



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Period
Ended 30 September 2023

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Revenue		3,996,174	4,540,778	12,081,262	11,164,383
Cost of sales and operating expenses		(3,935,350)	(4,333,758)	(11,813,898)	(10,838,822)
Other income		105,923	88,486	314,549	374,432
Other expenses		(5,936)	(33,465)	(83,527)	(138,581)
Profit from operations		160,811	262,041	498,386	561,412
Finance costs		(136,469)	(136,282)	(395,469)	(374,437)
Share of results of joint ventures (net of tax)		53,898	75,885	146,406	183,369
Share of results of associated companies (net of tax)		37,249	48,316	151,877	112,773
PROFIT BEFORE TAXATION	14	115,489	249,960	401,200	483,117
Taxation	19	5,236	(28,131)	(47,297)	(112,489)
NET PROFIT FOR THE FINANCIAL QUARTER/PERIOD		120,725	221,829	353,903	370,628
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 gain/(loss) on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		3,634	(2,571)	2,151	(12,495)
<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		(4,667)	(14,212)	25,014	(48,348)
Currency translation differences of foreign operations		(526)	4,845	4,843	10,159

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 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		(7,657)	(1,192)	(18,030)	(1,531)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss upon disposal		(2,555)	-	(2,555)	9
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		(11,771)	(13,130)	11,423	(53,014)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/PERIOD		108,954	208,699	365,326	317,614
Net profit for the financial quarter/period attributable to:					
Owners of the Company		70,800	143,953	212,416	287,774
Holders of Perpetual Sukuk		7,361	2,330	19,076	2,330
Non-controlling interest		42,564	75,546	122,411	80,524
		120,725	221,829	353,903	370,628
Total comprehensive income for the financial quarter/period attributable to:					
Owners of the Company		62,725	134,134	221,017	249,255
Holders of Perpetual Sukuk		7,361	2,330	19,076	2,330
Non-controlling interest		38,868	72,235	125,233	66,029
		108,954	208,699	365,326	317,614
Basic and diluted earnings per share (sen):	25	3.66	7.45	10.99	14.89

