



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Period
Ended 31 March 2021

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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 March 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Financial Quarter 3 Months Ended | | Financial Period 3 Months Ended | |
|---|------|-------------------------------------|----------------------|------------------------------------|----------------------|
| | | 31.03.2021 RM'000 | 31.03.2020 RM'000 | 31.03.2021 RM'000 | 31.03.2020 RM'000 |
| Revenue | | 3,511,499 | 2,736,789 | 3,511,499 | 2,736,789 |
| Cost of sales and operating expenses | | (3,433,795) | (2,787,835) | (3,433,795) | (2,787,835) |
| Other income | | 100,631 | 75,105 | 100,631 | 75,105 |
| Other expenses | | (62,884) | (86,152) | (62,884) | (86,152) |
| Profit/(loss) from operations | | 115,451 | (62,093) | 115,451 | (62,093) |
| Finance costs | | (112,103) | (111,649) | (112,103) | (111,649) |
| Share of results of joint ventures (net of tax) | | 21,682 | (4,479) | 21,682 | (4,479) |
| Share of results of associated companies (net of tax) | | 11,281 | (7,083) | 11,281 | (7,083) |
| PROFIT/(LOSS) BEFORE TAXATION | 14 | 36,311 | (185,304) | 36,311 | (185,304) |
| Taxation | 19 | (22,316) | (30,461) | (22,316) | (30,461) |
| NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD | | 13,995 | (215,765) | 13,995 | (215,765) |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | | | |
| <u>Item that will not be reclassified subsequently to profit or loss:</u> | | | | | |
| Net loss on fair value changes of equity instruments: financial assets at fair value through other comprehensive income | | (1,909) | (18,381) | (1,909) | (18,381) |
| <u>Items that will be reclassified subsequently to profit or loss:</u> | | | | | |
| Net (loss)/gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income | | (19,010) | 15,828 | (19,010) | 15,828 |
| Currency translation differences of foreign operations | | 3,730 | 4,412 | 3,730 | 4,412 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

| | Note | Financial Quarter 3 Months Ended | | Financial Period 3 Months Ended | |
|---|------|-------------------------------------|----------------------|------------------------------------|----------------------|
| | | 31.03.2021 RM'000 | 31.03.2020 RM'000 | 31.03.2021 RM'000 | 31.03.2020 RM'000 |
| OTHER COMPREHENSIVE (LOSS)/INCOME (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 | | - | (17,472) | - | (17,472) |
| OTHER COMPREHENSIVE LOSS FOR THE FINANCIAL QUARTER/ PERIOD (NET OF TAX) | | (17,189) | (15,613) | (17,189) | (15,613) |
| TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL QUARTER/PERIOD | | (3,194) | (231,378) | (3,194) | (231,378) |
| Net profit/(loss) for the financial quarter/period attributable to: | | | | | |
| Owners of the Company | | (16,960) | (173,272) | (16,960) | (173,272) |
| Holder of Perpetual Sukuk | | 5,918 | 11,371 | 5,918 | 11,371 |
| Non-controlling interest | | 25,037 | (53,864) | 25,037 | (53,864) |
| | | 13,995 | (215,765) | 13,995 | (215,765) |
| Total comprehensive loss for the financial quarter/period attributable to: | | | | | |
| Owners of the Company | | (28,890) | (184,789) | (28,890) | (184,789) |
| Holder of Perpetual Sukuk | | 5,918 | 11,371 | 5,918 | 11,371 |
| Non-controlling interest | | 19,778 | (57,960) | 19,778 | (57,960) |
| | | (3,194) | (231,378) | (3,194) | (231,378) |
| Basic and diluted loss per share (sen): | 25 | (0.88) | (8.96) | (0.88) | (8.96) |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2020 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31.03.2021 RM'000 | As at 31.12.2020 RM'000 |
|--|-------|-------------------------------|-------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 6,110,416 | 6,182,082 |
| Investment properties | | 363,580 | 362,505 |
| Inventories | | 2,132,271 | 2,122,024 |
| Joint ventures | | 441,882 | 420,253 |
| Associated companies | | 956,604 | 954,001 |
| Intangible assets | | 1,481,738 | 1,410,723 |
| Deferred tax assets | | 193,328 | 178,950 |
| Investment securities: financial assets at fair value through profit or loss | | | |
| - Banking | | 214,156 | 303,649 |
| - Non-banking | | 6,379 | 9,796 |
| Investment securities: financial assets at fair value through other comprehensive income | | | |
| - Banking | | 3,744,061 | 2,757,750 |
| - Non-banking | | 44,748 | 44,748 |
| Investment securities: financial assets at amortised cost | | | |
| - Banking | | 106,517 | 105,544 |
| - Non-banking | | 4,000 | 4,000 |
| Trade and other receivables | | 1,599,478 | 1,589,641 |
| Other assets | | 2,707 | 2,707 |
| Banking related assets | | | |
| - Financing of customers | | 13,711,519 | 13,084,317 |
| - Statutory deposit with Bank Negara Malaysia | | 90,478 | 95,255 |
| | | 31,203,862 | 29,627,945 |
| CURRENT ASSETS | | | |
| Assets and disposal group held for sale | | 15,203 | 15,358 |
| Inventories | | 2,010,043 | 1,924,846 |
| Trade and other receivables | | 2,912,969 | 3,077,145 |
| Investment securities: financial assets at fair value through profit or loss | | | |
| - Banking | | 101,289 | 9,688 |
| - Non-banking | | 37,743 | 72,816 |
| Investment securities: financial assets at fair value through other comprehensive income | | | |
| - Banking | | 477,969 | 1,041,215 |
| Banking related assets | | | |
| - Cash and short-term funds | | 697,597 | 2,963,589 |
| - Financing of customers | | 4,353,411 | 4,407,993 |
| Bank balances and cash deposits | | 2,320,868 | 2,406,122 |
| Derivative assets | 22(a) | 39,102 | 49,473 |
| | | 12,966,194 | 15,968,245 |
| TOTAL ASSETS | | 44,170,056 | 45,596,190 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

