The Group adopted MFRS 16 on 1 April 2019, using the modified retrospective method and did not restate comparative information. Instead, the Group recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings at the date of initial application. The Group also elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4. Therefore, the Group did not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IFRIC 4.

The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within twelve months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

For leases where the Group are lessees, the Group elected not to separate the non-lease components from lease components, and instead account for both components as a single lease component.

Below is the impact of adopting MFRS 16 to opening balances to the Group:

	Impact of adoption of MFRS 16 to opening balance as at 1 April 2019 Increase/(Decrease) RM'000
Consolidated Statement of Financial Position	
Property, plant and equipment	411,590
Joint ventures	(102)
Associated companies	(573)
Deferred tax assets	2,288
Assets and disposal groups held for sale	14,379
Trade and other receivables	(455)

3. CHANGES IN ACCOUNTING POLICIES (Continued)

MFRS 16 Leases (Continued)

Below is the impact of adopting MFRS 16 to opening balances to the Group: (Continued)

	Impact of adoption of MFRS 16 to opening balance as at 1 April 2019 Increase/(Decrease) RM'000
Consolidated Statement of Financial Position (Continued)	
Lease liabilities	437,803
Deferred tax liabilities	(2,804)
Liabilities related to disposal groups held for sale	14,912
Reserves	(16,628)
Non-controlling interest	(6,156)

4. 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 2019.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

Save as disclosed below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2019.

As mentioned in Note 12(b), the disposal of 11% equity interest in Motosikal dan Enjin Nasional Sdn. Bhd. (“MODENAS”) has been completed on 3 June 2019. Pursuant to the Shareholders’ Agreement, MODENAS has been classified as a 70% joint venture of the Group. Hence, in accordance with MFRS 10 *Consolidated Financial Statements*, the Group has de-recognised the assets and liabilities of MODENAS from the Consolidated Statement of Financial Position and recognised an investment in joint venture at its fair value in the Consolidated Statement of Financial Position. The Group’s exceptional gain on disposal of partial equity interest in MODENAS amounting to RM33.59 million has been recognised as other income in the Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2019.

6. 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.

7. 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 2019.

8. DIVIDEND PAID

The shareholders approved a first and final dividend of 3.0 sen per share at the last Annual General Meeting held on 12 September 2019 in respect of the financial year ended 31 March 2019. The dividend of RM57,997,112 was paid on 11 October 2019.

9. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 September 2019 is as follows:

	Automotive RM'000	Services RM'000	Properties RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	4,945,214	2,230,717	237,581	18,244	7,431,756
Inter-segment revenue	(288,276)	(67,633)	(25,889)	(18,244)	(400,042)
External revenue	4,656,938	2,163,084	211,692	-	7,031,714
Results					
Segment profit	198,174	95,280	65,634	35,891	394,979
Unallocated expenses					(30,296)
Interest income on short term deposits					40,657
Finance costs					(226,566)

9. SEGMENTAL INFORMATION (Continued)

The information on each of the Group's business segments for the financial period ended 30 September 2019 is as follows: (Continued)

	Automotive RM'000	Services RM'000	Properties RM'000	Investment Holding RM'000	Group RM'000
Share of results of joint ventures (net of tax)	6,391	-	2,542	-	8,933
Share of results of associated companies (net of tax)	90,083	(44)	-	-	90,039
Profit before taxation					277,746
Taxation					(82,429)
Net profit for the financial period					195,317
Attributable to:					
Owners of the Company					86,292
Holder of Perpetual Sukuk					39,835
Non-controlling interest					69,190

10. 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.

11. SUBSEQUENT EVENTS

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.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

- (a) 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 in Malaysia named as XINQUAN HICOM Malaysia Sdn. Bhd. (“XQ-HICOM”) which was incorporated on 7 May 2019. The shareholdings of HTS and Xinquan Development Hong Kong Limited, a wholly-owned subsidiary company of XQ, in XQ-HICOM are 49% and 51% respectively. As a result, XQ-HICOM became an indirect 24.99% joint venture of the Group.
- (b) On 26 April 2019, DRB-HICOM Berhad and its 81% owned subsidiary company, Motosikal dan Enjin Nasional Sdn. Bhd. (“MODENAS”) had entered into a conditional share sale cum subscription agreement (“SSSA”) with Kawasaki Heavy Industries, Ltd. (“Kawasaki”) for the proposed disposal of DRB-HICOM’s 11% equity interest involving 14,300,000 ordinary shares in MODENAS to Kawasaki for a cash consideration of RM40.30 million. On 3 June 2019, Kawasaki subscribed 52,000,000 convertible preference shares (“CPS”) issued by MODENAS for a total cash consideration of RM52,000. The disposal has been completed on 3 June 2019 and pursuant to the Shareholders’ Agreement, MODENAS has been classified as a 70% joint venture of the Group.
- (c) On 13 August 2019, a new company, ACO Tech Sdn. Bhd. (“ACT”) was incorporated under the Companies Act 2016. The shareholdings of ACT are Proton Edar Sdn. Bhd. (60%), Altel Communications Sdn. Bhd. (30%) and Ecarx (Hubei) Technology Co. Ltd. (10%). As a result, ACT became an indirect subsidiary company of the Group.
- (d) On 30 September 2019, DRB-HICOM Berhad completed the acquisition of 100% equity interest in Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”) from DRB-HICOM Defence Technologies Sdn. Bhd., a direct wholly-owned subsidiary company of the Group for a total consideration of RM483.57 million via an internal re-organisation. As a result, CTRM became a direct wholly-owned subsidiary company of DRB-HICOM Berhad.

