



DRB-HICOM BERHAD

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

Interim Financial Report for the Financial Period
Ended 30 June 2024

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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 2024.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Revenue		3,758,377	3,981,517	8,091,294	8,085,088
Cost of sales and operating expenses		(3,760,641)	(3,927,450)	(7,917,240)	(7,878,548)
Other income		85,098	105,364	182,775	208,626
Other expenses		(5,561)	(36,269)	(33,706)	(77,591)
Profit from operations		77,273	123,162	323,123	337,575
Finance costs		(128,219)	(131,563)	(256,762)	(259,000)
Share of results of joint ventures (net of tax)		33,634	56,957	56,538	92,508
Share of results of associated companies (net of tax)		43,246	36,389	113,797	114,628
PROFIT BEFORE TAXATION	14	25,934	84,945	236,696	285,711
Taxation	19	(23,762)	(10,338)	(85,675)	(52,533)
NET PROFIT FOR THE FINANCIAL QUARTER/PERIOD		2,172	74,607	151,021	233,178
OTHER COMPREHENSIVE INCOME/(LOSS)					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Net gain/(loss) on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		5,489	(735)	10,060	(1,483)
Fair value adjustment on transfer of property, plant and equipment to investment properties		371	-	371	-
<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		444	(1,322)	10,169	29,681
Currency translation differences of foreign operations		550	5,007	2,105	5,369
Share of other comprehensive loss of a joint venture		-	-	(511)	-

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 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		(2,207)	(8,884)	(11,490)	(10,373)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)		4,647	(5,934)	10,704	23,194
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL QUARTER/PERIOD		6,819	68,673	161,725	256,372
Net (loss)/profit for the financial quarter/period attributable to:					
Owners of the Company		(17,076)	33,709	74,462	141,616
Holders of Perpetual Sukuk		9,256	5,890	18,512	11,715
Non-controlling Interests		9,992	35,008	58,047	79,847
		2,172	74,607	151,021	233,178
Total comprehensive (loss)/income for the financial quarter/period attributable to:					
Owners of the Company		(13,724)	29,802	81,651	158,292
Holders of Perpetual Sukuk		9,256	5,890	18,512	11,715
Non-controlling Interests		11,287	32,981	61,562	86,365
		6,819	68,673	161,725	256,372
Basic and diluted (loss)/earnings per share (sen):	25	(0.88)	1.74	3.85	7.33

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 2023 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,048,572	5,230,596
Investment properties		449,415	447,676
Inventories		2,111,320	2,111,755
Joint ventures		547,264	593,299
Associated companies		1,048,309	987,521
Intangible assets		1,653,066	1,959,925
Deferred tax assets		341,682	332,879
Investment securities: financial assets at fair value through profit or loss			
- Banking		122,989	131,849
- Non-banking		6,379	6,379
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		5,376,752	4,968,173
- Non-banking		68,956	68,956
Investment securities: financial assets at amortised cost			
- Banking		116,670	116,871
Trade and other receivables		1,640,767	1,706,447
Other assets		2,559	2,559
Banking related assets			
- Financing of customers		23,980,689	21,871,373
- Statutory deposit with Bank Negara Malaysia		647,809	583,809
		43,163,198	41,120,067
CURRENT ASSETS			
Inventories		2,200,059	2,427,374
Trade and other receivables		2,657,412	2,617,105
Investment securities: financial assets at fair value through profit or loss			
- Banking		5,052	5,112
- Non-banking		12,593	8,475
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,440,790	1,434,039
Banking related assets			
- Cash and short-term funds		2,303,980	3,039,191
- Financing of customers		6,029,903	5,898,078
Bank balances and cash deposits		1,674,697	2,024,476
Derivative assets	22(a)	10,132	15,417
Sub-total		16,334,618	17,469,267
Assets related to disposal group held for sale		169,578	-
		16,504,196	17,469,267
TOTAL ASSETS		59,667,394	58,589,334

