



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Year
Ended 31 December 2021

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors hereby announces the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/year ended 31 December 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2021 RM'000	31.12.2020 (Restated) RM'000	31.12.2021 RM'000	31.12.2020 (Restated) RM'000
Revenue		4,124,193	4,850,058	12,378,135	13,155,536
Cost of sales and operating expenses		(3,897,599)	(4,101,439)	(12,365,917)	(12,450,143)
Other income		112,551	434,885	342,001	631,994
Other expenses		(142,712)	(202,714)	(311,498)	(385,346)
Profit from operations		196,433	980,790	42,721	952,041
Finance costs		(123,150)	(128,471)	(485,768)	(489,407)
Share of results of joint ventures (net of tax)		47,900	28,112	113,795	22,625
Share of results of associated companies (net of tax)		32,188	68,348	37,985	54,837
PROFIT/(LOSS) BEFORE TAXATION	14	153,371	948,779	(291,267)	540,096
Taxation	19	29,905	82,312	(57,681)	8,736
NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/YEAR		183,276	1,031,091	(348,948)	548,832
OTHER COMPREHENSIVE (LOSS)/INCOME					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Fair value gain on investment properties		4,736	52,247	4,736	52,247
Net gain/(loss) on valuation of post-employment benefit obligations		164	(408)	164	(408)
Net (loss)/gain on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		(3,352)	544	(13,940)	(1,232)
<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		(19,387)	5,069	(42,957)	71,671
Currency translation differences of foreign operations		(440)	(2,690)	6,429	232

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2021 RM'000	31.12.2020 (Restated) RM'000	31.12.2021 RM'000	31.12.2020 (Restated) 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		(152)	(8,138)	(2,011)	(57,034)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss		-	11	-	1,095
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL QUARTER/YEAR (NET OF TAX)		(18,431)	46,635	(47,579)	66,571
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/YEAR		164,845	1,077,726	(396,527)	615,403
Net profit/(loss) for the financial quarter/year attributable to:					
Owners of the Company		117,472	985,989	(296,422)	554,132
Holder of Perpetual Sukuk		5,680	6,050	23,631	32,274
Non-controlling interest		60,124	39,052	(76,157)	(37,574)
		183,276	1,031,091	(348,948)	548,832
Total comprehensive income/(loss) for the financial quarter/year attributable to:					
Owners of the Company		106,071	1,035,561	(328,812)	616,966
Holder of Perpetual Sukuk		5,680	6,050	23,631	32,274
Non-controlling interest		53,094	36,115	(91,346)	(33,837)
		164,845	1,077,726	(396,527)	615,403
Basic and diluted earnings/(loss) per share (sen):	25	6.08	51.00	(15.33)	28.66

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 31.12.2021 RM'000	As at 31.12.2020 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,678,014	6,182,082
Investment properties		375,261	362,505
Inventories		2,130,876	2,122,024
Joint ventures		490,884	420,253
Associated companies		933,563	954,001
Intangible assets		1,504,490	1,410,723
Deferred tax assets		251,638	178,950
Investment securities: financial assets at fair value through profit or loss			
- Banking		147,840	303,649
- Non-banking		6,379	9,796
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		3,694,457	2,757,750
- Non-banking		65,916	44,748
Investment securities: financial assets at amortised cost			
- Banking		107,109	105,544
- Non-banking		-	4,000
Trade and other receivables		1,690,104	1,589,641
Other assets		2,578	2,707
Banking related assets			
- Financing of customers		15,138,319	13,084,317
- Statutory deposit with Bank Negara Malaysia		130,148	95,255
		32,347,576	29,627,945
CURRENT ASSETS			
Assets and disposal group held for sale		14,241	15,358
Inventories		1,586,244	1,924,846
Trade and other receivables		2,845,813	3,077,145
Investment securities: financial assets at fair value through profit or loss			
- Banking		174,817	9,688
- Non-banking		38,889	72,816
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,172,313	1,041,215
Investment securities: financial assets at amortised cost			
- Non-banking		4,000	-
Banking related assets			
- Cash and short-term funds		1,173,475	2,963,589
- Financing of customers		4,972,233	4,407,993
Bank balances and cash deposits		2,804,473	2,406,122
Derivative assets	22(a)	10,700	49,473
		14,797,198	15,968,245
TOTAL ASSETS		47,144,774	45,596,190

