



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Year
Ended 31 December 2023

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/year ended 31 December 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue		3,769,285	4,347,633	15,850,547	15,512,016
Cost of sales and operating expenses		(3,594,546)	(4,233,654)	(15,408,444)	(15,072,476)
Other income		99,641	88,421	414,190	462,853
Other expenses		(137,813)	(195,671)	(221,340)	(334,252)
Profit from operations		136,567	6,729	634,953	568,141
Finance costs		(131,028)	(136,614)	(526,497)	(511,051)
Share of results of joint ventures (net of tax)		21,339	38,862	167,745	222,231
Share of results of associated companies (net of tax)		18,790	17,898	170,667	130,671
PROFIT/(LOSS) BEFORE TAXATION	14	45,668	(73,125)	446,868	409,992
Taxation	19	(5,226)	(6,380)	(52,523)	(118,869)
NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/YEAR		40,442	(79,505)	394,345	291,123
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Fair value gain on investment properties		-	35,352	-	34,544
Net gain on valuation of post-employment benefit obligations		521	22	521	22
Net gain on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		9,350	15,744	11,501	3,249
<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		24,025	10,015	49,039	(38,333)
Currency translation differences of foreign operations		(1,136)	(6,497)	3,707	3,662

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
OTHER COMPREHENSIVE 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		(2,200)	(475)	(20,230)	(2,006)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss upon disposal		-	-	(2,555)	9
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/YEAR (NET OF TAX)		30,560	54,161	41,983	1,147
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/YEAR		71,002	(25,344)	436,328	292,270
Net profit/(loss) for the financial quarter/year attributable to:					
Owners of the Company		26,465	(100,062)	238,881	187,712
Holders of Perpetual Sukuk		9,357	5,955	28,433	8,285
Non-controlling interest		4,620	14,602	127,031	95,126
		40,442	(79,505)	394,345	291,123
Total comprehensive income/(loss) for the financial quarter/year attributable to:					
Owners of the Company		51,706	(47,591)	272,723	201,664
Holders of Perpetual Sukuk		9,357	5,955	28,433	8,285
Non-controlling interest		9,939	16,292	135,172	82,321
		71,002	(25,344)	436,328	292,270
Basic and diluted earnings/(loss) per share (sen):	25	1.37	(5.18)	12.36	9.71

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 31.12.2023 RM'000	As at 31.12.2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,243,366	5,304,859
Investment properties		447,676	438,819
Inventories		2,111,755	2,129,423
Joint ventures		593,299	596,122
Associated companies		987,521	989,245
Intangible assets		1,959,925	1,556,792
Deferred tax assets		332,879	297,809
Investment securities: financial assets at fair value through profit or loss			
- Banking		131,849	180,376
- Non-banking		6,379	6,379
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		4,968,173	3,565,604
- Non-banking		68,956	65,668
Investment securities: financial assets at amortised cost			
- Banking		116,871	113,589
Trade and other receivables		1,706,447	1,773,885
Other assets		2,559	2,573
Banking related assets			
- Financing of customers		21,871,373	18,269,467
- Statutory deposit with Bank Negara Malaysia		583,809	417,091
		41,132,837	35,707,701
CURRENT ASSETS			
Assets and disposal group held for sale		-	12,025
Inventories		2,427,374	2,440,245
Trade and other receivables		2,604,335	3,036,740
Investment securities: financial assets at fair value through profit or loss			
- Banking		5,112	147,485
- Non-banking		8,475	36,789
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,434,039	1,500,275
Banking related assets			
- Cash and short-term funds		3,039,191	1,257,200
- Financing of customers		5,898,078	5,140,313
Bank balances and cash deposits		2,024,476	2,187,861
Derivative assets	22(a)	15,417	22,554
		17,456,497	15,781,487
TOTAL ASSETS		58,589,334	51,489,188