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,740,302	1,740,302
Reserves		5,718,115	5,862,297
Equity attributable to Owners of the Company		7,458,417	7,602,599
Perpetual Sukuk		905,048	905,196
Redeemable Convertible Cumulative Preference Shares		669,266	669,266
Non-controlling Interests		1,328,867	1,440,018
TOTAL EQUITY		10,361,598	10,617,079
NON-CURRENT LIABILITIES			
Deferred income		2,815	2,864
Trade and other payables		22,370	23,635
Lease liabilities		206,951	195,037
Long-term borrowings	21(c)	6,279,556	5,762,727
Redeemable Convertible Cumulative Preference Shares		792,417	769,181
Post-employment benefit obligations		3,165	3,238
Provision for liabilities and charges		204,960	213,535
Deferred tax liabilities		230,867	225,084
Banking related liabilities			
- Deposits from customers		1,063,117	1,116,172
- Deposits and placements of banks and other financial institutions		355,413	345,416
- Recourse obligation on financing sold to Cagamas		1,044,573	1,058,745
		10,206,204	9,715,634
CURRENT LIABILITIES			
Deferred income		3,871	4,024
Trade and other payables		4,366,883	4,817,219
Lease liabilities		78,108	91,426
Provision for liabilities and charges		229,369	234,610
Post-employment benefit obligations		181	232
Bank borrowings			
- Bank overdrafts	21(a)	869	1,093
- Others	21(b)	1,258,015	1,435,759
Banking related liabilities			
- Deposits from customers		32,678,960	31,452,047
- Deposits and placements of banks and other financial institutions		424,888	184,218
- Bills and acceptances payable		8,583	13,773
Derivative liabilities	22(a)	3,939	22,220
Sub-total		39,053,666	38,256,621
Liabilities related to disposal group held for sale		45,926	-
		39,099,592	38,256,621
TOTAL LIABILITIES		49,305,796	47,972,255
TOTAL EQUITY AND LIABILITIES		59,667,394	58,589,334
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.86	3.93

* 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 2023 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 Interests 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 2024	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
Net profit for the financial period	-	-	-	-	-	-	74,462	74,462	18,512	-	58,047	151,021
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	1,212	6,117	(140)	-	7,189	-	-	3,515	10,704
Total comprehensive income/(loss) for the financial period	-	-	-	1,212	6,117	(140)	74,462	81,651	18,512	-	61,562	161,725
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(1,492)	-	1,492	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	19,004	(19,004)	-	-	-	-	-
Effect of disposal of a subsidiary company	-	-	-	-	-	(1,224)	1,224	-	-	-	(322)	(322)
<u>Transaction with Owners</u>												
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	(7,758)	(7,758)	(18,660)	-	(3,324)	(29,742)
Dividend paid to RCCPS holder	-	-	-	-	-	-	(169,744)	(169,744)	-	-	(169,067)	(338,811)
Final dividend in respect of financial year ended 31 December 2023	-	-	-	-	-	-	(48,331)	(48,331)	-	-	-	(48,331)
At 30 June 2024	1,933,237	1,740,302	1,214,085	7,732	3,571	295,493	4,197,234	7,458,417	905,048	669,266	1,328,867	10,361,598

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 Interests 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 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

