



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Period
Ended 30 June 2023

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/period ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue		3,981,517	3,554,047	8,085,088	6,623,605
Cost of sales and operating expenses		(3,927,450)	(3,447,108)	(7,878,548)	(6,505,064)
Other income		105,364	212,917	208,626	285,946
Other expenses		(36,269)	(72,666)	(77,591)	(105,116)
Profit from operations		123,162	247,190	337,575	299,371
Finance costs		(131,563)	(120,078)	(259,000)	(238,155)
Share of results of joint ventures (net of tax)		56,957	71,293	92,508	107,484
Share of results of associated companies (net of tax)		36,389	30,750	114,628	64,457
PROFIT BEFORE TAXATION	14	84,945	229,155	285,711	233,157
Taxation	19	(10,338)	(36,558)	(52,533)	(84,358)
NET PROFIT FOR THE FINANCIAL QUARTER/PERIOD		74,607	192,597	233,178	148,799
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Fair value loss on investment properties		-	-	-	(808)
Net loss on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		(735)	(7,564)	(1,483)	(9,924)
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain/(loss) on fair value changes of investment securities: financial assets at fair value through other comprehensive income		(1,322)	(31,476)	29,681	(34,136)
Currency translation differences of foreign operations		5,007	5,017	5,369	5,314

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
OTHER COMPREHENSIVE INCOME/(LOSS) (Continued)					
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income upon disposal		(8,884)	-	(10,373)	(339)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss upon disposal		-	-	-	9
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		(5,934)	(34,023)	23,194	(39,884)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/PERIOD		68,673	158,574	256,372	108,915
Net profit for the financial quarter/period attributable to:					
Owners of the Company		33,709	169,561	141,616	143,821
Holders of Perpetual Sukuk		5,890	-	11,715	-
Non-controlling interest		35,008	23,036	79,847	4,978
		74,607	192,597	233,178	148,799
Total comprehensive income for the financial quarter/period attributable to:					
Owners of the Company		29,802	145,232	158,292	115,121
Holders of Perpetual Sukuk		5,890	-	11,715	-
Non-controlling interest		32,981	13,342	86,365	(6,206)
		68,673	158,574	256,372	108,915
Basic and diluted earnings per share (sen):	25	1.74	8.77	7.33	7.44

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 2022 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,234,495	5,304,859
Investment properties		441,525	438,819
Inventories		2,077,190	2,129,423
Joint ventures		583,957	596,122
Associated companies		1,019,553	989,245
Intangible assets		1,741,237	1,556,792
Deferred tax assets		279,822	297,809
Investment securities: financial assets at fair value through profit or loss			
- Banking		192,858	180,376
- Non-banking		6,380	6,379
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		4,159,669	3,565,604
- Non-banking		65,668	65,668
Investment securities: financial assets at amortised cost			
- Banking		118,020	113,589
Trade and other receivables		1,785,360	1,773,885
Other assets		2,573	2,573
Banking related assets			
- Financing of customers		19,757,537	18,269,467
- Statutory deposit with Bank Negara Malaysia		585,388	417,091
		38,051,232	35,707,701
CURRENT ASSETS			
Assets and disposal group held for sale		145,493	12,025
Inventories		2,428,170	2,440,245
Trade and other receivables		3,020,146	3,036,740
Investment securities: financial assets at fair value through profit or loss			
- Banking		291,896	147,485
- Non-banking		27,264	36,789
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,436,485	1,500,275
Banking related assets			
- Cash and short-term funds		2,610,147	1,257,200
- Financing of customers		5,275,499	5,140,313
Bank balances and cash deposits		2,275,650	2,187,861
Derivative assets	22(a)	43,059	22,554
		17,553,809	15,781,487
TOTAL ASSETS		55,605,041	51,489,188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,745,040	5,625,413
Equity attributable to Owners of the Company		7,485,342	7,365,715
Perpetual Sukuk		353,761	354,020
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,385,765	1,299,400
TOTAL EQUITY		9,894,134	9,688,401
NON-CURRENT LIABILITIES			
Deferred income		2,152	2,351
Trade and other payables		27,401	336,354
Lease liabilities		172,204	189,711
Long-term borrowings	21(c)	6,355,411	6,134,426
Redeemable Convertible Cumulative Preference Shares		746,320	724,495
Post-employment benefit obligations		3,358	3,628
Deferred tax liabilities		248,051	248,010
Banking related liabilities			
- Deposits from customers		677,368	989,549
- Deposits and placements of banks and other financial institutions		332,683	301,388
- Recourse obligation on financing sold to Cagamas		1,219,774	733,174
		9,784,722	9,663,086
CURRENT LIABILITIES			
Liabilities related to disposal group held for sale		77,007	3,467
Deferred income		4,408	4,911
Trade and other payables		4,726,490	4,762,551
Lease liabilities		73,991	73,236
Provision for liabilities and charges		479,110	362,820
Post-employment benefit obligations		683	510
Bank borrowings			
- Bank overdrafts	21(a)	3,321	3,205
- Others	21(b)	1,703,019	1,809,448
Banking related liabilities			
- Deposits from customers		28,569,824	25,053,543
- Deposits and placements of banks and other financial institutions		252,647	2,000
- Bills and acceptances payable		16,198	20,218
Derivative liabilities	22(a)	19,487	41,792
		35,926,185	32,137,701
TOTAL LIABILITIES		45,710,907	41,800,787
TOTAL EQUITY AND LIABILITIES		55,605,041	51,489,188
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.87	3.81