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,862,297	5,625,413
Equity attributable to Owners of the Company		7,602,599	7,365,715
Perpetual Sukuk		905,196	354,020
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling interest		1,440,018	1,299,400
TOTAL EQUITY		10,617,079	9,688,401
NON-CURRENT LIABILITIES			
Deferred income		2,864	2,351
Trade and other payables		23,635	336,354
Lease liabilities		195,037	189,711
Long-term borrowings	21(c)	5,762,727	6,134,426
Redeemable Convertible Cumulative Preference Shares		769,181	724,495
Post-employment benefit obligations		3,238	3,628
Provision for liabilities and charges		213,535	-
Deferred tax liabilities		225,084	248,010
Banking related liabilities			
- Deposits from customers		1,116,172	989,549
- Deposits and placements of banks and other financial institutions		345,416	301,388
- Recourse obligation on financing sold to Cagamas		1,058,745	733,174
		9,715,634	9,663,086
CURRENT LIABILITIES			
Liabilities related to disposal group held for sale		-	3,467
Deferred income		4,024	4,911
Trade and other payables		4,817,983	4,762,551
Lease liabilities		91,426	73,236
Provision for liabilities and charges		233,846	362,820
Post-employment benefit obligations		232	510
Bank borrowings			
- Bank overdrafts	21(a)	1,093	3,205
- Others	21(b)	1,435,759	1,809,448
Banking related liabilities			
- Deposits from customers		31,452,047	25,053,543
- Deposits and placements of banks and other financial institutions		184,218	2,000
- Bills and acceptances payable		13,773	20,218
Derivative liabilities	22(a)	22,220	41,792
		38,256,621	32,137,701
TOTAL LIABILITIES		47,972,255	41,800,787
TOTAL EQUITY AND LIABILITIES		58,589,334	51,489,188
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.93	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 year	-	-	-	-	-	-	238,881	238,881	28,433	-	127,031	394,345
Other comprehensive income for the financial year, net of tax	-	-	-	1,920	31,765	157	-	33,842	-	-	8,141	41,983
Total comprehensive income for the financial year	-	-	-	1,920	31,765	157	238,881	272,723	28,433	-	135,172	436,328
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(213)	-	213	-	-	-	-	-
Transfer of subsidiary companies' reserves	-	-	-	-	-	39,387	(39,387)	-	-	-	-	-
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	6,520	(1,054)	277,853	4,403,558	7,641,264	382,453	669,266	1,442,116	10,135,099

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	6,520	(1,054)	277,853	4,403,558	7,641,264	382,453	669,266	1,442,116	10,135,099
<u>Transactions with Owners</u>												
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	546,497	-	-	546,497
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(23,754)	-	-	(23,754)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(2,098)	(2,098)
First and final dividend in respect of financial year ended 31 December 2022	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2023	1,933,237	1,740,302	1,214,085	6,520	(1,054)	277,853	4,364,893	7,602,599	905,196	669,266	1,440,018	10,617,079

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 year	-	-	-	-	-	-	187,712	187,712	8,285	-	95,126	291,123
Other comprehensive income/(loss) for the financial year, net of tax	-	-	-	1,521	(22,131)	34,562	-	13,952	-	-	(12,805)	1,147
Total comprehensive income/(loss) for the financial year	-	-	-	1,521	(22,131)	34,562	187,712	201,664	8,285	-	82,321	292,270
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	32,663	-	(32,663)	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	46,274	(46,274)	-	-	-	-	-
<u>Transactions with Owners</u>												
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	345,735	-	-	345,735
Capital repayment to non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(8,765)	(8,765)
First and final dividend in respect of financial year ended 31 December 2021	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2022	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