13. 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.

14. 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 30.09.2019		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Direct credit substitutes	230,721	230,721	184,173
Trade-related contingencies	39,731	7,946	1,927
Transaction related contingencies	435,545	217,772	204,080
Credit extension commitment:			
- maturity within one year	697,022	139,404	133,280
- maturity exceeding one year	597,857	298,928	281,556
Profit rate related contracts	1,650,000	76,875	15,375
Foreign exchange related contracts	3,095,656	53,701	34,759
	6,746,532	1,025,347	855,150

15. PROFIT/(LOSS) BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Allowance for financing of customers (net of write backs)	27,305	8,020	44,995	17,863
Amortisation of:				
- intangible assets	36,965	42,055	71,121	84,925
- concession assets	-	1,057	-	4,448
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	203,097	175,762	384,947	340,846

15. PROFIT/(LOSS) BEFORE TAXATION (Continued)

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Finance costs	116,685	100,201	226,566	182,793
Financing written off	54	4,651	58	8,719
Loss/(gain) on fair value adjustment of				
- investment securities	1,915	(2,390)	(2,696)	(1,448)
- investment properties	52	120	105	241
Marked to market loss/(gain) on derivatives (net)	11,532	165	29,369	(8,293)
Unrealised foreign exchange differences (net)	4,084	30,827	27,891	57,045
Write off of property, plant and equipment	479	611	542	1,149
Gain on disposal of partial equity interest in a former subsidiary company	-	-	(33,586)	-
Gain on disposal of:				
- investment securities	(8,489)	(495)	(11,173)	(1,583)
- property, plant and equipment	(4,040)	(232)	(5,519)	(2,035)
Interest income on short term deposits	(20,569)	(15,152)	(40,657)	(31,415)
(Write back of)/allowance for expected credit losses	155	(1,687)	(2,119)	6,582
(Write back of)/allowance for slow moving inventories	(52)	(4,144)	(5,666)	(286)

16. REVIEW OF PERFORMANCE

16.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended			Financial Period 6 Months Ended		
		30.09.2019 RM'000	30.09.2018 M'000	Variance RM'000	30.09.2019 RM'000	30.09.2018 M'000	Variance RM'000
(i)	Automotive	2,422,465	1,924,534	497,931	4,656,938	3,328,138	1,328,800
(ii)	Services	1,076,133	1,123,770	(47,637)	2,163,084	2,231,786	(68,702)
(iii)	Properties	96,259	136,121	(39,862)	211,692	278,912	(67,220)
	Total	3,594,857	3,184,425	410,432	7,031,714	5,838,836	1,192,878

↑ 20.4%

For the three months ended 30 September 2019, the Group's revenue increased by 12.9% to RM3.59 billion compared with RM3.18 billion in the corresponding quarter ended 30 September 2018. The increase in revenue was contributed by the Automotive sector.

In respect of the six months ended 30 September 2019, the Group's revenue improved by 20.4% to RM7.03 billion compared with RM5.84 billion in the corresponding period ended 30 September 2018.

(i) Automotive Sector

The increase was principally due to higher sales of vehicles by PROTON during the current period and also improved sales revenue by other automotive companies.

(ii) Services Sector

The Services sector recorded lower revenue mainly from Pos Malaysia group and the banking subsidiary company.

(iii) Properties Sector

The reduction is mainly due to lower revenue recognised from construction related projects.

16.2 Profit/(Loss) Before Tax

The Group achieved pre-tax profits of RM131.02 million and RM277.75 million for the financial quarter/period ended 30 September 2019 compared with the pre-tax losses of RM49.24 million and RM143.64 million in the corresponding financial quarter/period ended 30 September 2018 respectively. The overall better performance was largely contributed by the Automotive sector. However, the Services sector was affected by the unfavourable results of Pos Malaysia Berhad. The profits for the current financial period also includes the exceptional gain as disclosed in Note 5.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM131.02 million in the current financial quarter ended 30 September 2019 compared with pre-tax profit of RM146.72 million in the preceding quarter ended 30 June 2019. Included in the preceding quarter's profit is the exceptional gain as disclosed in Note 5.