* 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 2022 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 2023	1,933,237	1,740,302	1,214,085	4,600	(32,606)	238,309	4,201,025	7,365,715	354,020	669,266	1,299,400	9,688,401
Net profit for the financial period	-	-	-	-	-	-	141,616	141,616	11,715	-	79,847	233,178
Other comprehensive income for the financial period, net of tax	-	-	-	4,199	12,477	-	-	16,676	-	-	6,518	23,194
Total comprehensive income for the financial period	-	-	-	4,199	12,477	-	141,616	158,292	11,715	-	86,365	256,372
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(59)	-	59	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	11,467	(11,467)	-	-	-	-	-
<u>Transactions with Owners</u>												
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(11,974)	-	-	(11,974)
Final dividend in respect of financial year ended 31 December 2022	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 30 June 2023	1,933,237	1,740,302	1,214,085	8,799	(20,188)	249,776	4,292,568	7,485,342	353,761	669,266	1,385,765	9,894,134

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	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 2022	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
Net profit for the financial period	-	-	-	-	-	-	143,821	143,821	-	4,978	148,799
Other comprehensive (loss)/income for the financial period, net of tax	-	-	-	3,188	(31,080)	(808)	-	(28,700)	-	(11,184)	(39,884)
Total comprehensive income/(loss) for the financial period	-	-	-	3,188	(31,080)	(808)	143,821	115,121	-	(6,206)	108,915
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	330	-	(330)	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	22,509	(22,509)	-	-	-	-
<u>Transactions with Owners</u>											
Final dividend in respect of financial year ended 31 December 2021	-	-	-	-	-	-	(38,665)	(38,665)	-	-	(38,665)
At 30 June 2022	1,933,237	1,740,302	1,214,085	6,267	(73,888)	179,174	4,213,232	7,279,172	669,266	1,219,638	9,168,076

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 2022 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Period 6 Months Ended 30.06.2023 RM'000	Financial Period 6 Months Ended 30.06.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	233,178	148,799
Adjustments:		
- Amortisation of intangible assets	155,306	109,953
- Depreciation of property, plant and equipment	339,760	340,135
- Finance costs	259,000	238,155
- Income from disposal of a former subsidiary company	-	(119,512)
- Taxation	52,533	84,358
- Share of results of joint ventures (net of tax)	(92,508)	(107,484)
- Share of results of associated companies (net of tax)	(114,628)	(64,457)
- Others	(33,161)	7,742
Operating profit before working capital changes	799,480	637,689
Changes in working capital:		
Net increase in banking related assets	(1,846,833)	(1,521,410)
Net increase banking related liabilities	3,482,024	594,271
Net increase in assets	(85,635)	(631,827)
Net (decrease)/increase in liabilities	(16,141)	66,485
Net cash generated/(used) in operations	2,332,895	(854,792)
Interest received	23,172	15,664
Tax paid, net of refund	(77,752)	(57,895)
Finance costs paid	(79,736)	(68,225)
Provision for liabilities and charges paid	(10,043)	(22,086)
Post-employment benefit obligations paid	(538)	(125)
Net cash inflow/(outflow) from operating activities	2,187,998	(987,459)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities	(16,576)	(18,005)
Additional investment in a joint venture	(3,200)	-
Dividends received from a joint venture	108,149	-
Dividends received from an associated company	84,320	24,460
Dividends received from other investments	-	150
Movement in fixed deposits placement with maturity profile more than 3 months	4,000	(4,172)
Proceeds from disposal of a former subsidiary company	-	119,512
Proceeds from disposal of property, plant and equipment	2,134	671
Proceeds from redemption of fund investments	26,576	22,978
Purchases of property, plant and equipment/intangible assets	(645,996)	(355,419)
(Acquisitions)/redemptions of investment securities by a banking subsidiary company (net)	(637,121)	223,803
Net cash (outflow)/inflow from investing activities	(1,077,714)	13,978