| | Note | As at 31.03.2021 RM'000 | As at 31.12.2020 RM'000 |
|--|-------|-------------------------------|-------------------------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 1,740,302 | 1,740,302 |
| Reserves | | 5,810,528 | 5,839,418 |
| Equity attributable to Owners of the Company | | 7,550,830 | 7,579,720 |
| Perpetual Sukuk | | 298,020 | 292,102 |
| Redeemable Convertible Cumulative Preference Shares | | 669,266 | 669,266 |
| Non-controlling interest | | 1,335,808 | 1,316,030 |
| TOTAL EQUITY | | 9,853,924 | 9,857,118 |
| NON-CURRENT LIABILITIES | | | |
| Deferred income | | 3,441 | 9,655 |
| Trade and other payables | | 40,615 | 49,409 |
| Lease liabilities | | 380,812 | 362,773 |
| Long-term borrowings | 21(c) | 4,432,926 | 4,509,667 |
| Redeemable Convertible Cumulative Preference Shares | | 652,318 | 642,762 |
| Provision for liabilities and charges | | 3,265 | 3,413 |
| Post-employment benefit obligations | | 5,897 | 6,366 |
| Deferred tax liabilities | | 276,116 | 290,387 |
| Banking related liabilities | | | |
| - Deposits from customers | | 400,738 | 475,742 |
| - Deposits and placements of banks and other financial institutions | | 189,429 | - |
| - Recourse obligation on financing sold to Cagamas | | 440,111 | 444,141 |
| | | 6,825,668 | 6,794,315 |
| CURRENT LIABILITIES | | | |
| Liabilities related to disposal group held for sale | | 5,965 | 6,732 |
| Deferred income | | 6,360 | 842 |
| Trade and other payables | | 4,656,876 | 4,658,863 |
| Lease liabilities | | 81,359 | 83,599 |
| Provision for liabilities and charges | | 332,514 | 273,620 |
| Post-employment benefit obligations | | 724 | 411 |
| Bank borrowings | | | |
| - Bank overdrafts | 21(a) | 4,189 | 4,539 |
| - Others | 21(b) | 3,006,622 | 2,845,190 |
| Banking related liabilities | | | |
| - Deposits from customers | | 19,274,927 | 20,758,441 |
| - Deposits and placements of banks and other financial institutions | | 884 | 98,346 |
| - Bills and acceptances payable | | 9,586 | 6,310 |
| Derivative liabilities | 22(a) | 110,458 | 207,864 |
| | | 27,490,464 | 28,944,757 |
| TOTAL LIABILITIES | | 34,316,132 | 35,739,072 |
| TOTAL EQUITY AND LIABILITIES | | 44,170,056 | 45,596,190 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM) | | 3.91 | 3.92 |

