



DRB-HICOM BERHAD

Registration No. 199001011860 (203430-W)
(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 31 December 2019

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue		3,504,592	3,171,514	10,536,306	9,010,350
Cost of sales and operating expenses		(3,473,624)	(3,016,373)	(10,218,958)	(9,030,255)
Other income		632,562	65,408	827,061	198,381
Other expenses		(350,600)	(48,594)	(426,139)	(125,192)
Profit from operations		312,930	171,955	718,270	53,284
Finance costs		(119,644)	(99,086)	(346,210)	(281,879)
Share of results of joint ventures (net of tax)		(1,274)	5,180	7,659	32,515
Share of results of associated companies (net of tax)		2,703	18,652	92,742	149,142
PROFIT/(LOSS) BEFORE TAXATION	15	194,715	96,701	472,461	(46,938)
Taxation	20	49,092	(43,363)	(33,337)	(121,186)
NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		243,807	53,338	439,124	(168,124)
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Net loss on valuation of post-employment benefit obligations		(17)	-	(17)	-
Net loss on fair value changes of equity instrument: financial assets at fair value through other comprehensive income		(11,341)	(10,258)	(9,567)	(17,522)
<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		8,340	1,722	63,858	11,830
Currency translation differences of foreign subsidiary companies		(2,387)	340	(2,123)	3,282

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 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		(33,457)	(599)	(44,300)	(2,813)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss upon liquidation		(2,283)	-	(2,283)	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/ PERIOD (NET OF TAX)		(41,145)	(8,795)	5,568	(5,223)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD		202,662	44,543	444,692	(173,347)
Net profit/(loss) for the financial quarter/period attributable to:					
Owners of the Company		272,677	73,022	358,969	(4,996)
Holder of Perpetual Sukuk		20,026	20,026	59,861	59,861
Non-controlling interest		(48,896)	(39,710)	20,294	(222,989)
		243,807	53,338	439,124	(168,124)
Total comprehensive income/(loss) for the financial quarter/period attributable to:					
Owners of the Company		240,792	66,812	360,074	(8,816)
Holder of Perpetual Sukuk		20,026	20,026	59,861	59,861
Non-controlling interest		(58,156)	(42,295)	24,757	(224,392)
		202,662	44,543	444,692	(173,347)
Basic and diluted earnings/(loss) per share (sen):	26	14.10	3.78	18.57	(0.26)

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 31.12.2019 RM'000	As at 31.03.2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,433,898	6,100,951
Prepaid lease properties		-	51,495
Investment properties		278,492	294,857
Inventories		235,999	234,589
Joint ventures		422,923	317,415
Associated companies		845,226	805,843
Intangible assets		1,335,680	1,563,114
Deferred tax assets		212,892	147,213
Investment securities: financial assets at fair value through profit or loss			
- Banking		139,684	156,456
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		2,830,480	4,635,531
- Non-banking		44,748	44,898
Investment securities: financial assets at amortised cost			
- Banking		103,162	102,596
Trade and other receivables		1,382,098	1,288,562
Other assets		480	504
Banking related assets			
- Financing of customers		11,422,973	11,269,467
- Statutory deposits with Bank Negara Malaysia		568,768	699,275
		26,257,503	27,712,766
CURRENT ASSETS			
Assets and disposal groups held for sale		499,224	1,275,893
Inventories		2,220,513	2,550,799
Trade and other receivables		3,079,997	3,040,005
Investment securities: financial assets at fair value through profit or loss			
- Banking		169,109	504,344
- Non-banking		117,843	164,076
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,774,344	300,501
Investment securities: financial assets at amortised cost			
- Banking		-	714
Banking related assets			
- Cash and short-term funds		1,065,150	842,508
- Financing of customers		3,948,580	3,749,776
Bank balances and cash deposits		2,521,224	2,510,409
Derivative assets	23(a)	21,916	25,035
		15,417,900	14,964,060
TOTAL ASSETS		41,675,403	42,676,826