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Period 6 Months Ended 30.06.2023 RM'000	Financial Period 6 Months Ended 30.06.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(11,974)	-
Dividends paid to shareholders	(38,665)	-
Finance costs paid	(148,337)	(136,422)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	70,464	96,289
Payment of the principal portion of lease liabilities	(46,430)	(51,838)
Proceeds from bank borrowings	2,748,519	3,455,451
Proceed from recourse obligation on financing sold to Cagamas	500,000	600,000
Repayment of bank borrowings	(2,631,540)	(2,691,502)
Repayment of principal for recourse obligation on financing sold to Cagamas	(15,642)	(431,538)
Net cash inflow from financing activities	426,395	840,440
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,536,679	(133,041)
Effects of foreign currency translation	3,175	(3,856)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	3,005,741	3,320,938
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	4,545,595	3,184,041
Cash and cash equivalents at end of the financial period comprise the following:		
Bank balances and cash deposits	2,275,650	3,107,026
Banking related assets - cash and short-term funds	2,610,147	631,327
Bank overdrafts	(3,321)	(2,690)
	4,882,476	3,735,663
Less: Bank balances and fixed deposits held as security/sinking fund	(339,704)	(533,339)
Less: Fixed deposits with maturity profile of more than 3 months	(470)	(4,639)
Less: Bank balances in respect of Automotive Development Fund liabilities	(3,893)	(3,344)
Less: Collections held by a postal subsidiary company on behalf of third parties	(7,075)	(11,126)
Add: Cash and cash equivalents attributable to the disposal group held for sale	14,261	826
	4,545,595	3,184,041

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 2022 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 2022 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 2022, except for the adoption of the following amendments to standards which are applicable to the Group with effect from 1 January 2023:

Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

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 30 June 2023.

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 30 June 2023.

5. CHANGES IN ESTIMATES

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

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Other than as disclosed in Note 21(d) on page 20, 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 period ended 30 June 2023.

7. DIVIDEND PAID

The shareholders approved a final dividend of 2.0 sen per share at the last Annual General Meeting held on 29 May 2023 in respect of the financial year ended 31 December 2022. The dividend of RM38,664,741 was paid on 28 June 2023.

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8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 June 2023 is as follows:

	Automotive	Aerospace and Defence	Postal	Banking	Services	Properties	Investments and Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total revenue	5,885,675	312,840	549,797	820,049	507,673	139,629	12,125	8,227,788
Inter-segment revenue	(11,274)	-	(3,406)	(13,279)	(102,616)	-	(12,125)	(142,700)
External revenue	5,874,401	312,840	546,391	806,770	405,057	139,629	-	8,085,088
Results								
Segment profit/(loss)	224,980	(3,118)	(70,958)	143,518	45,922	6,366	10,209	356,919
Unallocated expenses								(45,620)
Interest income on short-term deposits								26,276
Finance costs								(259,000)
Share of results of joint ventures (net of tax)	92,508	-	-	-	-	-	-	92,508
Share of results of associated companies (net of tax)	114,307	-	-	-	321	-	-	114,628
Profit before taxation								285,711
Taxation								(52,533)
Net profit for the financial period								233,178
Attributable to:								
Owners of the Company								141,616
Holder of Perpetual Sukuk								11,715
Non-controlling interest								79,847