* 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 December 2020 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 January 2021 | 1,933,237 | 1,740,302 | 1,214,085 | (978) | (1,992) | 172,972 | 4,455,331 | 7,579,720 | 292,102 | 669,266 | 1,316,030 | 9,857,118 |
| Net profit/(loss) for the financial period | - | - | - | - | - | - | (16,960) | (16,960) | 5,918 | - | 25,037 | 13,995 |
| Other comprehensive (loss)/income for the financial period, net of tax | - | - | - | 2,713 | (14,643) | - | - | (11,930) | - | - | (5,259) | (17,189) |
| Total comprehensive (loss)/income for the financial period | - | - | - | 2,713 | (14,643) | - | (16,960) | (28,890) | 5,918 | - | 19,778 | (3,194) |
| Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition | - | - | - | - | 718 | - | (718) | - | - | - | - | - |
| At 31 March 2021 | 1,933,237 | 1,740,302 | 1,214,085 | 1,735 | (15,917) | 172,972 | 4,437,653 | 7,550,830 | 298,020 | 669,266 | 1,335,808 | 9,853,924 |

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 January 2020 | 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 |
| Net (loss)/profit for the financial period | - | - | - | - | - | - | (173,272) | (173,272) | 11,371 | - | (53,864) | (215,765) |
| Other comprehensive (loss)/income for the financial period, net of tax | - | - | - | 2,501 | (14,018) | - | - | (11,517) | - | - | (4,096) | (15,613) |
| Total comprehensive (loss)/income for the financial period | - | - | - | 2,501 | (14,018) | - | (173,272) | (184,789) | 11,371 | - | (57,960) | (231,378) |
| Transfer of a subsidiary company's reserves | - | - | - | - | - | (5,998) | 5,998 | - | - | - | - | - |
| <u>Transactions with Owners</u> | | | | | | | | | | | | |
| Redemption of Perpetual Sukuk | - | - | - | - | - | - | - | - | (100,000) | - | - | (100,000) |
| Distribution to holders of Perpetual Sukuk | - | - | - | - | - | - | - | - | (6,582) | - | - | (6,582) |
| At 31 March 2020 | 1,933,237 | 1,740,302 | 1,214,085 | (6,107) | (20,690) | 128,621 | 3,754,912 | 6,811,123 | 528,676 | 669,266 | 1,495,889 | 9,504,954 |

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 December 2020 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Financial Period 3 Months Ended 31.03.2021 RM'000 | Financial Period 3 Months Ended 31.03.2020 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit/(loss) for the financial year | 13,995 | (215,765) |
| Adjustments: | | |
| - Depreciation of property, plant and equipment | 193,207 | 184,316 |
| - Finance costs | 112,103 | 111,649 |
| - Taxation | 22,316 | 30,461 |
| - Share of results of joint ventures (net of tax) | (21,682) | 4,479 |
| - Share of results of associated companies (net of tax) | (11,281) | 7,083 |
| - Others | 1,128 | 158,323 |
| Operating profit before working capital changes | 309,786 | 280,546 |
| Changes in working capital: | | |
| Net increase in banking related assets | (598,677) | (70,616) |
| Net (decrease)/increase banking related liabilities | (1,463,275) | 1,546,164 |
| Net decrease in current assets | 159,127 | 67,030 |
| Net decrease in current liabilities | (119,177) | (141,782) |
| Net cash (used)/generated in operations | (1,712,216) | 1,681,342 |
| Interest received | 13,245 | 23,106 |
| Tax paid, net of refund | (34,127) | (23,476) |
| Finance costs paid | (40,926) | (38,442) |
| Provision for liabilities and charges paid | (4,317) | (15,065) |
| Post-employment benefit obligations paid | (189) | (148) |
| Net cash (outflow)/inflow from operating activities | (1,778,530) | 1,627,317 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of investment securities by a banking subsidiary company (net) | (416,250) | (884,861) |
| Acquisitions of investment securities | (4,000) | - |
| Additional investment in a joint venture | - | (11,956) |
| Dividends received from associated companies | - | 480 |
| Movement in fixed deposits placement with maturity profile more than 3 months | 24 | 14,101 |
| Proceeds from redemption of other investments | 43,456 | 45,325 |
| Proceeds from disposal of property, plant and equipment | 1,523 | 1,085 |
| Purchases of property, plant and equipment/intangible assets | (196,066) | (133,739) |
| Proceed received from liquidation of an associated company | 8,700 | - |
| Net cash outflow from investing activities | (562,613) | (969,565) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