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 30.09.2023 RM'000	As at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,276,792	5,304,859
Investment properties		436,658	438,819
Inventories		2,106,945	2,129,423
Joint ventures		599,301	596,122
Associated companies		1,096,371	989,245
Intangible assets		1,691,257	1,556,792
Deferred tax assets		316,094	297,809
Investment securities: financial assets at fair value through profit or loss			
- Banking		223,479	180,376
- Non-banking		6,380	6,379
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		4,821,832	3,565,604
- Non-banking		65,668	65,668
Investment securities: financial assets at amortised cost			
- Banking		117,969	113,589
Trade and other receivables		1,748,434	1,773,885
Other assets		2,573	2,573
Banking related assets			
- Financing of customers		20,967,677	18,269,467
- Statutory deposit with Bank Negara Malaysia		557,614	417,091
		40,035,044	35,707,701
CURRENT ASSETS			
Assets and disposal group held for sale		2,000	12,025
Inventories		2,247,614	2,440,245
Trade and other receivables		2,965,189	3,036,740
Investment securities: financial assets at fair value through profit or loss			
- Banking		75,715	147,485
- Non-banking		6,429	36,789
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,177,241	1,500,275
Banking related assets			
- Cash and short-term funds		1,042,513	1,257,200
- Financing of customers		5,595,874	5,140,313
Bank balances and cash deposits		2,390,722	2,187,861
Derivative assets	22(a)	43,016	22,554
		15,546,313	15,781,487
TOTAL ASSETS		55,581,357	51,489,188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,810,591	5,625,413
Equity attributable to Owners of the Company		7,550,893	7,365,715
Perpetual Sukuk		792,084	354,020
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,537,177	1,299,400
TOTAL EQUITY		10,549,420	9,688,401
NON-CURRENT LIABILITIES			
Deferred income		2,085	2,351
Trade and other payables		11,109	336,354
Lease liabilities		169,518	189,711
Long-term borrowings	21(c)	6,281,837	6,134,426
Redeemable Convertible Cumulative Preference Shares		757,664	724,495
Post-employment benefit obligations		3,433	3,628
Deferred tax liabilities		238,837	248,010
Banking related liabilities			
- Deposits from customers		931,064	989,549
- Deposits and placements of banks and other financial institutions		337,667	301,388
- Recourse obligation on financing sold to Cagamas		1,214,820	733,174
		9,948,034	9,663,086
CURRENT LIABILITIES			
Liabilities related to disposal group held for sale		-	3,467
Deferred income		3,917	4,911
Trade and other payables		4,930,501	4,762,551
Lease liabilities		119,052	73,236
Provision for liabilities and charges		455,488	362,820
Post-employment benefit obligations		602	510
Bank borrowings			
- Bank overdrafts	21(a)	3,390	3,205
- Others	21(b)	1,178,117	1,809,448
Banking related liabilities			
- Deposits from customers		28,265,601	25,053,543
- Deposits and placements of banks and other financial institutions		95,342	2,000
- Bills and acceptances payable		13,385	20,218
Derivative liabilities	22(a)	18,508	41,792
		35,083,903	32,137,701
TOTAL LIABILITIES		45,031,937	41,800,787
TOTAL EQUITY AND LIABILITIES		55,581,357	51,489,188
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.91	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	-	-	-	-	-	-	212,416	212,416	19,076	-	122,411	353,903
Other comprehensive income for the financial period, net of tax	-	-	-	2,207	6,394	-	-	8,601	-	-	2,822	11,423
Total comprehensive income for the financial period	-	-	-	2,207	6,394	-	212,416	221,017	19,076	-	125,233	365,326
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(231)	-	231	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	19,505	(19,505)	-	-	-	-	-
Effect of changes in shareholding in a subsidiary company	-	-	-	-	-	-	2,826	2,826	-	-	1,174	4,000
Share subscription in a subsidiary company by a non-controlling interest shareholder	-	-	-	-	-	-	-	-	-	-	6,370	6,370
Sub-total carried forward	1,933,237	1,740,302	1,214,085	6,807	(26,443)	257,814	4,396,993	7,589,558	373,096	669,266	1,432,177	10,064,097

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	6,807	(26,443)	257,814	4,396,993	7,589,558	373,096	669,266	1,432,177	10,064,097
<u>Transactions with Owners</u>												
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	442,742	-	105,000	547,742
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(23,754)	-	-	(23,754)
Final dividend in respect of financial year ended 31 December 2022	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 30 September 2023	1,933,237	1,740,302	1,214,085	6,807	(26,443)	257,814	4,358,328	7,550,893	792,084	669,266	1,537,177	10,549,420

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 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	-	-	-	-	-	-	287,774	287,774	2,330	-	80,524	370,628
Other comprehensive (loss)/income for the financial period, net of tax	-	-	-	5,951	(43,662)	(808)	-	(38,519)	-	-	(14,495)	(53,014)
Total comprehensive income/(loss) for the financial period	-	-	-	5,951	(43,662)	(808)	287,774	249,255	2,330	-	66,029	317,614
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	15,354	-	(15,354)	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	19,996	(19,996)	-	-	-	-	-
<u>Transactions with Owners</u>												
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	345,735	-	-	345,735
Final dividend in respect of financial year ended 31 December 2021	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 30 September 2022	1,933,237	1,740,302	1,214,085	9,030	(71,446)	176,661	4,344,674	7,413,306	348,065	669,266	1,291,873	9,722,510