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,462,414	5,839,418
Equity attributable to Owners of the Company		7,202,716	7,579,720
Perpetual Sukuk		-	292,102
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,225,844	1,316,030
TOTAL EQUITY		9,097,826	9,857,118
NON-CURRENT LIABILITIES			
Deferred income		6,044	9,655
Trade and other payables		339,308	275,589
Lease liabilities		209,643	362,773
Long-term borrowings	21(c)	5,503,870	4,509,667
Redeemable Convertible Cumulative Preference Shares		682,406	642,762
Provision for liabilities and charges		81	3,413
Post-employment benefit obligations		3,803	6,366
Deferred tax liabilities		264,927	290,387
Banking related liabilities			
- Deposits from customers		1,222,466	475,742
- Deposits and placements of banks and other financial institutions		291,569	97,525
- Recourse obligation on financing sold to Cagamas		427,466	444,141
		8,951,583	7,118,020
CURRENT LIABILITIES			
Liabilities related to disposal group held for sale		3,707	6,732
Deferred income		1,673	842
Trade and other payables		4,315,482	4,432,683
Lease liabilities		104,995	83,599
Provision for liabilities and charges		312,959	273,620
Post-employment benefit obligations		437	411
Bank borrowings			
- Bank overdrafts	21(a)	4,203	4,539
- Others	21(b)	2,530,992	2,845,190
Banking related liabilities			
- Deposits from customers		21,748,564	20,758,441
- Deposits and placements of banks and other financial institutions		297	821
- Bills and acceptances payable		7,755	6,310
Derivative liabilities	22(a)	64,301	207,864
		29,095,365	28,621,052
TOTAL LIABILITIES		38,046,948	35,739,072
TOTAL EQUITY AND LIABILITIES		47,144,774	45,596,190
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.73	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 (loss)/profit for the financial year	-	-	-	-	-	-	(296,422)	(296,422)	23,631	-	(76,157)	(348,948)
Other comprehensive (loss)/income for the financial year, net of tax	-	-	-	4,057	(41,347)	4,900	-	(32,390)	-	-	(15,189)	(47,579)
Total comprehensive (loss)/income for the financial year	-	-	-	4,057	(41,347)	4,900	(296,422)	(328,812)	23,631	-	(91,346)	(396,527)
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	201	-	(201)	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	(12,132)	12,132	-	-	-	-	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(1,260)	(1,260)	-	-	1,160	(100)
Sub-total carried forward	1,933,237	1,740,302	1,214,085	3,079	(43,138)	165,740	4,169,580	7,249,648	315,733	669,266	1,225,844	9,460,491

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	1,214,085	3,079	(43,138)	165,740	4,169,580	7,249,648	315,733	669,266	1,225,844	9,460,491
Transactions with Owners												
Redemption of Perpetual Sukuk	-	-	-	-	-	(8,267)	-	(8,267)	(291,733)	-	-	(300,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(24,000)	-	-	(24,000)
First and final dividend in respect of financial year ended 31 December 2020	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2021	1,933,237	1,740,302	1,214,085	3,079	(43,138)	157,473	4,130,915	7,202,716	-	669,266	1,225,844	9,097,826

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 year	-	-	-	-	-	-	554,132	554,132	32,274	-	(37,574)	548,832
Other comprehensive income for the financial year, net of tax	-	-	-	266	10,460	52,108	-	62,834	-	-	3,737	66,571
Total comprehensive (loss)/income for the financial year	-	-	-	266	10,460	52,108	554,132	616,966	32,274	-	(33,837)	615,403
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(6,709)	-	6,709	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	929	(12,086)	11,157	-	-	-	-	-
Effect of changes in shareholding in subsidiary companies	-	-	-	7,364	-	485	(1,710)	6,139	-	-	(6,139)	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(632)	(632)	-	-	(99,368)	(100,000)
Effect of deconsolidation of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(3,478)	(3,478)
Sub-total carried forward	1,933,237	1,740,302	1,214,085	(978)	(1,992)	175,126	4,491,842	7,618,385	656,161	669,266	1,411,027	10,354,839