| | Financial Period 3 Months Ended 31.03.2021 RM'000 | Financial Period 3 Months Ended 31.03.2020 RM'000 |
|--|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Distribution to holders of Perpetual Sukuk | - | (6,582) |
| Finance costs paid | (42,621) | (37,710) |
| Movement in bank balances and fixed deposits held as security/maintained as sinking fund | (30,574) | (1,637) |
| Payment of the principal portion of lease liabilities | (20,123) | (19,704) |
| Redemption of Perpetual Sukuk | - | (100,000) |
| Proceeds from bank borrowings | 915,915 | 1,218,978 |
| Repayment of bank borrowings | (852,205) | (1,126,143) |
| Repayment of principal for recourse obligation on financing sold to Cagamas | (4,028) | (3,832) |
| Net cash outflow from financing activities | (33,636) | (76,630) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (2,374,779) | 581,122 |
| Effects of foreign currency translation | 138 | 1,296 |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR | 4,520,520 | 2,772,261 |
| CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD | 2,145,879 | 3,354,679 |
| Cash and cash equivalents as at end of the financial period comprise the followings: | | |
| Bank balances and cash deposits | 2,320,868 | 2,542,206 |
| Banking related assets - cash and short-term funds | 697,597 | 1,582,639 |
| Bank overdrafts | (4,189) | (9,382) |
| | 3,014,276 | 4,115,463 |
| Less: Bank balances and fixed deposits held as security/sinking fund | (847,188) | (788,565) |
| Less: Fixed deposits with maturity profile more than 3 months | (463) | (11,866) |
| Less: Bank balances in respect of Automotive Development Fund liabilities | (5,708) | (20,294) |
| Less: Collections held by a postal subsidiary company on behalf of third parties | (17,755) | (10,002) |
| Add: Cash and cash equivalents attributable to the disposal group held for sale | 2,717 | 69,943 |
| | 2,145,879 | 3,354,679 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2020 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 December 2020 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2020.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 31 March 2021.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2021.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amounts reported in prior financial years that has a material effect to this interim financial report.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 March 2021.

7. PROPOSED DIVIDEND

The Directors recommend the payment of a single tier first and final dividend of 2.0 sen per share amounting to RM38,664,741 in respect of the financial year ended 31 December 2020, subject to the approval of shareholders at the forthcoming Annual General Meeting of DRB-HICOM Berhad to be held on 23 June 2021.

8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 31 March 2021 is as follows:

| | Automotive RM'000 | Services RM'000 | Properties RM'000 | Investment Holding RM'000 | Group RM'000 |
|---|------------------------------|----------------------------|------------------------------|--|-------------------------|
| Revenue | | | | | |
| Total revenue | 2,585,315 | 902,289 | 69,659 | 7,632 | 3,564,895 |
| Inter-segment revenue | (7,139) | (38,625) | - | (7,632) | (53,396) |
| External revenue | 2,578,176 | 863,664 | 69,659 | - | 3,511,499 |
| Results | | | | | |
| Segment profit | 80,867 | 26,709 | 13,560 | 8,383 | 129,519 |
| Unallocated expenses | | | | | (21,146) |
| Interest income on short-term deposits | | | | | 7,078 |
| Finance costs | | | | | (112,103) |
| Share of results of joint ventures (net of tax) | 21,682 | - | - | - | 21,682 |
| Share of results of associated companies (net of tax) | 8,582 | 2,699 | - | - | 11,281 |
| Profit before taxation | | | | | 36,311 |
| Taxation | | | | | (22,316) |
| Net profit for the financial period | | | | | 13,995 |
| Attributable to: | | | | | |
| Owners of the Company | | | | | (16,960) |
| Holder of Perpetual Sukuk | | | | | 5,918 |
| Non-controlling interest | | | | | 25,037 |

9. PROPERTY, PLANT AND EQUIPMENT

There is no revaluation of property, plant and equipment brought forward from the previous annual audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

10. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting year and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 MARCH 2021

There is no change in the composition of the Group during the current financial period under review except for the change of names of certain companies as below:

- (a) On 24 March 2021, EON Properties Sdn Bhd changed its name to HICOM Hartanah Sdn Bhd.
- (b) On 31 March 2021, Proton Properties Sdn Bhd changed its name to DHB Properties Sdn Bhd.
- (c) On 31 March 2021, Proton Hartanah Sdn Bhd changed its name to DHB Hartanah Sdn Bhd.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets from what was reported in the last annual audited financial statements.

13. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD

No material loss is anticipated as these amounts arose in the business of Bank Muamalat Malaysia Berhad in which it makes various commitments and incurs certain contingent liabilities with legal recourse to its customers.