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 9 Months Ended 30.09.2023 RM'000	Financial Period 9 Months Ended 30.09.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	353,903	370,628
Adjustments:		
- Amortisation of intangible assets	241,363	161,589
- Depreciation of property, plant and equipment	517,091	514,795
- Finance costs	395,469	374,437
- Income from disposal of a former subsidiary company	-	(119,512)
- Taxation	47,297	112,489
- Share of results of joint ventures (net of tax)	(146,406)	(183,369)
- Share of results of associated companies (net of tax)	(151,877)	(112,773)
- Others	29,935	109,131
Operating profit before working capital changes	1,286,775	1,227,415
Changes in working capital:		
Net increase in banking related assets	(3,375,156)	(2,351,692)
Net increase banking related liabilities	3,276,363	1,291,228
Net increase/(decrease) in assets	151,951	(819,386)
Net increase in liabilities	94,647	377,665
Net cash generated/(used) in operations	1,434,580	(274,770)
Interest received	41,549	26,781
Tax paid, net of refund	(107,043)	(48,609)
Finance costs paid	(94,063)	(116,596)
Provision for liabilities and charges paid	(37,672)	(28,479)
Post-employment benefit obligations paid	(283)	(351)
Net cash inflow/(outflow) from operating activities	1,237,068	(442,024)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities	(16,576)	(17,909)
Additional investment in a joint venture	(4,000)	-
Dividends received from joint ventures	127,710	86,096
Dividends received from associated companies	88,230	31,320
Dividends received from other investments	-	967
Movement in fixed deposit placement with maturity profile more than 3 months	4,470	(1,135)
Net cash inflow from partial disposal of equity interest in a subsidiary company	26,689	-
Proceeds from disposal of an associated company	1,301	-
Proceeds from disposal of a former subsidiary company	-	119,512
Proceeds from disposal of partial equity interest in a subsidiary company	4,000	-
Proceeds from liquidation of an associated company	4,201	-
Proceeds from disposal of property, plant and equipment	33,305	803
Proceeds from redemption of fund investments	26,576	47,852
Purchases of property, plant and equipment/intangible assets	(828,820)	(571,604)
Share subscription in a subsidiary company by non-controlling interest shareholder	6,370	-
(Acquisitions)/redemptions of investment securities by a banking subsidiary company (net)	(889,425)	170,979
Net cash outflow from investing activities	(1,415,969)	(133,119)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Period 9 Months Ended 30.09.2023 RM'000	Financial Period 9 Months Ended 30.09.2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(23,754)	-
Dividends paid to shareholders	(38,665)	(38,665)
Finance costs paid	(215,122)	(194,862)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	(46,388)	24,359
Net proceeds from issuance of Perpetual Sukuk	547,742	345,735
Payment of the principal portion of lease liabilities	(68,287)	(76,939)
Proceeds from bank borrowings	2,972,496	4,277,724
Proceed from recourse obligation on financing sold to Cagamas	500,000	600,000
Repayment of bank borrowings	(3,482,168)	(4,099,855)
Repayment of principal for recourse obligation on financing sold to Cagamas	(23,727)	(438,012)
Net cash inflow from financing activities	122,127	399,485
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,774)	(175,658)
Effects of foreign currency translation	2,646	(3,478)
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	2,951,613	3,141,802
Cash and cash equivalents at end of the financial period comprise the following:		
Bank balances and cash deposits	2,390,722	3,079,356
Banking related assets - cash and short-term funds	1,042,513	686,808
Bank overdrafts	(3,390)	(2,999)
	3,429,845	3,763,165
Less: Bank balances and fixed deposits held as security/sinking fund	(456,556)	(605,269)
Less: Fixed deposits with maturity profile of more than 3 months	-	(1,602)
Less: Bank balances in respect of Automotive Development Fund liabilities	(3,608)	(4,463)
Less: Collections held by a postal subsidiary company on behalf of third parties	(18,068)	(10,715)
Add: Cash and cash equivalents attributable to the disposal group held for sale	-	686
	2,951,613	3,141,802

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 September 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 September 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 the following issuance as disclosed in the Condensed Consolidated Statement of Changes in Equity on page 6 and Note 21(d) on page 21 respectively, 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 September 2023.