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	1,214,085	(978)	(1,992)	175,126	4,491,842	7,618,385	656,161	669,266	1,411,027	10,354,839
Effect of disposal of subsidiary companies	-	-	-	-	-	(2,154)	2,154	-	-	-	(93,584)	(93,584)
<u>Transactions with Owners</u>												
Redemption of Perpetual Sukuk	-	-	-	-	-	-	-	-	(325,000)	-	-	(325,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(39,059)	-	-	(39,059)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,413)	(1,413)
First and final dividend in respect of financial year ended 31 December 2019	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2020	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

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 Year 12 Months Ended 31.12.2021	Financial Year 12 Months Ended 31.12.2020 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss/(profit) for the financial year	(348,948)	548,832
Adjustments:		
- Depreciation of property, plant and equipment	747,785	761,270
- Finance costs	485,768	489,407
- Taxation	57,681	(8,736)
- Share of results of joint ventures (net of tax)	(113,795)	(22,625)
- Share of results of associated companies (net of tax)	(37,985)	(54,837)
- Others	362,949	219,485
Operating profit before working capital changes	1,153,455	1,932,796
Changes in working capital:		
Net increase in banking related assets	(2,739,786)	(1,793,827)
Net increase banking related liabilities	1,931,812	2,934,245
Net decrease/(increase) in assets	404,350	(1,402,098)
Net (decrease)/increase in liabilities	(92,585)	14,367
Net cash generated in operations	657,246	1,685,483
Interest received	31,818	75,399
Tax paid, net of refund	(98,965)	(114,126)
Finance costs paid	(163,291)	(139,272)
Deferred income received	-	140
Post-employment benefit obligations paid	(596)	(442)
Net cash inflow from operating activities	426,212	1,507,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities by a banking subsidiary company (net)	(1,107,167)	896,635
Acquisition of additional shares in a subsidiary company	(100)	(100,000)
Acquisitions of investment securities	(55,993)	(4,000)
Additional investment in a joint venture	-	(11,957)
Dividends received from joint ventures	17,403	34,821
Dividends received from an associated company	38,250	5,634
Dividends received from other investments	-	251
Movement in fixed deposits placement with maturity profile more than 3 months	20	25,480
Net cash inflow from disposal of subsidiary companies	-	10,045
Net cash outflow from partial disposal of equity interest in a former subsidiary company	-	(4,510)
Proceeds from disposal of an associated company	9,922	-
Proceeds from disposal of property, plant and equipment	5,684	45,099
Proceeds from redemption of other investments	73,696	46,402
Proceed received from liquidation of an associated company	8,700	-
Purchases of property, plant and equipment/intangible assets/investment properties	(702,515)	(890,942)
Settlement of advance from a former subsidiary company	28,000	-
Net cash (outflow)/inflow from investing activities	(1,684,100)	52,958

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Year 12 Months Ended 31.12.2021 RM'000	Financial Year 12 Months Ended 31.12.2020 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(24,000)	(39,059)
Dividends paid to non-controlling interest	-	(1,413)
Dividends paid to shareholders	(38,665)	(38,665)
Finance costs paid	(272,449)	(270,785)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	186,986	(29,686)
Payment of the principal portion of lease liabilities	(94,918)	(78,056)
Proceeds from bank borrowings	5,630,787	5,016,127
Redemption of Perpetual Sukuk	(300,000)	(325,000)
Repayment of bank borrowings	(5,011,962)	(4,032,517)
Repayment of principal for recourse obligation on financing sold to Cagamas	(16,667)	(15,484)
Net cash inflow from financing activities	59,112	185,462
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,198,776)	1,745,602
Effects of foreign currency translation	(806)	2,657
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 YEAR	3,320,938	4,520,520
Cash and cash equivalents as at end of the financial year comprise the followings:		
Bank balances and cash deposits	2,804,473	2,406,122
Banking related assets - cash and short-term funds	1,173,475	2,963,589
Bank overdrafts	(4,203)	(4,539)
	3,973,745	5,365,172
Less: Bank balances and fixed deposits held as security/sinking fund	(629,628)	(816,614)
Less: Fixed deposits with maturity profile more than 3 months	(467)	(487)
Less: Bank balances in respect of Automotive Development Fund liabilities	(4,409)	(6,222)
Less: Collections held by a postal subsidiary company on behalf of third parties	(19,994)	(24,428)
Add: Cash and cash equivalents attributable to the disposal group held for sale	1,691	3,099
	3,320,938	4,520,520

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.