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 period and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

On 27 January 2023, HICOM Automotive Plastics (Thailand) Limited (“HAPTAL”), an indirect 50.99% owned dormant subsidiary company of the Group, was wound up and as a result, HAPTAL ceased to be a subsidiary company of the Group.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD

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

	As at 30.06.2023		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Contingent liabilities			
Direct credit substitutes	402,630	402,630	389,774
Trade-related contingencies	96,625	19,325	311
Transaction-related contingencies	361,309	180,653	170,452
Commitments			
Credit extension commitment:			
- Maturity within one year	866,001	173,200	147,140
- Maturity exceeding one year	1,288,571	644,286	482,685
Other miscellaneous commitments & contingencies	232,241	21,593	16,194
Islamic derivative financial Instruments			
Foreign exchange related contracts	1,496,533	50,812	42,381
	4,743,910	1,492,499	1,248,937

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

14. PROFIT BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Allowance for financing of customers (net of write-back/recovered)	15,729	4,357	34,866	8,617
Amortisation of intangible assets	92,665	55,252	155,306	109,953
Depreciation of property, plant and equipment	165,715	170,185	339,760	340,135
Finance costs	131,563	120,078	259,000	238,155
Unrealised foreign exchange differences (net)	25,493	46,182	16,442	63,396
(Write-back)/write-down of inventories (net)	(8,704)	9,805	(9,838)	6,351
Write-off/(write-back) of property, plant and equipment	35	(143)	71	793
Gain on disposal of (net):				
- investment securities	(8,903)	(18)	(10,391)	(370)
- property, plant and equipment	(1,538)	(251)	(1,609)	(388)
(Gain)/loss on fair value adjustment of investment securities (net)	(5,895)	3,690	(4,752)	2,104
Income from disposal of a former subsidiary company	-	(119,512)	-	(119,512)
Interest income on short-term deposits	(13,598)	(7,988)	(26,276)	(15,416)
Marked to market gain on derivatives (net)	(21,860)	(65,990)	(42,812)	(93,958)
(Reversal of impairment)/impairment loss of property, plant and equipment (net)	(833)	205	-	30
(Write-back of)/allowance for expected credit losses (net)	(12,204)	1,704	(9,915)	1,099

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Period 6 Months Ended		Variance	
		30.06.2023 RM'000	30.06.2022 RM'000	RM'000	% +/-	30.06.2023 RM'000	30.06.2022 RM'000	RM'000	% +/-
(i)	Automotive	2,850,041	2,530,036	320,005	12.6	5,874,401	4,597,474	1,276,927	27.8
(ii)	Aerospace and Defence	144,212	149,044	(4,832)	-3.2	312,840	309,365	3,475	1.1
(iii)	Postal	267,985	349,121	(81,136)	-23.2	546,391	655,754	(109,363)	-16.7
(iv)	Banking	427,476	302,696	124,780	41.2	806,770	587,689	219,081	37.3
(v)	Services	200,684	172,741	27,943	16.2	405,057	357,562	47,495	13.3
(vi)	Properties	91,119	50,409	40,710	80.8	139,629	115,761	23,868	20.6
	Total	3,981,517	3,554,047	427,470	12.0	8,085,088	6,623,605	1,461,483	22.1

For the current quarter ended 30 June 2023, the Group's revenue increased by 12.0% to RM3.98 billion compared with RM3.55 billion in the corresponding quarter ended 30 June 2022.

In respect of the six months ended 30 June 2023, the Group's revenue increased by 22.1% to RM8.09 billion compared with RM6.62 billion in the corresponding period ended 30 June 2022.

(i) Automotive Sector

The Automotive sector recorded higher revenue mainly from PROTON, automotive distribution companies and manufacturing & engineering companies. In the corresponding quarter/period, the sector recorded lower revenue mainly due to PROTON's lower sales which were affected by the lack of available stocks, as a result of disruption in supply by the flood-affected local vendors and global chip shortages.

(ii) Aerospace and Defence Sector

The Aerospace and Defence sector recorded higher revenue mainly due to higher delivery of single-aisle and certain aircraft parts, which was partially offset by the lower delivery of defence products.