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2019 RM'000	As at 31.03.2019 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,255,610	4,970,161
Equity attributable to Owners of the Company		6,995,912	6,710,463
Perpetual Sukuk		623,887	1,051,745
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,553,849	1,584,420
TOTAL EQUITY		9,842,914	10,015,894
NON-CURRENT LIABILITIES			
Deferred income		24,278	26,585
Trade and other payables		50,792	64,489
Lease liabilities		330,381	-
Long term borrowings	22(c)	4,389,149	3,548,020
Redeemable Convertible Cumulative Preference Shares		605,421	578,728
Provision for liabilities and charges		9,673	11,057
Post-employment benefit obligations		6,005	6,116
Deferred tax liabilities		265,492	291,804
Banking related liabilities			
- Deposits from customers		92,614	313,445
- Recourse obligation on financing sold to Cagamas		459,633	471,102
		6,233,438	5,311,346
CURRENT LIABILITIES			
Liabilities related to disposal groups held for sale		118,541	718,926
Deferred income		5,237	6,406
Trade and other payables		4,749,244	5,129,151
Lease liabilities		73,889	-
Provision for liabilities and charges		288,753	301,046
Post-employment benefit obligations		256	430
Bank borrowings			
- Bank overdrafts	22(a)	8,298	12,959
- Others	22(b)	1,960,435	2,757,732
Banking related liabilities			
- Deposits from customers		18,297,233	18,347,717
- Deposits and placements of banks and other financial institutions		6,303	6,747
- Bills and acceptances payable		8,444	15,678
Derivative liabilities	23(a)	82,418	52,794
		25,599,051	27,349,586
TOTAL LIABILITIES		31,832,489	32,660,932
TOTAL EQUITY AND LIABILITIES		41,675,403	42,676,826
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.62	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	-	-	-	-	-	-	358,969	358,969	59,861	-	20,294	439,124
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	(2,211)	3,384	(68)	-	1,105	-	-	4,463	5,568
Total comprehensive income/(loss) for the financial period	-	-	-	(2,211)	3,384	(68)	358,969	360,074	59,861	-	24,757	444,692
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(735)	-	735	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	(636)	636	-	-	-	-	-
Sub-total carried forward	1,933,237	1,740,302	1,211,760	(8,608)	(6,672)	136,878	3,980,249	7,053,909	1,111,606	669,266	1,603,021	10,437,802

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	(8,608)	(6,672)	136,878	3,980,249	7,053,909	1,111,606	669,266	1,603,021	10,437,802
Share subscription in a newly incorporated subsidiary company by non-controlling interest shareholders	-	-	-	-	-	-	-	-	-	-	2,400	2,400
Effect of deconsolidation of a subsidiary company	-	-	2,325	-	-	-	(2,325)	-	-	-	(26,658)	(26,658)
Disposal of a subsidiary company	-	-	-	-	-	(2,259)	2,259	-	-	-	(9,620)	(9,620)
Transactions with Owners												
Net repayment of Perpetual Sukuk	-	-	-	-	-	-	-	-	(415,000)	-	-	(415,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(72,719)	-	-	(72,719)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(15,294)	(15,294)
First and final dividend in respect of financial year ended 31 March 2019	-	-	-	-	-	-	(57,997)	(57,997)	-	-	-	(57,997)
At 31 December 2019	1,933,237	1,740,302	1,214,085	(8,608)	(6,672)	134,619	3,922,186	6,995,912	623,887	669,266	1,553,849	9,842,914

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)/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 RPTG rate	-	-	-	-	-	(76)	-	(76)	-	-	-	(76)
Transfer of a subsidiary company's reserves	-	-	-	-	-	5,199	(5,199)	-	-	-	-	-
Realisation of revaluation reserves upon disposal of an investment property	-	-	-	-	-	(31)	31	-	-	-	-	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(3,988)	(3,988)	-	-	(11,415)	(15,403)
Sub-total carried forward	1,933,237	1,740,302	1,212,210	(5,157)	(21,088)	88,621	3,575,518	6,590,406	1,111,887	669,266	1,537,797	9,909,356

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	1,212,210	(5,157)	(21,088)	88,621	3,575,518	6,590,406	1,111,887	669,266	1,537,797	9,909,356
Effect of deconsolidation of a subsidiary company under members' voluntary winding up	-	-	(450)	-	-	-	450	-	-	-	-	-
<u>Transactions with Owners</u>												
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)	(21,088)	88,621	3,517,971	6,532,409	1,038,735	669,266	1,502,941	9,743,351