18. PROSPECTS FOR THE FINANCIAL PERIOD (9-MONTH) ENDING 31 DECEMBER 2019

The Group has been steadfast in improving its financial performance under the current challenging environment which is evident by slower GDP growth from 4.9% in Q2 to 4.4% in Q3 of 2019. Backed by its well performing Automotive Sector, the National carmaker PROTON has underpinned this Sector's growth with its market share increasing to 15.8% year-to-date from 10.8%. Apart from its first-ever sports utility vehicle, the X70, demand for other revamped models such as the Saga, Persona, Iriz and Exora has also boosted the brand's appeal to the market. This has enabled PROTON to register as the second best-selling automotive brand in the country. Meanwhile, the Group's other automotive marques will seek to gain momentum with year-end sales promotions.

For DRB-HICOM's other businesses, the focus will remain on prudent cost management and improving operating efficiency. For Pos Malaysia, the challenging landscape is being managed with the application for tariff rebalancing to improve its overall performance.

The Group expects to achieve satisfactory operating results for the current financial period (9-month) ending 31 December 2019.

19. 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.

20. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Current taxation	61,862	48,603	81,110	61,658
Deferred taxation	(16,782)	(21,139)	1,319	16,165
Total	45,080	27,464	82,429	77,823

For the financial period ended 30 September 2019, the Group's effective tax rate is higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

21. STATUS OF CORPORATE PROPOSALS

- (a) On 8 March and 11 July 2018, DRB-HICOM Group 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 had been approved by DRB-HICOM Berhad shareholders at the Extraordinary General Meeting ("EGM") held on 15 October 2018. On 7 March 2019, the respective parties to the Disposal Agreements had mutually agreed to extend the period for fulfilment of the Conditions Precedent ("CPs") until 8 September 2019. The parties had on 6 September 2019 agreed for a further extension period until 7 March 2020.
- (b) On 1 August 2018, HICOM Holdings Berhad ("HHB"), a direct wholly-owned subsidiary company of the Group, 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. The proposed disposal had been approved by DRB-HICOM Berhad shareholders at the EGM held on 15 October 2018. On 31 January 2019, HHB and TPSB had mutually agreed to extend the Conditions Precedent ("CP") period until 31 July 2019 for the fulfilment of the other CPs as set out in the SSA. Both parties had on 29 July 2019 agreed for a further extension period until 31 January 2020.

22. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 30.09.2019 RM'000
(a) Short Term Borrowings	
Bank overdrafts	
- Secured	4,993
- Unsecured	3,992
Total	8,985
(b) Others	
<u>Secured</u>	
Bankers acceptances	713,870
Revolving credits	278,434
Short term loans	6,601
Short term loans under Islamic financing	162,613
Hire purchase and finance lease liabilities - portion repayable within 12 months	23,402
Long term loans - portion repayable within 12 months	139,082
Long term loans under Islamic financing - portion repayable within 12 months	828,314
Sub-total	2,152,316
<u>Unsecured</u>	
Bankers acceptances	555,404
Revolving credits	224,900
Long term loans - portion repayable within 12 months	1,760
Long term loans under Islamic financing - portion repayable within 12 months	22,000
Sub-total	804,064
Total	2,956,380
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	79,219 (23,402)
	55,817
Long term loans - portion repayable within 12 months	548,209 (139,082)
	409,127

22. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2019 RM'000
(c) Long Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long term loans under Islamic financing - portion repayable within 12 months	2,861,714 (828,314)
	2,033,400
<u>Unsecured</u>	
Long term loans - portion repayable within 12 months	3,667 (1,760)
	1,907
Long term loans under Islamic financing - portion repayable within 12 months	963,414 (22,000)
	941,414
Total	3,441,665
(d) Bank borrowings – liabilities related to disposal groups held for sale	24,948
Grand Total	6,431,978

(e) 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 30 September 2019									
Secured									
Short term loans under Islamic financing	GBP	504	2,598	-	-	-	GBP	504	2,598
	USD	38,804	162,646	-	-	-	USD	38,804	162,646
Term loans	USD	28,288	120,140	USD	14,233	60,450	USD	42,521	180,590
Term loans under Islamic financing	USD	8,009	33,817	USD	22,581	94,753	USD	30,590	128,570
Total			319,201			155,203			474,404

23. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 2019 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	1,680,775	13,534	1,141
Currency swap foreign exchange contracts	1,650,504	1,972	13,243
Islamic profit rate swap	1,650,000	-	56,510
Capped cross currency interest rate swap	217,300	-	1,741
	5,198,579	15,506	72,635

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2019:

- (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 30 September 2019, the Group recognised a total net loss of RM29.37 million 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 30 September 2019.

24. 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") was 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.

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 fixed on 9 July 2019 as stated in the Civil Complaint has been vacated and postponed by the Guangdong High People's Court, to a later date to be fixed.

25. DIVIDEND

No interim dividend has been declared for the financial period ended 30 September 2019.

26. 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 6 Months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Net profit/(loss) attributable to Owners of the Company (RM'000)	40,078	(11,419)	86,292	(78,018)
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)	2.07	(0.59)	4.46	(4.04)

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

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
28 November 2019