Risk Weighted Exposures of Bank Muamalat Malaysia Berhad are as follows:

| | As at 31.03.2021 | | |
|---|----------------------------|------------------------------------|--------------------------------------|
| | Principal Amount RM'000 | Credit Equivalent Amount RM'000 | Total Risk Weighted Amount RM'000 |
| Contingent liabilities | | | |
| Direct credit substitutes | 310,136 | 310,136 | 281,854 |
| Trade-related contingencies | 63,873 | 12,775 | 1,246 |
| Transaction related contingencies | 417,215 | 208,608 | 197,217 |
| Commitments | | | |
| Credit extension commitment: | | | |
| - Maturity within one year | 840,077 | 168,015 | 163,490 |
| - Maturity exceeding one year | 723,471 | 361,736 | 333,530 |
| Other miscellaneous commitments & contingencies | 5,546 | - | - |
| Islamic derivative financial Instruments | | | |
| Profit rate related contracts | 1,200,000 | 59,000 | 11,800 |
| Foreign exchange related contracts | 3,075,276 | 67,064 | 44,067 |
| | 6,635,594 | 1,187,334 | 1,033,204 |

14. PROFIT/(LOSS) BEFORE TAXATION

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

| | Financial Quarter/Period 3 Months Ended | |
|--|--|----------------------|
| | 31.03.2021 RM'000 | 31.03.2020 RM'000 |
| Allowance for financing of customers (net of write-back) | 25,650 | 26,337 |
| Allowance for expected credit losses (net) | 7,989 | 2,760 |
| Amortisation of intangible assets | 47,935 | 43,046 |
| Depreciation of property, plant and equipment | 193,207 | 184,316 |

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

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

| | Financial Quarter/Period 3 Months Ended | |
|--|--|----------------------|
| | 31.03.2021 RM'000 | 31.03.2020 RM'000 |
| Finance costs | 112,103 | 111,649 |
| Loss on fair value adjustment of investment securities (net) | 2,317 | 42,444 |
| Unrealised foreign exchange differences (net) | 48,796 | 69,351 |
| Gain on disposal of: | | |
| - investment securities | (71) | (18,219) |
| - property, plant and equipment | (2,310) | (524) |
| Interest income on short-term deposits | (7,078) | (11,191) |
| Marked to market (gain)/loss on derivatives | (87,035) | 9,712 |
| (Write-back)/write-down of inventories (net) | (265) | 4,939 |

15. REVIEW OF PERFORMANCE

15.1 Revenue

| | Group Business Sectors | Financial Quarter/Period 3 Months Ended | | Variance RM'000 |
|-------|------------------------|--|----------------------|-------------------------|
| | | 31.03.2021 RM'000 | 31.03.2020 RM'000 | |
| (i) | Automotive | 2,578,176 | 1,812,960 | 765,216 |
| (ii) | Services | 863,664 | 830,485 | 33,179 |
| (iii) | Properties | 69,659 | 93,344 | (23,685) |
| | Total | 3,511,499 | 2,736,789 | 774,710 ↑ 28.31% |

For the three months ended 31 March 2021, the Group's revenue increased to RM3.51 billion compared with RM2.74 billion in the corresponding quarter ended 31 March 2020, an improvement of 28.31%. The increase in revenue was contributed by the Automotive and Services sectors of the Group.

15. REVIEW OF PERFORMANCE (Continued)

15.1 Revenue (Continued)

(i) Automotive Sector

The increase was largely due to higher sales of vehicles and components by PROTON, automotive distribution companies, and also from manufacturing & engineering companies.

(ii) Services Sector

The revenue for service sector for the current quarter was mainly from postal & logistics and banking businesses.

(iii) Properties Sector

The reduction is mainly due to lower revenue recognised from property development projects.

15.2 Profit Before Tax

The Group achieved a pre-tax profit of RM36.31 million for the current financial quarter ended 31 March 2021 compared with pre-tax loss of RM185.30 million in the corresponding quarter ended 31 March 2020. The improved performance was contributed by better financial results of operating subsidiary companies and higher share of results from joint ventures and associated companies during the quarter under review.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM36.31 million in the current quarter ended 31 March 2021 compared with a pre-tax profit of RM948.78 million in the preceding quarter ended 31 December 2020. Included in the preceding quarter's results was exceptional gains on disposals of property assets and investments net of impairment loss of goodwill/intangible assets in certain subsidiary companies.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

Malaysia's Gross Domestic Product recorded a marginal 0.5% contraction in the first quarter ("Q1") of 2021 (Q4 2020: -3.4%), with the economy still impacted by the on-going COVID-19 pandemic. Still, as a whole, Bank Negara Malaysia ("BNM") expects the economy to fare better in 2021, projecting full-year growth at between 6% and 7.5%. BNM cited manufacturing sector growth in Q1, as well as the rollout of the National COVID-19 Immunisation Programme that began early this year to sustain the economic recovery.