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 Year 12 Months Ended 31.12.2023 RM'000	Financial Year 12 Months Ended 31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	394,345	291,123
Adjustments:		
- Amortisation of intangible assets	331,941	231,400
- Depreciation of property, plant and equipment	690,063	716,375
- Finance costs	526,497	511,051
- Income from disposal of a former subsidiary company	-	(119,512)
- Taxation	52,523	118,869
- Share of results of joint ventures (net of tax)	(167,745)	(222,231)
- Share of results of associated companies (net of tax)	(170,667)	(130,671)
- Others	189,702	190,140
Operating profit before working capital changes	1,846,659	1,586,544
Changes in working capital:		
Net increase in banking related assets	(4,606,444)	(3,673,907)
Net increase banking related liabilities	6,744,930	3,096,047
Net increase/(decrease) in assets	642,288	(1,150,345)
Net (decrease)/increase in liabilities	(326,608)	601,834
Net cash generated in operations	4,300,825	460,173
Interest received	57,968	41,846
Tax paid, net of refund	(108,432)	(79,510)
Finance costs paid	(126,552)	(170,012)
Provision for liabilities and charges paid	(68,187)	(4,553)
Post-employment benefit obligations paid	(468)	(446)
Net cash inflow from operating activities	4,055,154	247,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities by a banking subsidiary company (net)	(1,139,180)	(322,709)
Acquisitions of investment securities	(16,576)	(23,907)
Additional investment in an associated company	-	(362)
Capital repayment to non-controlling interest of a subsidiary company	-	(8,765)
Dividends received from joint ventures	98,395	91,496
Dividends received from associated companies	152,227	85,315
Dividends received from other investments	-	966
Movement in fixed deposit placement with maturity profile more than 3 months	(88,373)	(4,003)
Net cash inflow from partial disposal of equity interest in a subsidiary company	26,689	-
New investment in a joint venture	(4,000)	-
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	30,426	2,595
Proceeds from redemption of fund investments	26,576	73,237
Proceeds from redemption of preference shares by an associated company	110,217	25,752
Proceed received from liquidation of a joint venture	4,605	2,542
Purchases of property, plant and equipment/intangible assets	(1,417,622)	(896,851)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Year 12 Months Ended 31.12.2023 RM'000	Financial Year 12 Months Ended 31.12.2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Share subscription in an associated company	(37,840)	-
Share subscription in a subsidiary company by non-controlling interest shareholder	6,370	-
Net cash outflow from investing activities	(2,238,584)	(855,182)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(23,754)	-
Dividends paid to non-controlling interest	(2,098)	-
Dividends paid to shareholders	(38,665)	(38,665)
Finance costs paid	(230,909)	(285,691)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	118,964	219,460
Net proceeds from issuance of Perpetual Sukuk	546,497	345,735
Payment of the principal portion of lease liabilities	(101,595)	(102,800)
Proceeds from bank borrowings	3,530,634	5,087,278
Proceed from recourse obligation on financing sold to Cagamas	500,000	750,000
Repayment of bank borrowings	(4,296,515)	(5,235,769)
Repayment of principal for recourse obligation on financing sold to Cagamas	(177,363)	(444,751)
Net cash (outflow)/inflow from financing activities	(174,804)	294,797
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,641,766	(312,887)
Effects of foreign currency translation	2,628	(2,310)
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 YEAR	4,650,135	3,005,741
Cash and cash equivalents at end of the financial year comprise the following:		
Bank balances and cash deposits	2,024,476	2,187,861
Banking related assets - cash and short-term funds	3,039,191	1,257,200
Bank overdrafts	(1,093)	(3,205)
	5,062,574	3,441,856
Less: Bank balances and fixed deposits held as security/sinking fund	(291,204)	(410,168)
Less: Fixed deposits with maturity profile of more than 3 months	(92,843)	(4,470)
Less: Bank balances in respect of Automotive Development Fund liabilities	(3,645)	(4,496)
Less: Collections held by a postal subsidiary company on behalf of third parties	(24,747)	(17,390)
Add: Cash and cash equivalents attributable to the disposal group held for sale	-	409
	4,650,135	3,005,741

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
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

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 year ended 31 December 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 year ended 31 December 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 22 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 year ended 31 December 2023.

- (a) On 27 April 2023, the Company undertook the issuance of Sukuk Wakalah amounting to RM290 million in nominal value under the Sukuk Wakalah Programme lodged with Securities Commission Malaysia on 25 October 2019, classified as secured long-term loans under Islamic financing. The net proceeds from the issuance were utilised to finance the capital expenditure, working capital requirements, investment activities and other general corporate purposes.
- (b) On 24 August 2023, the Company issued a tranche of Perpetual Sukuk amounting to RM200 million in nominal value under the Sukuk Musharakah Programme, which was approved by the Securities Commission Malaysia on 27 November 2014, recognised in the consolidated statement of changes in equity. 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.
- (c) 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 year ended 31 December 2023 is as follows:

	Automotive	Aerospace and Defence	Postal	Banking	Services	Properties	Investment Holding and Others	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total revenue	11,359,039	688,212	1,079,597	1,744,421	1,002,692	202,530	25,522	16,102,013
Inter-segment revenue	(21,826)	-	(6,800)	(28,207)	(169,111)	-	(25,522)	(251,466)
External revenue	11,337,213	688,212	1,072,797	1,716,214	833,581	202,530	-	15,850,547
Results								
Segment profit/(loss)	473,425	(16,441)	(179,266)	326,744	19,602	22,887	39,012	685,963
Unallocated expenses								(110,591)
Interest income on short-term deposits	28,860	9,807	1,472	-	1,613	5,197	12,632	59,581
Finance costs	(160,982)	(5,035)	(15,708)	(82,173)	(12,393)	(61,430)	(188,776)	(526,497)
Share of results of joint ventures (net of tax)	167,745	-	-	-	-	-	-	167,745
Share of results of associated companies (net of tax)	170,580	-	-	-	87	-	-	170,667
Profit before taxation								446,868
Taxation	32,666	(6,227)	8,156	(73,227)	(15,014)	5,195	(4,072)	(52,523)
Net profit for the financial year								394,345
Attributable to:								
Owners of the Company								238,881
Holder of Perpetual Sukuk								28,433
Non-controlling interest								127,031