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 2023 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Period 6 Months Ended 30.06.2024 RM'000	Financial Period 6 Months Ended 30.06.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial period	151,021	233,178
Adjustments:		
- Amortisation of intangible assets	233,876	155,306
- Depreciation of property, plant and equipment	342,149	339,760
- Finance costs	256,762	259,000
- Taxation	85,675	52,533
- Share of results of joint ventures (net of tax)	(56,538)	(92,508)
- Share of results of associated companies (net of tax)	(113,797)	(114,628)
- Others	26,017	(33,161)
Operating profit before working capital changes	925,165	799,480
Changes in working capital:		
Net increase in banking related assets	(2,386,659)	(1,846,833)
Net increase in banking related liabilities	1,419,335	3,482,024
Net increase in assets	(140,543)	(85,635)
Net increase/(decrease) in liabilities	59,469	(16,141)
Net cash (outflow)/inflow from operations	(123,233)	2,332,895
Interest received	28,669	23,172
Tax paid, net of refund	(75,293)	(77,752)
Finance costs paid	(58,389)	(79,736)
Provision for liabilities and charges paid	(12,312)	(10,043)
Post-employment benefit obligations paid	(203)	(538)
Net cash (outflow)/inflow from operating activities	(240,761)	2,187,998
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities	(6,000)	(16,576)
Additional investment in a joint venture	-	(3,200)
Additional investment in an associated company	(2,295)	-
Acquisition of investment securities by a banking subsidiary company (net)	(352,469)	(637,121)
Dividends received from a joint venture	-	108,149
Dividends received from an associated company	75,820	84,320
Movement in fixed deposits placement with maturity profile more than 3 months	(27,786)	4,000
Net cash outflow from disposal of a subsidiary company	(459)	-
Proceeds from disposal of property, plant and equipment	2,660	2,134
Proceeds from redemption of fund investments	2,000	26,576
Purchases of property, plant and equipment/intangible assets	(313,612)	(645,996)
Net cash outflow from investing activities	(622,141)	(1,077,714)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Financial Period 6 Months Ended 30.06.2024 RM'000	Financial Period 6 Months Ended 30.06.2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(29,742)	(11,974)
Dividends paid to shareholders	(48,331)	(38,665)
Dividends paid to RCCPS holder	(338,811)	-
Finance costs paid	(138,896)	(148,337)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	231	70,464
Payment of the principal portion of lease liabilities	(52,139)	(46,430)
Proceeds from bank borrowings	1,665,048	2,748,519
Proceed from recourse obligation on financing sold to Cagamas	200,000	500,000
Repayment of bank borrowings	(1,278,033)	(2,631,540)
Repayment of principal for recourse obligation on financing sold to Cagamas	(213,766)	(15,642)
Net cash (outflow)/inflow from financing activities	(234,439)	426,395
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,097,341)	1,536,679
Effects of foreign currency translation	1,118	3,175
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	4,650,314	3,005,741
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	3,554,091	4,545,595
Cash and cash equivalents as at end of the financial period comprise the following:		
Bank balances and cash deposits	1,674,697	2,275,650
Banking related assets - cash and short-term funds	2,303,980	2,610,147
Bank overdrafts	(869)	(3,321)
	3,977,808	4,882,476
Less: Bank balances and fixed deposits held as security/sinking fund	(290,795)	(339,704)
Less: Fixed deposits with maturity profile of more than 3 months	(120,629)	(470)
Less: Bank balances in respect of Automotive Development Fund liabilities	(3,690)	(3,893)
Less: Collections held by a postal subsidiary company on behalf of third parties	(15,741)	(7,075)
Add: Cash and cash equivalents attributable to the disposal group held for sale	7,138	14,261
	3,554,091	4,545,595

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 2023 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 2023 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 2023, except for the adoption of the following amendments to standards which are applicable to the Group with effect from 1 January 2024:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 2024.

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 2024.

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, 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 2024.

On 28 May 2024, PONSB Capital Berhad, an indirect wholly-owned subsidiary company of PROTON Holdings Berhad, issued RM500 million from its Sukuk Wakalah programme. The proceeds raised from the Sukuk Wakalah will be utilised to finance the company's expansion plans as well as working capital requirements. The Sukuk Wakalah is classified as secured long-term loans under Islamic financing.

7. DIVIDEND PAID

The shareholders approved a final dividend of 2.5 sen per share at the last Annual General Meeting held on 28 May 2024 in respect of the financial year ended 31 December 2023. The dividend of RM48,330,926 was paid on 27 June 2024.

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8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 June 2024 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	5,597,382	394,057	537,633	1,048,332	496,732	105,196	12,571	8,191,903
Inter-segment revenue	(8,447)	-	(5,885)	(13,097)	(60,609)	-	(12,571)	(100,609)
External revenue	5,588,935	394,057	531,748	1,035,235	436,123	105,196	-	8,091,294
Results								
Segment profit/(loss)	169,629	16,252	(82,059)	140,906	30,725	36,190	20,704	332,347
Unallocated expenses								(40,938)
Interest income on short-term deposits	17,713	3,519	404	-	859	2,906	6,313	31,714
Finance costs	(78,987)	(2,853)	(6,391)	(41,310)	(5,756)	(28,008)	(93,457)	(256,762)
Share of results of joint ventures (net of tax)	56,538	-	-	-	-	-	-	56,538
Share of results of associated companies (net of tax)	113,685	-	-	-	112	-	-	113,797
Profit before taxation								236,696
Taxation	(28,817)	(9,724)	(2,659)	(24,937)	(11,111)	(6,173)	(2,254)	(85,675)
Net profit for the financial period								151,021
Attributable to:								
Owners of the Company								74,462
Holder of Perpetual Sukuk								18,512
Non-controlling Interests								58,047