During the financial year, the Group has adopted the Amendment to MFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* issued by MASB in April 2021, in response to the on-going COVID-19 pandemic.

The adoption and application of the above standard did not have any material impact to the financial statements of the Group.

Agenda Decision on MFRS 123 *Borrowing Costs* relating to over time transfer of constructed good

In March 2019, the International Financial Reporting Standards Interpretation Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

Prior to the adoption of the Agenda Decision, the entity shall capitalise the finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset until the completion of the construction of the asset. The finance costs capitalised in the inventories were then recognised as cost of sales in profit or loss by reference to the progress towards the satisfaction of the performance obligation.

On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to the financial statements of annual periods beginning on or after 1 July 2020.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

Agenda Decision on MFRS 123 *Borrowing Costs* relating to over time transfer of constructed good (Continued)

With effect from 1 January 2021, the Group adopted the Agenda Decision retrospectively where when control is transferred over time, the relevant borrowing costs on the construction development project incurred which were previously recognised under cost of sales is reclassified to finance costs accordingly. There is no restatement required on the condensed consolidated statement of financial position as at 1 January 2020 and throughout all comparative interim periods presented, as if these policies had always been in effect, except for the reclassification of cost of sales to finance costs in the condensed consolidated statement of comprehensive income as shown as below:

	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As restated RM'000
<u>For the financial quarter ended 31 December 2020</u>			
Cost of sales and operating expenses	(4,110,776)	9,337	(4,101,439)
Finance costs	(119,134)	(9,337)	(128,471)
<u>For the financial year ended 31 December 2020</u>			
Cost of sales and operating expenses	(12,481,445)	31,302	(12,450,143)
Finance costs	(458,105)	(31,302)	(489,407)

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial year ended 31 December 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 year ended 31 December 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

Other than as disclosed in the Condensed Consolidated Statement of Changes in Equity on page 6 and Note 21 (d) and (e) on page 24, there was no issuance or repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 December 2021.

7. DIVIDEND PAID

The shareholders approved a single tier first and final dividend of 2.0 sen per share at the last Annual General Meeting held on 23 June 2021 in respect of the financial year ended 31 December 2020. The dividend of RM38,664,741 was paid on 23 July 2021.

8. SEGMENTAL INFORMATION

During the financial year, the Group has reassessed the segmental reporting based on the quantitative thresholds and qualitative factors in line with the MFRS 8 *Operating Segments*. This included a review on the similarity of economic characteristics, nature of products and services as well as processes, type or class of customers by products and services to determine the reportable operating segments. The current three key business sectors i.e. Automotive, Services and Properties have long been the focus of the Group for its segmental reporting. In line with the quantitative thresholds and qualitative factors of MFRS 8 requirement, the Group has refined the reportable operating segments from three to six business sectors. Essentially, the sub-sectors from the original segmental reporting have been re-categorised as follows:

- (i) Automotive
- (ii) Aerospace and Defence
- (iii) Postal
- (iv) Banking
- (v) Services
- (vi) Properties

The purpose of the changes is to provide the users of financial statements a better understanding of the Group's reporting in terms of its financial performance and position, as well as a more informed judgement on the Group's businesses as a whole.

-The rest of this page is intentionally left blank-

8. SEGMENTAL INFORMATION (Continued)

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

	Automotive	Aerospace and Defence	Postal	Banking	Services	Properties	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
Total revenue	8,228,537	620,458	1,504,130	1,138,823	913,595	241,244	12,646,787
Inter-segment revenue	(30,864)	(14)	(3,292)	(22,845)	(211,637)	-	(268,652)
External revenue	8,197,673	620,444	1,500,838	1,115,978	701,958	241,244	12,378,135
Results							
Segment profit/(loss)	88,032	11,659	(391,786)	318,838	43,959	8,372	79,074
Unallocated expenses							(68,951)
Interest income on short-term deposits							32,598
Finance costs							(485,768)
Share of results of joint ventures (net of tax)	113,795	-	-	-	-	-	113,795
Share of results of associated companies (net of tax)	34,874	-	-	-	3,111	-	37,985
Loss before taxation							(291,267)

8. SEGMENTAL INFORMATION (Continued)

	Automotive	Aerospace and Defence	Postal	Banking	Services	Properties	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results (Continued)							
Taxation							(57,681)
Net loss for the financial year							(348,948)
Attributable to:							
Owners of the Company							(296,422)
Holder of Perpetual Sukuk							23,631
Non-controlling interest							(76,157)

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 YEAR ENDED 31 DECEMBER 2021

Save as disclosed below, there is no change in the composition of the Group during the current year under review.