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 9 Months Ended 31.12.2019 RM'000	Financial Period 9 Months Ended 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) for the financial period	439,124	(168,124)
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	602,796	537,943
- Finance costs	346,210	281,879
- Taxation	33,337	121,186
- Share of results of joint ventures (net of tax)	(7,659)	(32,515)
- Share of results of associated companies (net of tax)	(92,742)	(149,142)
- Others	(113,607)	222,978
Operating profit before working capital changes	1,207,459	814,205
Changes in working capital:		
Net increase in banking related assets	(276,415)	(567,247)
Net decrease banking related liabilities	(278,993)	(224,061)
Net increase in current assets	(174,262)	(9,098)
Net decrease in current liabilities	(162,948)	(217,915)
Net cash generated/(used) in operations	314,841	(204,116)
Interest received	54,299	50,501
Tax paid, net of refunds	(56,048)	(47,820)
Finance costs paid	(96,001)	(122,544)
Provision for liabilities and charges paid	(85,618)	(48,145)
Post-employment benefit obligations paid	(607)	(2,578)
Provision for concession assets paid	(870)	(1,350)
Net cash inflow/(outflow) from operating activities	129,996	(376,052)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal /(acquisitions) of investment securities by a banking subsidiary company (net)	40,899	(522,524)
Acquisition of additional shares in a subsidiary company	-	(13,000)
Dividends received from joint ventures	18,498	4,153
Dividends received from associated companies	73,140	243,612
Dividends received from other investments	150	113
Interest received	9,329	2,371
Movement in fixed deposits placement with maturity profile more than 3 months	(13,965)	11,948
Net cash inflow from disposal of a subsidiary company	396,005	-
Net cash inflow from partial disposal of equity interest in a former subsidiary company	35,377	-
Share subscription in a newly incorporated subsidiary company by non-controlling interest shareholders	2,400	-
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	9,180	9,230
Redemption of investment securities by a banking subsidiary company	751,397	770,514

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Period 9 Months Ended 31.12.2019 RM'000	Financial Period 9 Months Ended 31.12.2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Purchases of property, plant and equipment/concession assets/intangible assets/ investment properties	(786,642)	(780,958)
Withdrawal of investment securities	58,124	103,455
Net cash inflow/(outflow) from investing activities	574,624	(171,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(72,719)	(73,152)
Dividends paid to non-controlling interest	(15,294)	(34,856)
Dividends paid to shareholders	(57,997)	(57,997)
Finance costs paid	(291,799)	(133,033)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	59,536	(51,638)
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	-	21
Payment of the principal portion of lease liabilities	(64,033)	-
Repayment of Perpetual Sukuk	(415,000)	-
Proceeds from bank borrowings	6,331,859	2,576,601
Repayment of bank borrowing/hire purchase and finance leases	(6,307,696)	(2,680,120)
Repayment of principal for recourse obligation on financing sold to Cagamas	(11,463)	(10,845)
Net cash outflow from financing activities	(844,606)	(465,019)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(139,986)	(1,012,157)
Effects of foreign currency translation	(257)	2,523
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	2,912,504	3,188,749
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	2,772,261	2,179,115
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,521,224	2,465,758
Banking related assets - cash and short-term funds	1,065,150	579,947
Bank overdrafts	(8,298)	(12,190)
	3,578,076	3,033,515
Less: Bank balances and fixed deposits held as security/sinking fund	(786,928)	(1,046,768)
Less: Fixed deposits with maturity profile more than 3 months	(25,967)	(13,365)
Less: Bank balances in respect of Automotive Development Fund liabilities	(20,148)	(21,013)
Less: Collections held by a postal subsidiary company on behalf of third parties	(28,792)	(53,496)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	56,020	280,242
	2,772,261	2,179,115

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 ended 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	463,085
Prepaid lease properties	(51,495)
Joint ventures	(102)
Associated companies	(573)
Deferred tax assets	2,288
Assets and disposal groups held for sale	14,379

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)	
Trade and other receivables	(455)
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 31 December 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 31 December 2019.

- (a) 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 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 31 December 2019.