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 to substantially affect the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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

- (a) On 3 January 2024, Suzuki Motorcycle Malaysia Sdn. Bhd. ("SMM"), an indirect 29% owned dormant associated company of the Group, was wound up. As a result, SMM ceased to be an indirect 29% owned associated company of the Group.
- (b) On 6 February 2024, Comtrac Sdn. Bhd. ("Comtrac"), an indirect wholly-owned subsidiary company of the Group, completed the transfer of 1,750,000 ordinary shares and 276,940 redeemable preference shares representing 35% equity interest in Glenmarie Cove Development Sdn. Bhd. ("GCD") to HICOM Berhad, an indirect wholly-owned subsidiary company of the Group, via an internal re-organisation. As a result, GCD became a wholly-owned subsidiary company of HICOM Berhad.
- (c) On 28 February 2024, HICOM Holdings Berhad ("HHB"), a direct wholly-owned subsidiary company of the Group, completed the disposal of 9,000,000 ordinary shares and 147,910 preference shares in Comtrac to Ng Tet Min for a cash consideration of RM2. As a result, Comtrac ceased to be an indirect wholly-owned subsidiary company of the Group.
- (d) On 28 May 2024, DRB-HICOM SPV (Labuan) Limited, a direct wholly-owned subsidiary company of the Group, was voluntarily wound up via members' voluntary winding up, and as a result, ceased to be a subsidiary company of the Group.
- (e) On 29 May 2024, AHTV Ventures Sdn. Bhd. ("AHTV") was incorporated by HHB, and as a result, AHTV became an indirect 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 30.06.2024		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Contingent liabilities			
Direct credit substitutes	511,568	511,568	500,633
Trade-related contingencies	55,479	11,096	2,829
Transaction-related contingencies	431,978	215,989	205,747
Commitments			
Credit extension commitment:			
- Maturity within one year	973,962	194,792	161,231
- Maturity exceeding one year	2,049,693	1,024,847	399,567
Other miscellaneous commitments & contingencies	242,375	36,430	27,322
Islamic derivative financial Instruments			
Foreign exchange related contracts	1,662,190	35,731	28,827
	5,927,245	2,030,453	1,326,156

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	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Allowance for financing of customers (net of write-back/recovered)	43,896	15,729	70,580	34,866
Amortisation of intangible assets	116,709	92,665	233,876	155,306
Depreciation of property, plant and equipment	169,960	165,715	342,149	339,760
Finance costs	128,219	131,563	256,762	259,000
Unrealised foreign exchange differences (net)	(1,639)	25,493	143	16,442
Write-down/(write-back) of inventories (net)	22,979	(8,704)	25,304	(9,838)
Write-off of property, plant and equipment	87	35	423	71
Gain on disposal of (net):				
- investment securities	(1,798)	(8,903)	(9,221)	(10,391)
- property, plant and equipment	(537)	(1,538)	(364)	(1,609)
- a subsidiary company	-	-	(87)	-
Gain on fair value adjustment of investment securities (net)	(5,890)	(5,895)	(6,924)	(4,752)
Interest income on short-term deposits	(16,401)	(13,598)	(31,714)	(26,276)
Marked to market loss/(gain) on derivatives (net)	3,307	(21,860)	(12,996)	(42,812)
Reversal of impairment loss of property, plant and equipment (net)	-	(833)	-	-
Write-back of expected credit losses (net)	(2,175)	(12,204)	(5,944)	(9,915)