- (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.
- (d) On 10 May 2021, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, completed the disposal of its entire equity interest of 40% in SRT-EON Security Services Sdn. Bhd. ("SRT-EON") to Rafiq Haji Rahmat for a cash consideration of RM10 million. As a result, SRT-EON ceased to be an indirect associated company of the Group.
- (e) On 4 August 2021, CEN Sdn. Bhd. ("CEN"), an inactive direct 42.50% associated company of Pos Malaysia Berhad has commenced the dissolution exercise via members' voluntary winding up. Upon completion of the dissolution, CEN will cease to be an indirect associated company of the Group.
- (f) On 24 September 2021, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect 50.10% owned subsidiary company of the Group, acquired the remaining 34% equity interest in Miyazu (Malaysia) Sdn. Bhd. ("Miyazu") from Fuji Technica & Miyazu Inc. for a cash consideration of RM100,000. Upon completion of the acquisition, PONSB increased its ownership from 66% to 100% in Miyazu. As a result, Miyazu became an indirect 50.10% owned subsidiary company of the Group. On 23 December 2021, Miyazu has been renamed as Advanced Vehicle Engineering Global Sdn. Bhd.
- (g) On 8 October 2021, PONSB Capital Berhad, an indirect 50.10% owned subsidiary company of the Group was incorporated and it is principally involved in funding and treasury related functions for PROTON.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Continued)

- (h) On 29 November 2021, HICOM Holdings Berhad (“HHB”), a wholly-owned subsidiary company of the Group completed the acquisition of its entire 49% equity interest in HICOM HBPO Sdn. Bhd. (“HICOM HBPO”) from HICOM Polymers Industry Sdn. Bhd., a direct wholly-owned subsidiary company of HHB for a cash consideration of RM1,470,000 via an internal re-organisation. As a result, HICOM HBPO became a direct 49% owned associated company of HHB.

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

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

	As at 31.12.2021		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Contingent liabilities			
Direct credit substitutes	292,802	292,802	268,848
Trade-related contingencies	41,953	8,391	712
Transaction related contingencies	487,515	243,758	233,215
Commitments			
Credit extension commitment:			
- Maturity within one year	635,148	127,029	125,609
- Maturity exceeding one year	977,994	488,997	414,004
Other miscellaneous commitments & contingencies	25,773	-	-
Islamic derivative financial Instruments			
Foreign exchange related contracts	1,630,597	25,443	13,995
Profit rate related contracts	1,200,000	47,000	9,400
	5,291,782	1,233,420	1,065,783

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.

14. PROFIT/(LOSS) BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.12.2021 RM'000	31.12.2020 (Restated) RM'000	31.12.2021 RM'000	31.12.2020 (Restated) RM'000
Allowance for financing of customers (net of write-back)	5,523	40,160	53,944	80,067
Allowance for/(write-back of) expected credit losses	1,486	23,775	13,279	63,936
Amortisation of intangible assets	48,635	55,206	205,579	188,967
Depreciation of property, plant and equipment	196,894	211,698	747,785	761,270
Finance costs	123,150	128,471	485,768	489,407
Impairment loss of (net of reversals):				
- goodwill	-	104,183	-	104,183
- intangible assets	81,673	19,144	81,673	19,144
- non-current assets held for sale	-	-	-	1,200
- property, plant and equipment	8,312	22,118	50,014	75,039
Loss on disposal of an associated company	-	-	4,549	-
Modification loss arising from financing moratorium from:				
- a subsidiary company	136	-	9,646	46,214
- share of a joint venture	1,584	-	3,534	14,370
Unrealised foreign exchange differences (net)	(11,400)	(38,961)	53,795	(18,533)
Write-off/down/(write-back) of inventories (net)	23,625	(5,596)	30,942	10,751
Write-off of:				
- intangible assets	171	294	171	527
- property, plant and equipment	33,384	1,102	33,384	4,640
Gain on dilution of equity interest in former subsidiary companies	-	(83,350)	-	(99,288)
Gain on disposal of (net):				
- investment securities	(153)	(8,158)	(2,213)	(57,494)
- non-current assets held for sale	-	(83,412)	-	(83,412)
- property, plant and equipment	(1,906)	(5,845)	(4,540)	(6,996)
- subsidiary companies	-	(163,879)	-	(163,879)