DRB-HICOM's Automotive Sector remains as the core business of the Group. With the continuation of sales tax exemption for passenger vehicles until June 2021, the Malaysian Automotive Association has projected Total Industry Volume of 570,000 units in 2021. This is expected to boost demand and drive automotive sales further.

PROTON started 2021 continuing the strong sales momentum it charted in the previous year. The National Car company recorded a sales volume of 15,017 units in April 2021, the best monthly sales figure since 2013. This upward momentum is contributed by top selling models namely Proton Saga followed by the two SUVs, Proton X70 and the newer Proton X50. PROTON will continue its efforts to meet the strong demand while maintaining a high level of product quality.

DRB-HICOM's other businesses in defence, aerospace, banking, services and properties segments are currently operating in a competitive and challenging environment. Under these unprecedented times, emphasis on business resiliency and prudent cost management are vital in navigating businesses amidst the ongoing headwinds from the COVID-19 pandemic.

The COVID-19 pandemic with new, stronger variants is continuing to pose challenges to the global recovery effort. The Government has also reimposed a total lockdown for at least 2 weeks starting from 1 June 2021. Based on the aforementioned, the Group remains cautious on the challenging operational environment for the current financial year ending 31 December 2021.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. TAXATION

Taxation comprises the following:

| | Financial Quarter/Period 3 Months Ended | |
|-------------------|--|------------------------------|
| | 31.03.2021 RM'000 | 31.03.2020 RM'000 |
| Current taxation | 44,776 | 38,590 |
| Deferred taxation | (22,460) | (8,129) |
| Total | 22,316 | 30,461 |

For the financial period ended 31 March 2021, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses which were not deductible for income tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 13 February 2020, Pos Aviation Sdn. Bhd. entered into a Share Purchase Agreement (“SPA”) and a Shareholders Agreement with SIA Engineering Company Limited for the proposed divestment of its 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd., 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 in the SPA, which has been extended until 13 May 2021. Due to uncertainties in the current market condition, both parties have agreed to extend the completion date of which will be determined later.
- (b) On 18 March 2021, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group issued conditional offer letters pursuant to the terms under the shareholders agreement dated 24 January 1992 to sell its entire 400,000 ordinary shares or 40% equity interest in SRT-EON Security Services Sdn. Bhd. (“SRT-EON”) (“Sale Shares”) to the other SRT-EON shareholders who collectively hold 60% in SRT-EON for a total cash consideration of RM10 million (“Proposed Divestment”). The Proposed Divestment was completed on 10 May 2021.

21. BORROWINGS

Total Group borrowings are as follows:

| | As at 31.03.2021 RM'000 |
|--|--|
| (a) Short-Term Borrowings | |
| Bank overdrafts | |
| - Unsecured | 4,189 |
| Total | 4,189 |
| (b) Others | |
| <u>Secured</u> | |
| Bankers acceptances | 408,802 |
| Revolving credits | 410,009 |
| Short-term loans under Islamic financing | 71,464 |
| Hire purchase - portion repayable within 12 months | 27,890 |
| Long-term loans - portion repayable within 12 months | 386,638 |
| Long-term loans under Islamic financing - portion repayable within 12 months | 277,476 |
| Sub-total | 1,582,279 |
| <u>Unsecured</u> | |
| Bankers acceptances | 407,676 |
| Revolving credits | 167,400 |
| Short-term loans | 13,848 |
| Long-term loans - portion repayable within 12 months | 1,613 |
| Long-term loans under Islamic financing - portion repayable within 12 months | 833,806 |
| Sub-total | 1,424,343 |
| Total | 3,006,622 |
| (c) Long-Term Borrowings | |
| <u>Secured</u> | |
| Hire purchase | 86,623 |
| - portion repayable within 12 months | (27,890) |
| | 58,733 |
| Long-term loans | 926,677 |
| - portion repayable within 12 months | (386,638) |
| | 540,039 |
| Long-term loans under Islamic financing | 3,953,483 |
| - portion repayable within 12 months | (277,476) |
| | 3,676,007 |

21. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

| | As at 31.03.2021 RM'000 |
|---|--|
| (c) Long-Term Borrowings (Continued) | |
| <u>Unsecured</u> | |
| Long-term loans | 1,760 |
| - portion repayable within 12 months | (1,613) |
| | 147 |
| Long-term loans under Islamic financing | 991,806 |
| - portion repayable within 12 months | (833,806) |
| | 158,000 |
| Total | 4,432,926 |
| Grand Total | 7,443,737 |