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 2023

Save as disclosed below, there is no change in the composition of the Group during the current year 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 30 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 RM1.3 million. As a result, Marutech ceased to be an indirect associated company of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

- (e) On 26 October 2023, Edaran Otomobil Nasional Berhad (“EON”), a wholly-owned subsidiary company of the Group, entered into a share subscription agreement and a shareholders’ agreement (“SA”) with GFS Technology Sdn. Bhd. (“GFS Technology”) and Trusty Cars Ltd. (“Trusty Cars”), the sole shareholder of GFS Technology, in relation to the proposed subscription of 13,666,835 ordinary shares in GFS Technology for a cash consideration of RM37.68 million.

The proposed share subscription was completed on 14 December 2023 and the equity shareholdings in GFS Technology held by EON and Trusty Cars are 10% and 90%, respectively. As a result, GFS Technology became an indirectly 10% owned associated company of the Group in accordance with the terms and conditions of the SA. GFS Technology provides financial services to the automotive industry, including but not limited to hire purchase and floor stocking.

- (f) On 10 November 2023, EON Capital Sdn. Bhd. (“EON Capital”) was incorporated by EON, a wholly-owned subsidiary company of the Group, and as a result, EON Capital became an indirect wholly-owned subsidiary of the Group. EON Capital is involved in the development, management and marketing of hire-purchase or leasing facilities related to the purchase or use of vehicles.
- (g) On 29 December 2023, pursuant to an internal re-organisation exercise, HICOM Engineering Sdn. Bhd., a direct wholly-owned subsidiary company of HICOM Holdings Berhad (“HHB”), completed the acquisition of the following investments from HHB, a direct wholly-owned subsidiary company of the Group, by way of issuance and allotment of the number of 283,714,970 new ordinary shares to HHB:

Companies	Purchase consideration RM’000
<u>Subsidiary companies</u>	
- 100% equity interest in HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	95,384
- 100% equity interest in HICOM Diecastings Sdn. Bhd.	*
- 100% equity interest in PHN Industry Sdn. Bhd.	104,435
- 51% equity interest in HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.	42,426
<u>Joint venture</u>	
- 45% equity interest in Exedy (Malaysia) Sdn. Bhd.	*
<u>Associated companies</u>	
- 49% equity interest in HICOM HBPO Sdn. Bhd.	1,470
- 49% equity interest in ISUZU HICOM Malaysia Sdn. Bhd.	40,000
Total	283,715

* Represents RM1.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

- (h) On 15 December 2023, Gadek (Malaysia) Berhad (“Gadek”), a wholly-owned dormant subsidiary company of the Group, commenced the dissolution exercise via members’ voluntary winding up. Upon the dissolution, Gadek will cease to be a wholly-owned 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 31.12.2023		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Contingent liabilities			
Direct credit substitutes	491,244	491,244	480,156
Trade-related contingencies	96,919	19,384	1,527
Transaction-related contingencies	413,280	206,640	197,798
Commitments			
Credit extension commitment:			
- Maturity within one year	844,890	168,978	132,106
- Maturity exceeding one year	1,307,511	653,756	445,443
Other miscellaneous commitments & contingencies	209,651	29,922	22,442
Islamic derivative financial Instruments			
Foreign exchange related contracts	2,287,363	38,933	19,355
	5,650,858	1,608,857	1,298,827