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

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

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.12.2021 RM'000	31.12.2020 (Restated) RM'000	31.12.2021 RM'000	31.12.2020 (Restated) RM'000
Gain on fair value adjustment of investment securities (net)	(260)	(59,466)	(2,636)	(19,386)
Interest income on short-term deposits	(9,219)	(6,929)	(32,598)	(31,596)
Marked to market (gain)/loss on derivatives	(6,485)	28,731	(104,790)	99,515

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Year 12 Months Ended		Variance	
		31.12.2021 RM'000	31.12.2020 RM'000	RM'000	% +/-	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	% +/-
(i)	Automotive	3,023,123	2,410,378	612,745	25.4	8,197,673	7,147,551	1,050,122	14.7
(ii)	Aerospace and Defence	169,159	206,916	(37,757)	-18.2	620,444	878,093	(257,649)	-29.3
(iii)	Postal	342,539	392,903	(50,364)	-12.8	1,500,838	1,721,720	(220,882)	-12.8
(iv)	Banking	289,878	326,040	(36,162)	-11.1	1,115,978	1,145,917	(29,939)	-2.6
(v)	Services	195,661	158,485	37,176	23.5	701,958	630,355	71,603	11.4
(vi)	Properties	103,833	1,355,336	(1,251,503)	-92.3	241,244	1,631,900	(1,390,656)	-85.2
	Total	4,124,193	4,850,058	(725,865)	-15.0	12,378,135	13,155,536	(777,401)	-5.9

For the current quarter ended 31 December 2021, the Group's revenue declined by 15.0% to RM4.12 billion compared with RM4.85 billion in the corresponding quarter ended 31 December 2020.

In respect of the twelve months ended 31 December 2021, the Group's revenue reduced by 5.9% to RM12.38 billion compared with RM13.16 billion in the corresponding year ended 31 December 2020.

15. REVIEW OF PERFORMANCE (Continued)

15.1 Revenue (Continued)

(i) Automotive Sector

The Automotive sector recorded higher revenue mainly from PROTON, automotive distribution companies, and also from manufacturing & engineering companies.

(ii) Aerospace and Defence Sector

The Aerospace and Defence sector recorded lower revenue mainly due to lower contribution from Defence companies.

(iii) Postal Sector

The sector recorded lower revenue mainly attributed to shortfall in sales from mail, courier and international segments.

(iv) Banking Sector

The Banking sector posted lower revenue mainly due to decrease in capital gain income and decrease in income from investments, which was partially offset by higher financing income arising from overall increase in total financing and lower modification loss incurred during the current year.

(v) Services Sector

The Services sector recorded higher revenue mainly due to higher revenue recognised from logistics and aviation businesses, particularly from freight forwarding, automotive logistics services and higher cargo tonnage.

(vi) Properties Sector

The reduction is mainly due to lower revenue recognised from property development projects. In the corresponding year, the revenue from properties sector was mainly contributed by the disposal of property assets.

15. REVIEW OF PERFORMANCE (Continued)

15.2 Profit/(Loss) Before Tax

For the current quarter, the Group registered a pre-tax profit of RM153.37 million compared with the pre-tax profit of RM948.78 million in the corresponding financial quarter ended 31 December 2020. The higher profit recorded in the corresponding quarter is mainly due to the recognition of exceptional gains of RM945.95 million on disposals of property assets and investments.

For the full financial year ended 31 December 2021, the Group posted a pre-tax loss of RM291.27 million as compared with the pre-tax profit of RM540.10 million in the corresponding year ended 31 December 2020.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Compared with a pre-tax loss of RM201.42 million in the preceding quarter ended 30 September 2021, the Group recorded a pre-tax profit of RM153.37 million in the current quarter ended 31 December 2021 mainly contributed by better performance from Automotive companies.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

The Malaysian economy is expected to remain on its recovery path for 2022, in line with continued global growth and higher private sector spending. Malaysia's Gross Domestic Product ("GDP") registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). However, the recovery momentum is subject to risk factors related to COVID-19 globally and domestically.