- (a) On 24 August 2023, the Company had undertaken the issuance of Sukuk Musharakah amounting to RM200 million. The net proceeds arising from the issuance (after the deduction of expenses incidental to Sukuk Musharakah) were utilised to finance working capital requirements, investment activities and other general corporate purposes.
- (b) On 19 September 2023, Bank Muamalat Malaysia Berhad (“BMMB”), a 70% owned subsidiary company of the Group established a perpetual Sukuk Wakalah Programme of RM5.0 billion in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar (“Sukuk Wakalah Programme”) for the issuance of (i) Senior Sukuk Wakalah (“Senior Sukuk Wakalah”) and/or (ii) Tier-2 Subordinated Sukuk Wakalah (“Tier 2 Sukuk Wakalah”) and/or (iii) Additional Tier-1 Capital Sukuk Wakalah (“AT-1 Sukuk Wakalah”) which was lodged with the Securities Commission Malaysia on 24 August 2023.

On 29 September 2023, BMMB issued RM350 million of AT-1 Sukuk Wakalah from its Sukuk Wakalah Programme to finance its Islamic financing activities, working capital requirements and/or investment activities. As of the reporting date, the AT-1 Sukuk Wakalah is recognised in the consolidated statement of changes in equity.

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.

8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 September 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	8,777,461	470,825	824,772	1,279,536	749,659	168,657	18,185	12,289,095
Inter-segment revenue	(17,094)	-	(13,394)	(19,434)	(139,726)	-	(18,185)	(207,833)
External revenue	8,760,367	470,825	811,378	1,260,102	609,933	168,657	-	12,081,262
Results								
Segment profit/(loss)	326,740	(4,315)	(97,870)	231,102	44,047	13,662	27,677	541,043
Unallocated expenses								(86,896)
Interest income on short-term deposits								44,239
Finance costs								(395,469)
Share of results of joint ventures (net of tax)	146,406	-	-	-	-	-	-	146,406
Share of results of associated companies (net of tax)	152,288	-	-	-	(411)	-	-	151,877
Profit before taxation								401,200
Taxation								(47,297)
Net profit for the financial period								353,903
Attributable to:								
Owners of the Company								212,416
Holder of Perpetual Sukuk								19,076
Non-controlling interest								122,411

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 SEPTEMBER 2023

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

- (a) 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.
- (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 for a cash consideration of RM40.70 million. As a result of this divestment, PONSb’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 changed its name to AAPICO AVEE Sdn. Bhd.
- (c) On 10 August 2023, Pos Aviation Sdn. Bhd. (“PASB”), an indirect 53.5% owned subsidiary company of the Group, completed the proposed divestment of its 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd. (“PAESSB”) to SIA Engineering Company Limited with a final cash consideration of RM4.00 million. As a result, PASB’s equity interest in PAESSB reduced to 51% and hence, PAESSB became an indirect 27.29% owned subsidiary company of the Group.
- (d) On 20 August 2023, HICOM Holdings Berhad, a wholly owned subsidiary of the Group, completed the divestment of its entire 25% equity interest in Marutech Elastomer Sdn. Bhd. (“Marutech”) to Zebcycle (M) Sdn. Bhd. for a cash consideration of RM1,301,451. As a result, Marutech ceased to be an indirect associated 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 30.09.2023		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Contingent liabilities			
Direct credit substitutes	452,456	452,456	442,465
Trade-related contingencies	105,806	21,161	3,140
Transaction-related contingencies	379,515	189,757	180,915
Commitments			
Credit extension commitment:			
- Maturity within one year	890,851	178,170	159,980
- Maturity exceeding one year	1,241,830	620,915	439,025
Other miscellaneous commitments & contingencies	250,030	25,735	19,301
Islamic derivative financial Instruments			
Foreign exchange related contracts	2,022,130	51,562	45,227
	5,342,618	1,539,756	1,290,053