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 Year 12 Months Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Allowance for expected credit losses	15,527	14,611	2,272	542
Allowance for/(write-back of) financing of customers (net)	(7,710)	18,699	45,898	41,010
Amortisation of intangible assets	90,578	69,811	331,941	231,400
Depreciation of property, plant and equipment	172,972	201,580	690,063	716,375
Finance costs	131,028	136,614	526,497	511,051
Impairment loss of (net of reversals):				
- intangible assets	30,821	101,779	30,821	101,779
- property, plant and equipment	1,510	74,677	1,510	74,746
Loss on fair value adjustment of investment securities (net)	30,833	8,187	31,768	6,305
Write-off of:				
- intangible assets	79,022	-	79,022	-
- property, plant and equipment	8,225	1,424	764	2,278
(Gain)/loss on disposal of (net):				
- an associated company	-	-	(1,301)	-
- investment securities	(2,259)	(475)	(20,307)	(2,041)
- partial equity interest in a former subsidiary company	293	-	(4,806)	-
- property, plant and equipment	(710)	270	(3,439)	(200)
Income from disposal of a former subsidiary company	-	-	-	(119,512)
Interest income on short-term deposits	(15,342)	(16,428)	(59,581)	(43,612)
Marked to market (gain)/loss on derivatives (net)	31,311	68,581	(12,437)	(34,363)
Unrealised foreign exchange differences (net)	(27,661)	(60,168)	(7,639)	27,639
(Write-back)/write-down of inventories (net)	(78,248)	(6,905)	(3,299)	3,651

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Year 12 Months Ended		Variance	
		31.12.2023 RM'000	31.12.2022 RM'000	RM'000	% +/-	31.12.2023 RM'000	31.12.2022 RM'000	RM'000	% +/-
(i)	Automotive	2,576,846	3,079,870	(503,024)	-16.3	11,337,213	11,086,513	250,700	2.3
(ii)	Aerospace and Defence	217,387	334,720	(117,333)	-35.1	688,212	874,908	(186,696)	-21.3
(iii)	Postal	261,419	274,546	(13,127)	-4.8	1,072,797	1,232,755	(159,958)	-13.0
(iv)	Banking	456,112	346,047	110,065	31.8	1,716,214	1,268,334	447,880	35.3
(v)	Services	223,648	189,257	34,391	18.2	833,581	734,773	98,808	13.4
(vi)	Properties	33,873	123,193	(89,320)	-72.5	202,530	314,733	(112,203)	-35.7
	Total	3,769,285	4,347,633	(578,348)	-13.3	15,850,547	15,512,016	338,531	2.2

For the current quarter ended 31 December 2023, the Group's revenue declined by 13.3% to RM3.77 billion compared with RM4.35 billion in the corresponding quarter ended 31 December 2022, mainly attributable to lower sales from the Automotive and Properties sectors as well as the Defence sub-sector. However, the decrease in revenue was partially offset by higher financing income from the Banking sector.

In respect of the twelve months ended 31 December 2023, the Group's revenue increased by 2.2% to RM15.85 billion compared with RM15.51 billion in the corresponding year ended 31 December 2022.

(i) Automotive Sector

The Automotive sector's revenue increased slightly by 2.3% to RM11.34 billion, mainly from automotive distribution companies due to increased sales volume of PROTON vehicles and strong after-sales performance during the current year.

(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 increased product deliveries mainly from single-aisle and certain aircraft parts.

(iii) Postal Sector

The Postal sector recorded lower revenue, mainly contributed by the drop in courier business, following the intense competition when other major players especially international courier companies, continued to pursue penetration strategies to capture higher market share in the courier business. In addition, major e-commerce players are increasingly shifting to their insourced delivery capabilities and continuous masking practices.

15. REVIEW OF PERFORMANCE (Continued)

15.1 Revenue (Continued)

(iv) Banking Sector

The Banking sector achieved higher revenue primarily due to higher financing income fuelled by an increase in financing volume attributed to sustainable expansion and a growing customer base, along with a rise in the Overnight Policy Rate (“OPR”) to 3.00% in the current year from 2.75% in the corresponding year.

(v) Services Sector

The Services sector recorded higher revenue mainly contributed by the in-flight catering business with a higher number of meals prepared and ground handling business, which is in line with the growing number of flights as well as higher revenue from the Ar-Rahnu 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 RM45.67 million for the current quarter ended 31 December 2023, compared with the pre-tax loss of RM73.13 million in the corresponding quarter ended 31 December 2022. The improved performance was mainly contributed by higher profit from the Banking sector and lower impairment loss of certain assets compared to the corresponding quarter, as disclosed in Note 14 on page 16.

For the twelve months ended 31 December 2023, the Group posted a pre-tax profit of RM446.87 million, higher than the pre-tax profit of RM409.99 million in the corresponding year ended 31 December 2022. This increase was mainly due to higher profits from the Automotive sector, achieved through higher sales volume and various cost management efforts that led to reduced operational costs. In addition, the impairment loss of certain assets was lower compared to the corresponding year, as disclosed in Note 14 on page 16.