(d) Apart from the following Ringgit Malaysia ("RM") equivalent of foreign currency borrowings, the rest of the borrowings 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 March 2021 | | | | | | | | | |
| Secured | | | | | | | | | |
| Short-term loans under Islamic financing | GBP | 1,330 | 7,594 | - | - | - | GBP | 1,330 | 7,594 |
| | USD | 15,388 | 63,869 | - | - | - | USD | 15,388 | 63,869 |
| Short-term loans | USD | 1,187 | 4,925 | - | - | - | USD | 1,187 | 4,925 |
| Revolving credits | USD | 50,660 | 210,264 | - | - | - | USD | 50,660 | 210,264 |
| Term loans under Islamic financing | USD | 3,710 | 15,398 | USD | 14,817 | 61,497 | USD | 18,527 | 76,895 |
| Term loans | USD | 89,250 | 370,433 | USD | 59,750 | 247,992 | USD | 149,000 | 618,425 |
| Total | | | 672,483 | | | 309,489 | | | 981,972 |

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 March 2021 consist mainly of currency forward foreign exchange contracts, currency swaps foreign exchange contracts, Islamic profit rate swap and share put option 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 |
| Currency forward foreign exchange contracts | 1,773,990 | 22,827 | 4,225 |
| Currency swaps foreign exchange contracts | 2,400,657 | 14,649 | 33,140 |
| Islamic profit rate swap | 1,200,000 | - | 73,093 |
| Share put option | 1,626 | 1,626 | - |
| | 5,376,273 | 39,102 | 110,458 |

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2020:

- (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 March 2021, the Group recognised a total net gain of RM87.04 million arising from the fair value changes on the currency forward foreign exchange contracts, currency swaps foreign exchange contracts, Islamic profit rate swap and share put option which are marked to market as at 31 March 2021.

23. MATERIAL LITIGATION

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

- (a) On 14 January 2019, Proton Automobiles (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 PONSB and PONSB 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: RM0.6076). 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.

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.

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, PONSB 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 PONSB 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 PONSB’s jurisdictional challenge was dismissed. On 26 September 2019, PONSB filed an appeal against the Ruling to the Supreme People’s Court in Beijing (“SPC”). The Hearing of the appeal was heard online on 7

23. MATERIAL LITIGATION (Continued)

(a) (Continued)

July 2020 and both parties submitted their written submissions on 17 July 2020. On 5 November 2020, the Company had been notified by its appointed lawyers that the SPC had allowed PONS B's appeal, upheld PONS B's jurisdictional challenge and dismissed the earlier Ruling made by the GHC in favour of Goldstar. The SPC is of the view that the GHC has no jurisdiction to hear the case filed at the GHC. The proceedings at the GHC with respect to Goldstar's claims against PACL and PONS B for, 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: RM0.6076) will cease. As the matter has been decided by the SPC, the GHC legal suit is therefore dismissed with immediate effect.

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 emphasised 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 hearing fixed on 22 February 2021 until 25 February 2021 in relation to the above Arbitration Proceedings before a single arbitrator have proceeded as scheduled and have been duly completed. No date has been fixed for decision as of to date.

(ii) Arbitration Proceedings under the EJVC at the HKIAC

Pursuant to the dispute resolution clause in the EJVC which emphasised 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 hearing fixed on 3 March 2021 until 12 March 2021 in relation to the above Arbitration Proceedings before three arbitrators have proceeded as scheduled and have been duly completed. No date has been fixed for decision as of to date.

23. MATERIAL LITIGATION (Continued)

- (b) As announced to Bursa Malaysia Securities Berhad on 13 March 2020, China State Construction Engineering (M) Sdn. Bhd. (“CSCE”), a sub-contractor of Media City Development Sdn. Bhd. (“MCDSB”) [a wholly-owned subsidiary company of Media City Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary company of Media City Ventures Sdn. Bhd. which in turn is a wholly-owned subsidiary company of the Group] for the project, “Cadangan Membina, Melengkap Dan Menyiapkan Kerja-Kerja Bangunan Dan Infrastruktur Bagi Bandar Media Angkasapuri Di Atas Sebahagian Lot PT23, 8354, 47446 Dan 47447 Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur - Main Building Package”, has initiated arbitration proceedings at the Asian International Arbitration Centre against MCDSB, in relation to disputes and/or differences arising from and/or related to the Letter of Award dated 6 December 2016 and the PAM Contract 2006 (with Quantities) dated 6 July 2017 (collectively referred to as “Contracts”), and the determination of the Contracts by MCDSB on 29 July 2019 (“Arbitration Proceedings”). CSCE has filed a Statement of Claim in the Arbitration Proceedings on 9 March 2020 wherein the total estimation of the claim is around the sum of RM129,700,000 (excluding interests and the costs of arbitration).