DRB-HICOM's Automotive Sector remains a driving force for the Group's growth. PROTON ended 2021 on a high note by selling 114,708 cars, the highest since 2014. Despite the challenging business climate, PROTON's market share improved to 21.9% as compared to 20.5% in previous year. For 2021, PROTON held leadership positions in four model segments namely Saga (A-segment market), Exora (C-segment MPV), and both X50 and X70 in their respective segments (B-segment and C-segment SUV). The positive momentum is expected to continue with the extension of sales tax exemption for passenger vehicles until 30 June 2022. The Malaysian Automotive Association ("MAA") has forecast a 17.9% growth in total industry volume ("TIV") to 600,000 units for 2022 from 508,911 units recorded in 2021. New model launches and promotions from other marques within the Group will further fuel an increase in revenue for the segment.

As the global economy gradually reopens, DRB-HICOM businesses in aerospace and defence are expected to gear up their production whilst staying flexible in meeting ever-changing customers' demands. For the postal segment, the on-going turnaround plan focusing primarily on rigorous cost efficiency and customer centric strategy is expected to improve its overall performance. Other businesses in banking, services and properties will continue to operate efficiently by optimising cost management and improving business productivity.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 (Continued)

Given uncertainties surrounding the domestic and global front over the continuing emergence of new COVID-19 variants, despite the recovery efforts, the Group expects the financial year ending 31 December 2022 to remain challenging.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Current taxation	23,236	(102,345)	137,515	(63,593)
Deferred taxation	(53,141)	20,033	(79,834)	54,857
Total	(29,905)	(82,312)	57,681	(8,736)

For the financial year ended 31 December 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 was recently extended until 13 May 2022.
- (b) On 16 February 2022, Proton Cars (UK) Limited (“PCUK”), an indirect wholly-owned subsidiary company of the Group, has completed the divestment of its entire equity interest in Proton Finance Limited (“PFL”) comprising 9,999 ordinary shares representing approximately 49.995% equity interest in PFL, to Black Horse Group Limited, the 50% shareholder of PFL and a member of Lloyds Banking, at a cash consideration of £1.00 or approximately RM5.67 (based on exchange rate as at 16 February 2022).

21. BORROWINGS

Total Group borrowings are as follows:

	As at 31.12.2021 RM'000
Short-Term Borrowings	
(a) Bank overdrafts	
- Unsecured	4,203
Total	4,203
(b) Others	
<u>Secured</u>	
Bankers acceptances	490,394
Revolving credits	319,949
Short-term loans under Islamic financing	104,010
Hire purchase - portion repayable within 12 months	29,560
Long-term loans - portion repayable within 12 months	385,800
Long-term loans under Islamic financing - portion repayable within 12 months	650,899
Sub-total	1,980,612
<u>Unsecured</u>	
Bankers acceptances	366,357
Revolving credits	165,500
Short-term loans	16,885
Long-term loans - portion repayable within 12 months	587
Long-term loans under Islamic financing - portion repayable within 12 months	1,051
Sub-total	550,380
Total	2,530,992
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	76,305
- portion repayable within 12 months	(29,560)
	46,745
Long-term loans	881,022
- portion repayable within 12 months	(385,800)
	495,222
Long-term loans under Islamic financing	5,113,977
- portion repayable within 12 months	(650,899)
	4,463,078

21. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

	As at 31.12.2021 RM'000
(c) Long-Term Borrowings (Continued)	
<u>Unsecured</u>	
Long-term loans	587
- portion repayable within 12 months	(587)
	-
Long-term loans under Islamic financing	499,876
- portion repayable within 12 months	(1,051)
	498,825
Total	5,503,870
Grand Total	8,039,065

- (d) The Company had issued RM577 million from its Sukuk Wakalah programme during the financial year. The Sukuk Wakalah is classified as secured long-term loans under Islamic financing.
- (e) On 28 December 2021, PONS Capital Berhad, an indirect wholly-owned subsidiary company of PROTON Holdings Berhad had made its inaugural issuance of sukuk amounting to an aggregate of RM500 million in nominal value under its Sukuk Wakalah programme. The proceeds raised from the Sukuk Wakalah is utilised to finance the capital expenditure and working capital as well as refinance the outstanding borrowings. The Sukuk Wakalah is classified as secured long-term loans under Islamic financing.