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 9 Months Ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Allowance for financing of customers	18,742	13,694	53,608	22,311
Amortisation of intangible assets	86,057	51,636	241,363	161,589
Depreciation of property, plant and equipment	177,331	174,660	517,091	514,795
Finance costs	136,469	136,282	395,469	374,437
Unrealised foreign exchange differences	3,580	24,411	20,022	87,807
Write-down of inventories	84,787	4,205	74,949	10,556
(Write-back)/write-off of property, plant and equipment	(7,532)	61	(7,461)	854
Gain on disposal of (net):				
- investment securities	(7,657)	(1,196)	(18,048)	(1,566)
- partial equity interest in a former subsidiary company	(5,099)	-	(5,099)	-
- property, plant and equipment	(1,120)	(82)	(2,729)	(470)
- an associated company	(1,301)	-	(1,301)	-
Loss/(gain) on fair value adjustment of investment securities (net)	5,687	(3,986)	935	(1,882)
Income from disposal of a former subsidiary company	-	(119,512)	-	(119,512)
Interest income on short-term deposits	(17,963)	(11,768)	(44,239)	(27,184)
Marked to market gain on derivatives	(936)	(8,986)	(43,748)	(102,944)
Write-back of expected credit losses	(3,340)	(15,168)	(13,255)	(14,069)

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Period 9 Months Ended		Variance	
		30.09.2023 RM'000	30.09.2022 RM'000	RM'000	% +/-	30.09.2023 RM'000	30.09.2022 RM'000	RM'000	% +/-
(i)	Automotive	2,885,966	3,409,169	(523,203)	-15.3	8,760,367	8,006,643	753,724	9.4
(ii)	Aerospace and Defence	157,985	230,823	(72,838)	-31.6	470,825	540,188	(69,363)	-12.8
(iii)	Postal	264,987	302,455	(37,468)	-12.4	811,378	958,209	(146,831)	-15.3
(iv)	Banking	453,332	334,598	118,734	35.5	1,260,102	922,287	337,815	36.6
(v)	Services	204,876	187,954	16,922	9.0	609,933	545,516	64,417	11.8
(vi)	Properties	29,028	75,779	(46,751)	-61.7	168,657	191,540	(22,883)	-11.9
	Total	3,996,174	4,540,778	(544,604)	-12.0	12,081,262	11,164,383	916,879	8.2

For the current quarter ended 30 September 2023, the Group's revenue declined by 12.0% to RM4.00 billion compared with RM4.54 billion in the corresponding quarter ended 30 September 2022, mainly from Automotive, Aerospace and Defence, and Postal business sectors. In the Automotive sector, PROTON faced challenges from new car model launches by competitors and thus achieved lower sales in the current quarter.

In respect of the nine months ended 30 September 2023, the Group's revenue increased by 8.2% to RM12.08 billion compared with RM11.16 billion in the corresponding period ended 30 September 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 lower revenue mainly due to lower delivery of defence products, which was partially offset by the higher delivery of single-aisle and certain aircraft parts.

(iii) Postal Sector

The Postal sector recorded lower revenue mainly due to the drop in courier business following the decrease in overall parcel volume, especially from contract customers. In addition, major e-commerce players are increasingly shifting to their insourced delivery capabilities while international players continue to pursue penetration strategies to capture higher market share in the courier business.

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 2.50% 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 higher revenue from automotive logistics and marine business.

(vi) Properties Sector

The Properties sector recorded lower revenue mainly due to lower revenue recognised from property construction projects as well as development projects.

15.2 Profit Before Tax

The Group registered a pre-tax profit of RM115.49 million for the current quarter ended 30 September 2023, compared with the pre-tax profit of RM249.96 million in the corresponding quarter ended 30 September 2022.

For the nine months ended 30 September 2023, the Group posted a pre-tax profit of RM401.20 million compared with the pre-tax profit of RM483.12 million in the corresponding period ended 30 September 2022. Excluding 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. in the corresponding period, the Group posted higher results for the current period mainly due to higher profits from the Automotive and Properties sectors. 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 higher pre-tax profit of RM115.49 million in the current quarter ended 30 September 2023 compared with a pre-tax profit of RM84.95 million in the preceding quarter ended 30 June 2023, mainly contributed by better performance from the Automotive and Aerospace and Defence sectors.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

Bank Negara Malaysia maintained the Overnight Policy Rate (“OPR”) at 3.00%, as the monetary policy stance remains supportive of domestic demand. Economic growth will be driven mainly by resilient domestic spending, while measures under Budget 2024 will provide additional impetus to economic activity. However, the growth outlook is subject to downside risks stemming from weaker-than-expected external demand and potential global headwinds. Increased concerns over the escalation of geopolitical tensions have contributed to a persistently strong US dollar, which has affected other major and emerging market currencies, including the ringgit.