Meantime, on 13 January 2020, CSCE served its Adjudication Claim on MCDSB pursuant to the Construction Industry Payment and Adjudication Act 2012 for the non-payment of certified sums due amounting to RM22,191,443. On 22 April 2020, Adjudicator has given his award and ordered that MCDSB pays the sum of RM22,191,443, excluding interests and costs.

MCDSB’s legal advisors have advised that the Adjudication Award is not binding on the Arbitration Proceedings and that all issues will be finally determined in the Arbitration Proceedings. In relation thereto and pursuant to the advice of MCDSB’s legal advisors, MCDSB filed applications to Stay and to Set Aside the Adjudication Award at the High Court.

With regards to the Stay application of the Adjudication Award, CSCE's solicitors had on 9 July 2020 served a Notice of Application to strike out the amended originating summons of the Stay application filed by MCDSB. On 5 October 2020, the High Court heard both parties’ submissions in relation to the Notice of Application. On 11 December 2020, the High Court made the decision to allow CSCE's application to strike out MCDSB’s amended originating summons of the Stay application.

In relation to the Setting Aside application of the Adjudication Award filed by MCDSB, the High Court had on 30 July 2020 dismissed the said application.

In respect of the Arbitration Proceedings, the Arbitrator has vacated the hearing dates fixed between 22 March 2021 and 26 March 2021, 29 March 2021 and 2 April 2021, and backup dates from 12 April 2021 to 16 April 2021. In relation thereto, the Arbitrator has fixed new hearing dates for the Arbitration Proceedings between 16 August 2021 to 20 August 2021, 23 August 2021 to 27 August 2021 and 6 September 2021 to 10 September 2021.

23. MATERIAL LITIGATION (Continued)

- (c) On 28 September 2020, Gading Sari Aviation Services Limited, a Labuan based company (“Gading Sari”) and World Cargo Airline Sdn. Bhd. (formerly known as Pos Asia Cargo Express Sdn. Bhd.) (“World Cargo Airline”) (collectively referred to as “the Defendants”) were served with a Writ of Summons and Statement of Claim, filed at the Kuala Lumpur High Court by the Bank of Utah (“the Plaintiff”). The Bank of Utah is a corporation organised under the laws of State of Utah, United States of America.

Gading Sari is a wholly-owned subsidiary company of World Cargo Airline, and World Cargo Airline is an associate company of Pos Aviation Sdn. Bhd., which in turn is an indirect associate company of the Group.

The Plaintiff is claiming for, inter alia, the sum of USD8,782,964.00 (equivalent to RM36,422,951.70) being the losses, damages, expenses, costs and/or liabilities sustained by the Plaintiff, as of 23 July 2020, from the Defendants as a result of alleged breaches and/or defaults under relevant contracts, which include amongst others, a Lease Agreement dated 13 February 2013, executed between the Plaintiff and Gading Sari, for the lease of an aircraft by the Plaintiff to Gading Sari (“Lease Agreement”) and a Sublease Agreement dated 15 March 2013, executed between Gading Sari and World Cargo Airline, for the sublease of the same aircraft by Gading Sari to World Cargo Airline (“Sublease Agreement”). Contractually, the Plaintiff is the Lessor, while Gading Sari and World Cargo Airline are the Lessee and Sub-Lessee respectively.

The Defendants and its legal advisors have reviewed the aforesaid claims; and will take all the necessary steps to defend against the claims and ensure the rights of the Defendants are protected. The Defendants have filed their Statement of Defence and Counterclaim on 25 November 2020.

The matter is set for case management on 1 June 2021 for parties to update the status of filing of the relevant documents in relation to their respective interlocutory applications. The trial dates have been fixed on 26 July 2022 until 29 July 2022.

24. DIVIDEND

No interim dividend has been declared for the financial period ended 31 March 2021.

25. LOSS PER SHARE

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

| | Financial Quarter/ Period 3 Months Ended | |
|---|---|-------------------|
| | 31.03.2021 | 31.03.2020 |
| Net loss attributable to Owners of the Company (RM'000) | (16,960) | (173,272) |
| Number of ordinary shares in issue ('000) | 1,933,237 | 1,933,237 |
| Basic and diluted loss per share (sen) | (0.88) | (8.96) |

26. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
31 May 2021