21. BORROWINGS (Continued)

(f) 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 December 2021									
Secured									
Short-term loans under Islamic financing	GBP	4,616	26,001	-	-	-	GBP	4,616	26,001
	USD	18,703	78,009	-	-	-	USD	18,703	78,009
Short-term loans	USD	1,010	4,215	-	-	-	USD	1,010	4,215
Term loans under Islamic financing	USD	3,826	15,960	USD	11,937	49,788	USD	15,763	65,748
Term loans	USD	89,250	372,262	USD	52,025	216,996	USD	141,275	589,258
Total			496,447			266,784			763,231

22. OUTSTANDING DERIVATIVES

(a) Derivatives outstanding as at 31 December 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	1,103,660	1,463	5,499
Currency swaps foreign exchange contracts	1,430,413	7,611	1,426
Islamic profit rate swap	1,200,000	-	57,376
Share put option	1,626	1,626	-
	3,735,699	10,700	64,301

22. OUTSTANDING DERIVATIVES (Continued)

(a) (Continued)

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 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 year ended 31 December 2021, the Group recognised a total net gain of RM104.79 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 December 2021.

-The rest of this page is intentionally left blank-

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, 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 PONSB's appeal, upheld PONSB'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 PONSB 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 hearings fixed on 22 February 2021 until 25 February 2021 in relation to the above Arbitration Proceedings before a single arbitrator had proceeded as scheduled and have been duly completed. On 11 August 2021, the Tribunal of the Arbitration Proceedings made its decision and granted an Award in favour of PONSB and PACL. The said Tribunal had granted the Award, consisting of inter alia, the following declarations:

- (a) That the TA is valid and is a full and final settlement of all issues and disputes under the 2002 JVC according to the terms of the TA;
- (b) That the 2002 JVC had been terminated upon execution of the TA, whereupon all existing, future and accrued rights and obligations of the parties pertaining thereto have ceased and have no further effect;
- (c) That the TA was affirmed by Goldstar with its entry into the EJVC.

23. MATERIAL LITIGATION (Continued)

(a) (Continued)

(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 hearings 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.

(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.

23. MATERIAL LITIGATION (Continued)

(b) (Continued)

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 for the Arbitration Proceedings fixed between 16 August 2021 to 20 August 2021, 23 August 2021 to 27 August 2021 and 6 September 2021 to 10 September 2021. In relation thereto, the Arbitrator has fixed new hearing dates for the Arbitration Proceedings between 18 April 2022 to 22 April 2022, 25 April 2022 to 29 April 2022 and 30 May 2022 to 3 June 2022.

Following several discussions and negotiations held between MCDSB and CSCE, both parties have agreed to resolve all disputes amicably in respect of the Contracts, including the Arbitration Proceedings. In relation to this, MCDSB and CSCE have entered into a Settlement Agreement on 24 January 2022, the terms of which, inter alia provide that the execution of the Settlement Agreement constitutes a full and final settlement of all current and future disputes, that both parties' respective claims and counter-claims shall be withdrawn and that the Arbitration Proceedings shall be terminated upon the execution of the Settlement Agreement.

(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 the 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.

23. MATERIAL LITIGATION (Continued)

(c) (Continued)

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.

Pursuant to several discussions on settlement of all disputes between the Plaintiff and the Defendants, the parties have reached an amicable settlement and have agreed to record a Consent Judgment on 19 January 2022 at the Kuala Lumpur High Court. The said Consent Judgment among others, provide that the settlement shall act as the full and final settlement of all causes of action, claims, rights and disputes whatsoever between the parties whether under this suit or in connection thereof, and subject to the fulfilment of the terms under the Consent Judgment.

24. DIVIDEND

An announcement of the dividend payment for the financial year ended 31 December 2021 will be made upon the finalisation of the audited financial statements in April 2022.

25. EARNINGS/(LOSS) PER SHARE

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

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net profit/(loss) attributable to Owners of the Company (RM'000)	117,472	985,989	(296,422)	554,132
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)	6.08	51.00	(15.33)	28.66

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

26. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
Secretary

Shah Alam
24 February 2022