16. COMPARISON WITH THE PRECEDING QUARTER’S RESULTS

The Group’s pre-tax profit of RM45.67 million in the current quarter ended 31 December 2023 was lower than the pre-tax profit of RM115.49 million in the preceding quarter ended 30 September 2023, mainly attributed to higher losses from the Postal sector and Defence sub-sector.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024

The Malaysian economy is expected to improve in 2024, primarily driven by external trade recovery and resilient domestic expenditure. Monetary policy stance remains supportive of sustainable domestic growth, with the OPR remaining at 3.0%. On the global front, overall growth outlook may be adversely impacted by the risk of heightened volatility in financial markets, fluctuations in commodity prices and escalation of geopolitical tensions.

Locally, Malaysia's Total Industry Volume ("TIV") recorded outstanding performance in 2023 with a total of 799,731 new vehicles registered (2022: 721,177 units). In tandem with this improved TIV, the Group's Automotive sector continued its upward trajectory. PROTON, the national carmaker, achieved a new record high in vehicle sales with 154,611 units sold in 2023. Honda retained its No. 1 position in the non-national passenger vehicle segment since 2014, achieving its 2023 sales target of more than 80,000 units.

The Proton X-series lineup, consisting of Proton X50, Proton X70, and Proton X90 remain popular customer choices with more than 200,000 units delivered to new owners since December 2018. Meanwhile, Proton Saga, Proton Persona, and the recently launched Proton S70 continue to garner healthy demand in the market. This sustained performance underlines the trust in PROTON brand that delivers affordable vehicles with increasing emphasis on stylish design and the incorporation of advanced technology. As such, the Group aims to further expand overall product offerings through technology-driven upgrading, while continuing to play an active role in the growth and development of Malaysian economy.

The Group's businesses within the Banking sector continue to operate efficiently whilst maintaining prudent risk profiles. Businesses in the Aerospace and Defence, Postal, Services, and Properties sectors remain vigilant, strengthening operational efficiencies and practicing prudent financial management, while simultaneously pursuing the Group's sustainability agenda.

The Group expects positive performance for the financial year ending 31 December 2024.

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	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Current taxation	41,855	70,970	127,723	181,194
Deferred taxation	(36,629)	(64,590)	(75,200)	(62,325)
Total	5,226	6,380	52,523	118,869

For the financial year ended 31 December 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 31.12.2023 RM'000
Short-Term Borrowings	
(a) Bank overdrafts	
- Secured	905
- Unsecured	188
Total	1,093
(b) Others	
<u>Secured</u>	
Bankers acceptances	54,403
Revolving credits	91,297
Short-term loans	27,501
Hire purchase - portion repayable within 12 months	24,612
Long-term loans - portion repayable within 12 months	18,369
Long-term loans under Islamic financing - portion repayable within 12 months	727,849
Sub-total	944,031
<u>Unsecured</u>	
Bankers acceptances	398,802
Revolving credits	84,800
Long-term loans under Islamic financing - portion repayable within 12 months	8,126
Sub-total	491,728
Total	1,435,759
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	72,358
- portion repayable within 12 months	(24,612)
	47,746
Long-term loans	264,232
- portion repayable within 12 months	(18,369)
	245,863

21. BORROWINGS (Continued)

Total Group borrowings are as follows: (Continued)

	As at 31.12.2023 RM'000
(c) Long-Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long-term loans under Islamic financing - portion repayable within 12 months	5,398,170 (727,849)
	4,670,321
<u>Unsecured</u>	
Long-term loans under Islamic financing - portion repayable within 12 months	806,923 (8,126)
	798,797
Total	5,762,727
Grand Total	7,199,579

(d) As disclosed in Note 6(a) on page 11, the Company undertook the issuance of Sukuk Wakalah amounting to RM290 million, which was 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 31 December 2023									
Secured									
Short-term loans	USD	600	2,759	-	-	-	USD	600	2,759
Term loans under Islamic financing	USD	4,142	19,045	USD	3,824	17,583	USD	7,966	36,628
Total			21,804			17,583			39,387

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 December 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	1,110,406	1,340	17,549
Currency swaps foreign exchange contracts	1,317,642	12,451	4,671
Share put option	1,626	1,626	-
	2,429,674	15,417	22,220

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 year ended 31 December 2023, the Group recognised a total net gain of RM12.44 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 31 December 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 year ended 31 December 2023.

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net profit/(loss) attributable to Owners of the Company (RM'000)	26,465	(100,062)	238,881	187,712
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)	1.37	(5.18)	12.36	9.71

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
29 February 2024