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

- (b) As mentioned in Note 12(f), HICOM Holdings Berhad completed the disposal of its entire 97.37% equity interest in Alam Flora Sdn. Bhd. (“AFSB”) on 5 December 2019 and as a result, AFSB ceased to be a subsidiary company of the Group. The Group has recognised a gain of RM514.67 million which has been recognised as other income in the Consolidated Statement of Comprehensive Income for the financial quarter/period ended 31 December 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

Save as disclosed below, 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 2019.

Islamic Medium Term Notes (“Sukuk Wakalah”) under Sukuk Wakalah Programme

The Company made the lodgement with the Securities Commission Malaysia (“SC”) pursuant to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework for the establishment of the Sukuk Wakalah Programme of up to RM3.50 billion on 25 October 2019. Malaysian Rating Corporation Berhad has assigned a credit rating of A+_{IS} with a positive outlook for the Sukuk Wakalah Programme, which has a programme tenure of 30 years and is secured.

On 12 December 2019, the Company had undertaken the issuance of Sukuk Wakalah amounting to RM1.50 billion. The proceeds raised shall be utilised by the Company for the following Shariah-compliant purposes:

- (i) refinance the existing financing/borrowings of the Group;
- (ii) finance the Company’s capital expenditure and working capital requirements and/or investments as well as for general corporate purposes; and
- (iii) pay all fees and expenses in connection with the Sukuk Wakalah Programme.

The proceeds from the above Sukuk Wakalah issuance was partially utilised to redeem the outstanding Islamic Medium Term Notes under the Sukuk Murabahah Programme of RM1.80 billion on 12 December 2019.

8. 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 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 31 December 2019 is as follows:

	Automotive RM'000	Services RM'000	Properties RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	7,502,548	3,309,374	329,249	26,967	11,168,138
Inter-segment revenue	(461,760)	(104,778)	(38,327)	(26,967)	(631,832)
External revenue	7,040,788	3,204,596	290,922	-	10,536,306
Results					
Segment profit/(loss)	332,043	(202,320)	76,276	581,751	787,750
Unallocated expenses					(126,886)
Interest income on short term deposits					57,406
Finance costs					(346,210)
Share of results of joint ventures (net of tax)	5,240	-	2,419	-	7,659
Share of results of associated companies (net of tax)	92,642	100	-	-	92,742
Profit before taxation					472,461
Taxation					(33,337)
Net profit for the financial period					439,124
Attributable to:					
Owners of the Company					358,969
Holder of Perpetual Sukuk					59,861
Non-controlling interest					20,294

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 NINE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 23 July 2019, Proton Singapore Pte. Ltd. (“PSPL”), an indirect 50.10% owned dormant subsidiary company of the Group was wound up and as a result, PSPL ceased to be a subsidiary company of the Group.
- (d) 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.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE NINE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2019 (Continued)

- (e) 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.
- (f) On 5 December 2019, HICOM Holdings Berhad (“HHB”), a wholly-owned subsidiary company of the Group, completed the disposal of its entire equity interest of 97.37% in Alam Flora Sdn. Bhd. (“AFSB”) to Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary company of Malakoff Corporation Berhad for a total cash consideration of RM869 million. As a result, AFSB ceased to be a subsidiary company of the Group.

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 31.12.2019		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Direct credit substitutes	231,450	231,450	205,352
Trade-related contingencies	38,679	7,736	1,494
Transaction related contingencies	428,543	214,272	201,091
Credit extension commitment:			
- maturity within one year	879,658	175,932	171,477
- maturity exceeding one year	777,881	388,941	373,034
Profit rate related contracts	1,275,000	71,188	14,238
Foreign exchange related contracts	2,965,283	58,660	28,638
	6,596,494	1,148,179	995,324