(iii) Postal Sector

The Postal sector recorded lower revenue mainly due to the drop in courier business following the decrease in overall parcel volume consequent to increased insourcing by e-commerce market players, shifting demand from online shopping to bricks-and-mortar purchases and heightened competition from other courier players.

15. REVIEW OF PERFORMANCE (Continued)

15.1 Revenue (Continued)

(iv) Banking Sector

The Banking sector achieved higher revenue primarily due to higher financing income led by the growth in financing volume attributed to sustainable growth and expanding customer base as well as a rise in the Overnight Policy Rate (“OPR”) to 3.00% in the current period against 2.00% in the corresponding period.

(v) Services Sector

The Services sector recorded higher revenue mainly due to higher revenue driven by the in-flight catering business with a higher number of meals prepared as well as new contracts secured by the logistics business.

(vi) Properties Sector

The increase in revenue is mainly due to higher revenue recognised from property construction projects, which was partially offset by lower revenue from development projects.

15.2 Profit Before Tax

The Group registered a pre-tax profit of RM84.95 million for the current quarter ended 30 June 2023 compared with the pre-tax profit of RM229.16 million in the corresponding quarter ended 30 June 2022. The higher results in the corresponding quarter were mainly due to the Group recognising the income arising from the disposal of a former subsidiary company amounting to RM119.51 million under other income in relation to the disposal of a former subsidiary company, Lotus Advance Technologies Sdn. Bhd.

For the six months ended 30 June 2023, the Group posted a pre-tax profit of RM285.71 million as compared with the pre-tax profit of RM233.16 million in the corresponding period ended 30 June 2022. The higher results for the current period were mainly due to higher profits from the Automotive sector. In the corresponding period, certain automotive companies recorded lower profits mainly due to the lack of available stocks, as a result of disruption in supply by the flood-affected local vendors and global chip shortages.

16. COMPARISON WITH THE PRECEDING QUARTER’S RESULTS

The Group recorded a lower pre-tax profit of RM84.95 million in the current quarter ended 30 June 2023 compared with a pre-tax profit of RM200.77 million in the preceding quarter ended 31 March 2023 mainly due to lower profit from the Automotive, Aerospace & Defence and Services sectors.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

Malaysia's economy is set to navigate through the second half of 2023, backed by continued recovery in the labour market, implementation of new and existing investment projects and higher tourism activity. Underpinned by strong domestic demand, the growth is projected to remain between 4% and 5% in 2023. Globally, supply chains have also largely recovered post COVID-19 pandemic and overall economic activities remain resilient with the International Monetary Fund projecting a modest global growth of 3.0% in 2023 (2022: 3.5%).

In the first half of 2023, Malaysia's Total Industry Volume ("TIV") closed at a new high of 366,037 units (first half of 2022: 331,746 units), surpassing pre-pandemic levels with sustained momentum following a strong rebound in the previous year. For the full year 2023, the Malaysian Automotive Association has revised its TIV forecast upwards from 650,000 units to 725,000 units.

During this period, PROTON recorded an impressive 28.6% increase in sales volume of 77,321 units, with Saga, X50 and Persona contributing more than 80% of PROTON's total sales volume. PROTON's first new energy vehicle ("NEV"), Proton X90, continued to garner strong local demand to become the new D-segment SUV leader. Other marques within the DRB-HICOM group (the "Group"), such as the all-new HONDA WR-V, is also taking the lead in the small SUV market with over 2,500 bookings within a month of its launch. Overall, demand for the Group's offerings remains healthy. The Group will continue to execute plans to enhance product ranges and service levels, including entry into the Malaysian EV market.

To ensure sustainable growth, the Group will continue to strengthen operational efficiency and cost management initiatives for its other core sectors of Aerospace and Defence, Banking, Services and Properties. Postal sector remains on track in its transformation roadmap, leveraging on technology to enhance customer experience and continue to adopt prudent cost control discipline.

The Group expects a satisfactory financial performance for the financial year ending 31 December 2023 as compared to the previous year.