The Group remains steadfast in executing its strategies to drive the business forward. Heading into the final quarter of 2023, PROTON continued its sales upward trajectory by 14.1% or 116,832 units sold within the first nine months of the year (9MFY2022: 102,353 units). Proton Saga remained its best-selling model with 51,484 units delivered, followed by the Proton X50 SUV and Persona, with a cumulative sales performance of 43,574 units. PROTON’s first New Energy Vehicle, the mild hybrid Proton X90 SUV, has successfully attracted more than 4,000 new owners since its launch in May 2023. PROTON will penetrate the niche local Electric Vehicle market by featuring advanced technology within its line-up in the coming years. Other marques within the Group’s stable, such as Honda, Mitsubishi and Isuzu, will further create market interest with the introduction of exciting new models that are currently in the pipeline.

The Group’s other business sectors i.e. Banking, Aerospace & Defence, Services and Properties will remain focused on preserving value and intensifying sustainability efforts. The Postal sector continues its transformation journey, emphasising digitalisation efforts to streamline postal operations, improve customer experience and develop new business potentials. These efforts aim to strengthen resiliency in responding to challenging market conditions.

The Group expects satisfactory performance for the financial year ending 31 December 2023.

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 9 Months Ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Current taxation	37,261	39,619	85,868	110,224
Deferred taxation	(42,497)	(11,488)	(38,571)	2,265
Total	(5,236)	28,131	47,297	112,489

For the financial period ended 30 September 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

The Group has no corporate proposal announced that is not completed as at the date of this report.

21. BORROWINGS

Total Group borrowings are as follows:

	As at 30.09.2023 RM'000
Short-Term Borrowings	
(a) Bank overdrafts	
- Secured	830
- Unsecured	2,560
Total	3,390
(b) Others	
<u>Secured</u>	
Bankers acceptances	74,881
Revolving credits	138,620
Short-term loans	43,782
Hire purchase - portion repayable within 12 months	25,183
Long-term loans - portion repayable within 12 months	18,369
Long-term loans under Islamic financing - portion repayable within 12 months	435,099
Sub-total	735,934
<u>Unsecured</u>	
Bankers acceptances	339,906
Revolving credits	92,500
Long-term loans under Islamic financing - portion repayable within 12 months	9,777
Sub-total	442,183
Total	1,178,117
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	66,921
- portion repayable within 12 months	(25,183)
	41,738
Long-term loans	263,824
- portion repayable within 12 months	(18,369)
	245,455

21. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

	As at 30.09.2023 RM'000
(c) Long-Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long-term loans under Islamic financing - portion repayable within 12 months	5,631,051 (435,099)
	5,195,952
<u>Unsecured</u>	
Long-term loans under Islamic financing - portion repayable within 12 months	808,469 (9,777)
	798,692
Total	6,281,837
Grand Total	7,463,344

- (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 September 2023									
Secured									
Short-term loans	USD	1,437	6,748	-	-	-	USD	1,437	6,748
Term loans under Islamic financing	USD	4,101	19,260	USD	4,874	22,892	USD	8,975	42,152
Total			26,008			22,892			48,900

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 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	1,349,574	38,529	3,435
Currency swaps foreign exchange contracts	1,040,326	2,861	15,073
Share put option	1,626	1,626	-
	2,391,526	43,016	18,508

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 September 2023, the Group recognised a total net gain of RM43.75 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 September 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 September 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 9 Months Ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Net profit attributable to Owners of the Company (RM'000)	70,800	143,953	212,416	287,774
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)	3.66	7.45	10.99	14.89

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
SSM PC No.: 201908001661
LS No.: 0004324
Company Secretary

Shah Alam
23 November 2023