15. 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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Allowance for/(write back of) financing of customers (net)	6,930	(4,939)	51,925	12,924
Allowance for expected credit losses	3,336	38,032	1,217	44,614
Amortisation of:				
- intangible assets	41,561	30,791	112,682	115,716
- concession assets	-	-	-	4,448
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	217,849	197,097	602,796	537,943
Finance costs	119,644	99,086	346,210	281,879
Financing written off	2,629	5,530	2,687	14,249
Impairment loss of:				
- goodwill	319,790	-	319,790	-
- property, plant and equipment	2,637	2,859	2,637	2,957
Loss/(gain) on fair value adjustment of investment securities	5,708	(35,214)	3,012	(36,662)
Loss/(gain) on disposal property, plant and equipment	6,185	(2,999)	666	(5,034)
Marked to market loss/(gain) on derivatives (net)	3,374	6,365	32,743	(1,928)
Unrealised foreign exchange differences (net)	(20,696)	(12,202)	7,195	44,843
Write off of property, plant and equipment	1,286	432	1,828	1,581
Gain on disposal of:				
- partial equity interest in a former subsidiary company	-	-	(33,586)	-
- a subsidiary company	(514,673)	-	(514,673)	-
- investment properties	-	(473)	-	(473)
- investment securities	(33,377)	(1,560)	(44,550)	(3,143)
Gain on fair value adjustment of investment properties	(506)	(710)	(401)	(469)
Interest income on short term deposits	(16,749)	(20,853)	(57,406)	(52,268)
(Write back of)/allowance for slow moving inventories	(35,340)	32,944	(41,006)	32,658

16. REVIEW OF PERFORMANCE

16.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended			Financial Period 9 Months Ended		
		31.12.2019 RM'000	31.12.2018 RM'000	Variance RM'000	31.12.2019 RM'000	31.12.2018 RM'000	Variance RM'000
(i)	Automotive	2,383,850	1,951,786	432,064	7,040,788	5,279,924	1,760,864
(ii)	Services	1,041,512	1,134,291	(92,779)	3,204,596	3,366,077	(161,481)
(iii)	Properties	79,230	85,437	(6,207)	290,922	364,349	(73,427)
	Total	3,504,592	3,171,514	333,078	10,536,306	9,010,350	1,525,956

↑ 16.9%

For the three months ended 31 December 2019, the Group's revenue increased by 10.5% to RM3.50 billion compared with RM3.17 billion in the corresponding quarter ended 31 December 2018. The increase in revenue was contributed by the Automotive sector.

In respect of the nine months period ended 31 December 2019, the Group's revenue improved by 16.9% to RM10.54 billion compared with RM9.01 billion in the corresponding period ended 31 December 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 the manufacturing & engineering and aerospace companies.

(ii) Services Sector

The services sector recorded lower revenue mainly from Pos Malaysia group, the banking subsidiary company and also de-consolidation of Alam Flora Sdn. Bhd.'s results as of 30 November 2019.

(iii) Properties Sector

The reduction of revenue in properties sector was mainly due to lower revenue of a construction related company following the completion of ICQS Complex in June 2019.

16. REVIEW OF PERFORMANCE (Continued)

16.2 Profit/(Loss) Before Tax

The Group achieved pre-tax profits of RM194.72 million and RM472.46 million for the current quarter/financial period ended 31 December 2019 compared with the pre-tax profit of RM96.70 million and pre-tax losses of RM46.94 million in the corresponding quarter/financial period ended 31 December 2018 respectively. The overall better performance was largely contributed by the automotive sector. However, the services sector performance was mainly affected by the losses incurred by Pos Malaysia Berhad. The profits for the current quarter/financial period also included the exceptional gains on divestment of equity investments and disposal of a subsidiary company, net of impairment loss of goodwill in certain subsidiary companies, as disclosed in Note 15 on page 18.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM194.72 million in the current financial quarter ended 31 December 2019 compared with pre-tax profit of RM131.02 million in the preceding quarter ended 30 September 2019. Included in the current quarter's results is the exceptional gain on disposal of Alam Flora Sdn. Bhd. and impairment loss of goodwill in certain subsidiary companies.

18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

In the fourth quarter of calendar year 2019, Malaysia's gross domestic product ("GDP") was at 3.6%, resulting in lower overall GDP of 4.3% in 2019 (2018: 4.7%). The weaker growth was mainly due to challenging external environment and lower public spending activity.

To stimulate growth in 2020, Bank Negara Malaysia has reduced the Overnight Policy Rate ("OPR") from 3.00% to 2.75% in January 2020. Further, to address the effects of the on-going COVID-19 outbreak, the Government has announced an economic stimulus package to mitigate the impact.