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 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Current taxation	18,906	24,121	48,607	70,605
Deferred taxation	(8,568)	12,437	3,926	13,753
Total	10,338	36,558	52,533	84,358

For the financial period ended 30 June 2023, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses not deductible for income tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 13 February 2020, Pos Aviation Sdn. Bhd. ("PASB"), an indirect 53.5% owned subsidiary company of the Group, entered into a Share Purchase Agreement ("SPA") and a Shareholders' Agreement with SIA Engineering Company Limited ("SECL") for the proposed divestment of its 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd. ("PAESSB") to SECL. PAESSB is a wholly-owned subsidiary company of PASB. The proposed divestment was completed on 10 August 2023 with a final cash consideration of RM4.00 million, in accordance with the terms and conditions of the SPA dated 13 February 2020.
- (b) On 3 July 2023, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect 50.1% owned subsidiary company of the Group, completed the Share Purchase Agreement dated 26 June 2023, involving the divestment of its 51,486,267 ordinary shares, which represented a 60% equity interest in Advanced Vehicle Engineering Global Sdn. Bhd. ("AVEE Global"). The shares were sold to AAPICO Hitech Public Company Limited ("AAPICO" or "Purchaser") for a cash consideration of RM40.70 million. As a result of this divestment, PONSBS's equity interest in AVEE Global has been reduced from 100% to 40%. AVEE Global has now been reclassified as an indirect associated company of the Group, with an effective 20.04% ownership. On 18 July 2023, AVEE Global has changed its name to AAPICO AVEE Sdn. Bhd.

21. BORROWINGS

Total Group borrowings are as follows:

	As at 30.06.2023 RM'000
Short-Term Borrowings	
(a) Bank overdrafts	
- Secured	900
- Unsecured	2,421
Total	3,321
(b) Others	
<u>Secured</u>	
Bankers acceptances	367,448
Revolving credits	141,513
Short-term loans	53,790
Hire purchase - portion repayable within 12 months	25,156
Long-term loans - portion repayable within 12 months	47,842
Long-term loans under Islamic financing - portion repayable within 12 months	452,371
Sub-total	1,088,120
<u>Unsecured</u>	
Bankers acceptances	486,160
Revolving credits	120,600
Long-term loans under Islamic financing - portion repayable within 12 months	8,139
Sub-total	614,899
Total	1,703,019
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	61,343
- portion repayable within 12 months	(25,156)
	36,187
Long-term loans	312,889
- portion repayable within 12 months	(47,842)
	265,047

21. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

	As at 30.06.2023 RM'000
(c) Long-Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long-term loans under Islamic financing - portion repayable within 12 months	5,707,962 (452,371)
	5,255,591
<u>Unsecured</u>	
Long-term loans under Islamic financing - portion repayable within 12 months	806,725 (8,139)
	798,586
Total	6,355,411
Grand Total	8,061,751

- (d) The Company issued RM290 million from its Sukuk Wakalah programme during the financial period, classified as secured long-term loans under Islamic financing.
- (e) 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 30 June 2023									
Secured									
Short-term loans	USD	1,141	5,317	-	-	-	USD	1,141	5,317
Term loans under Islamic financing	USD	4,060	18,915	USD	5,914	27,551	USD	9,974	46,466
Term loans	USD	7,400	34,473	-	-	-	USD	7,400	34,473
Total			58,705			27,551			86,256

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 June 2023 consist mainly of currency forward foreign exchange contracts, currency swaps foreign exchange contracts 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	1,282,410	35,341	4,785
Currency swaps foreign exchange contracts	651,842	6,092	14,702
Share put option	1,626	1,626	-
	1,935,878	43,059	19,487

There has been no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2022:

- (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 arising from fair value changes of financial derivatives

During the financial period ended 30 June 2023, the Group recognised a total net gain of RM42.81 million arising from the fair value changes on the currency forward foreign exchange contracts, currency swaps foreign exchange contracts and share put option, which are marked to market as at 30 June 2023.

23. MATERIAL LITIGATION

There is no material litigation as at the date of this report.

24. DIVIDEND

No interim dividend has been declared in the financial period ended 30 June 2023.

25. EARNINGS PER SHARE

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Net profit attributable to Owners of the Company (RM'000)	33,709	169,561	141,616	143,821
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted earnings per share (sen)	1.74	8.77	7.33	7.44

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 August 2023