The Group's Automotive segment is expected to remain competitive. PROTON recently launched its new 2020 PROTON X70 which is locally produced in Tanjung Malim. PROTON invested RM1.2 billion for Tanjung Malim's plant expansion to cater to the recently launched model, as well as for its next generation of vehicles in fulfilling domestic and export sales requirements. The Group's Automotive sector is the largest contributor to revenue and it expects a further boost with launches of new models by various marques in the Group in 2020.

18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 (Continued)

Pursuant to Government’s approval, Pos Malaysia Berhad has implemented the new tariff for commercial postage and international businesses. As part of its transformation agenda to improve service efficiency and enhance customer experience, Pos Malaysia will continue to invest in digitalisation and e-commerce infrastructure to take advantage of the booming digital economy. This includes an upgraded track and trace system that is expected to be operational by mid-2020. These initiatives will elevate Pos Malaysia’s operational efficiencies and hence improve its financial performance.

The Group’s other businesses in defence, aerospace, banking, services and property segments will continue to strive for better performance amidst stiff competition

Considering the efforts taken by the Government to stimulate the national economy in order to boost consumption, the Group remains cautious in its outlook as it expects a challenging financial year ending 31 December 2020.

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 9 Months Ended	
	31.12.2019 RM’000	31.12.2018 RM’000	31.12.2019 RM’000	31.12.2018 RM’000
Current taxation	75,112	38,412	156,222	100,070
Deferred taxation	(124,204)	4,951	(122,885)	21,116
Total	(49,092)	43,363	33,337	121,186

For the financial period ended 31 December 2019, the Group’s effective tax rate is lower than the statutory tax rate mainly due to exceptional gains on disposals of equity investments which is capital in nature and also the recognition of deferred tax assets.

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. Subsequently, the parties had on 26 February 2020 agreed for another extension period until 7 September 2020.
- (b) On 13 February 2020, Pos Aviation Sdn. Bhd. (“PASB”), an indirect 53.50% subsidiary company of the Group, entered into a Share Purchase Agreement (“SPA”) and a Shareholders’ Agreement (“SHA”) with SIA Engineering Company Limited (“SIAEC”), in relation to the proposed divestment of 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd. (“PAESSB”) for an indicative cash consideration of RM10.09 million. The final consideration will be determined based on the latest available management financial statements prior to the completion date. The completion of the divestment is subject to the fulfilment of the Conditions Precedent to the SPA.

22. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

		As at 31.12.2019 RM’000
	Short Term Borrowings	
(a)	Bank overdrafts	
	- Secured	4,538
	- Unsecured	3,760
	Total	8,298
(b)	Others	
	<u>Secured</u>	
	Bankers acceptances	379,760
	Revolving credits	384,404
	Short term loans	12,975
	Short term loans under Islamic financing	161,081
	Hire purchase - portion repayable within 12 months	26,991
	Long term loans - portion repayable within 12 months	32,082
	Long term loans under Islamic financing - portion repayable within 12 months	240,856
	Sub-total	1,238,149

22. BORROWINGS AND DEFERRED LIABILITIES (Continued)

Total Group borrowings are as follows: (Continued)

	As at 31.12.2019 RM'000
Short Term Borrowings (Continued)	
(b) Others (Continued)	
<u>Unsecured</u>	
Bankers acceptances	487,626
Revolving credits	188,900
Long term loans - portion repayable within 12 months	1,760
Long term loans under Islamic financing - portion repayable within 12 months	44,000
Sub-total	722,286
Total	1,960,435
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase	96,701
- portion repayable within 12 months	(26,991)
	69,710
Long term loans	363,194
- portion repayable within 12 months	(32,082)
	331,112
Long term loans under Islamic financing	3,268,667
- portion repayable within 12 months	(240,856)
	3,027,811
<u>Unsecured</u>	
Long term loans	3,227
- portion repayable within 12 months	(1,760)
	1,467
Long term loans under Islamic financing	1,003,049
- portion repayable within 12 months	(44,000)
	959,049
Total	4,389,149
Grand Total	6,357,882

22. 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 2019									
Secured									
Short term loans under Islamic financing	GBP	419	2,254	-	-	-	GBP	419	2,254
	USD	38,776	158,827	-	-	-	USD	38,776	158,827
Term loans under Islamic financing	USD	3,532	14,466	USD	19,420	79,546	USD	22,952	94,012
Total			175,547			79,546			255,093

23. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 December 2019 consist mainly of foreign exchange contracts, profit rate swap and currency swap foreign exchange contracts 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	1,665,397	2,851	24,026
Currency swap foreign exchange contracts	1,642,880	19,065	4,299
Islamic profit rate swap	1,275,000	-	54,093
	4,583,277	21,916	82,418

23. 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 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 31 December 2019, the Group recognised a total net loss of RM32.74 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 31 December 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, filed at the Guangdong High People's Court ("GHC"), 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 PONSBB and PONSBB is wholly-owned subsidiary company of PROTON Holdings Berhad ("PHB") which in turn is a 50.10% owned subsidiary company of DRB-HICOM Berhad ("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 ("LGIL") 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.

24. MATERIAL LITIGATION (Continued)

GLAC has not yet commenced its business operations due to Goldstar's breach of its sole material obligation under the EJVC to obtain 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 Civil Complaint hearing date initially fixed on 9 July 2019 has been vacated by the GHC. At present, no new hearing date has been fixed by the GHC.

On the advice of appointed lawyers, as one of the steps to defend the claims and to ensure that the rights of the Company are protected, PONSIB filed a Jurisdiction Opposition Notice ("JON") on 4 April 2019 to oppose GHC's jurisdiction to hear the Civil Complaint. The main reason for filing the JON is that the Joint Venture Contract entered into between Goldstar and PACL dated 17 June 2002 ("2002 JVC") had been subsequently terminated by a termination agreement entered into by Goldstar, PACL and PONSIB on 3 September 2013 (as supplemented and amended by a supplemental termination agreement dated 23 April 2014 and a second supplemental termination agreement dated 17 April 2015) (collectively the "TA"). The TA constitutes the full and final settlement of all previous disputes between the parties, and in this regard, the dispute resolution clause in the TA provides that all disputes relating to the TA should be submitted to arbitration in Hong Kong.

On 27 August 2019, GHC issued a ruling which held that it had jurisdiction over Goldstar's claims ("Ruling") and PONSIB's jurisdictional challenge was dismissed. On 26 September 2019, PONSIB filed an appeal against the Ruling to the Supreme People's Court in Beijing ("SPC"). No hearing date for the appeal has been fixed yet. The proceedings before the GHC will not proceed until disposal of the SPC appeal.

The Company has taken the following steps to defend the claims as countermeasures:

- (i) Arbitration Proceedings under the Termination Agreement ("TA") at the Hong Kong International Arbitration Centre ("HKIAC")

In order to exercise its rights under the TA and as a corollary of challenging the GHC proceedings and pursuant to the dispute resolution clause in the TA which emphasized that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the TA constitutes a full and final settlement of all issues and disputes under the 2002 JVC and its related agreements;
- (b) all existing, future and accrued rights and obligations of the parties pertaining to the 2002 JVC and its related agreements have ceased; and
- (c) the TA was affirmed by Goldstar with the execution of the EJVC.

The Arbitration Proceedings consisting of a single arbitrator has yet to commence and no hearing date has been fixed to date.

24. MATERIAL LITIGATION (Continued)

The Company has taken the following steps to defend the claims as countermeasures:
(Continued)

(ii) Arbitration Proceedings under the EJVC at the HKIAC

Pursuant to the dispute resolution clause in the EJVC which emphasized that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the EJVC has been validly and effectively terminated; and
- (b) Goldstar has failed to perform its obligations under the EJVC, thus making it impossible for the EJVC to continue operation.

The Arbitration Proceedings consisting of three arbitrators has yet to commence. Hearing dates have been fixed on 3 March 2021 until 12 March 2021.

25. DIVIDEND

An announcement of the dividend payment for the nine months financial period ended 31 December 2019 will be made upon the finalisation of the audited financial statements in April 2020.

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 9 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net profit/(loss) attributable to Owners of the Company (RM'000)	272,677	73,022	358,969	(4,996)
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)	14.10	3.78	18.57	(0.26)

DRB-HICOM BERHAD
199001011860 (203430-W)
(Incorporated in Malaysia)

27. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's preceding audited annual financial statements was not subject to any qualification.

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
28 February 2020