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Period 6 Months Ended		Variance	
		30.06.2024 RM'000	30.06.2023 RM'000	RM'000	% +/-	30.06.2024 RM'000	30.06.2023 RM'000	RM'000	% +/-
(i)	Automotive	2,541,184	2,850,041	(308,857)	-10.8	5,588,935	5,874,401	(285,466)	-4.9
(ii)	Aerospace and Defence	206,271	144,212	62,059	43.0	394,057	312,840	81,217	26.0
(iii)	Postal	240,519	267,985	(27,466)	-10.2	531,748	546,391	(14,643)	-2.7
(iv)	Banking	524,822	427,476	97,346	22.8	1,035,235	806,770	228,465	28.3
(v)	Services	219,475	200,684	18,791	9.4	436,123	405,057	31,066	7.7
(vi)	Properties	26,106	91,119	(65,013)	-71.3	105,196	139,629	(34,433)	-24.7
	Total	3,758,377	3,981,517	(223,140)	-5.6	8,091,294	8,085,088	6,206	0.1

For the current quarter ended 30 June 2024, the Group's revenue declined by 5.6% to RM3.76 billion compared with RM3.98 billion in the corresponding quarter ended 30 June 2023, mainly attributable to lower sales from the Automotive, Properties and Postal sectors. However, the decrease in revenue was partially offset by higher revenue from the Banking, Aerospace and Defence as well as Services sectors.

The revenue for the six months ended 30 June 2024 was RM8.09 billion, which remained relatively stable with a marginal increase of 0.1%, as compared with the corresponding period ended 30 June 2023.

(i) Automotive Sector

The decline in revenue was primarily due to lower sales volume of PROTON vehicles, which were affected by the scheduled plant shutdown under the current quarter's review.

(ii) Aerospace and Defence Sector

The Aerospace and Defence sector recorded higher revenue, mainly due to increased product deliveries of single-aisle aircraft and certain aircraft parts.

(iii) Postal Sector

Reduced revenue by 2.7% in the postal sector was mainly due to lower international business following the drop in overall mail and international volume. In addition, major e-commerce players leveraged their insourced delivery capabilities while local players pursued penetration strategies to capture a higher market share in the international courier business.

15. REVIEW OF PERFORMANCE (continued)

15.1 Revenue (continued)

(iv) Banking Sector

The Banking sector achieved higher revenue due to higher financing income, driven by growth in financing volume attributed to sustainable growth and an expanding customer base.

(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 the ground handling business, which is in line with the rising number of flights.

(vi) Properties Sector

The Properties sector recorded lower revenue primarily due to lower revenue from the construction projects. However, this was partially offset by higher revenue from property development projects.

15.2 Profit Before Tax

The Group's pre-tax profit declined to RM25.93 million for the current quarter ended 30 June 2024, compared with the pre-tax profit of RM84.95 million in the corresponding quarter ended 30 June 2023. The lower financial results were mainly attributed to weaker financial performance in the Automotive sector, higher allowance for financing of customers recorded in the Banking sector as well as losses from the Postal sector following the reduced revenue in its international business.

For the six months ended 30 June 2024, the Group posted a lower pre-tax profit of RM236.70 million compared to a pre-tax profit of RM285.71 million for the corresponding period ended 30 June 2023. The unfavourable results were primarily due to lower profits from the Automotive sector and higher losses from the Postal sector. However, this was partially offset by higher profits from the Aerospace and Defence and the Properties sectors.

16. COMPARISON WITH THE PRECEDING QUARTER'S RESULTS

The Group recorded a lower pre-tax profit of RM25.93 million in the current quarter ended 30 June 2024 compared with a pre-tax profit of RM210.76 million in the preceding quarter ended 31 March 2024 mainly due to weaker performance from all business sectors.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024

The Malaysian economy is expected to maintain its growth trajectory underpinned by healthy domestic demand and export sector. This is further strengthened by Bank Negara Malaysia's decision to hold the Overnight Policy Rate steady at 3%, indicating continued support for economic expansion. Nevertheless, global outlook remains volatile due to various concerns including elevated inflation, interest rates, fiscal consolidation and on-going geopolitical tensions.

The Malaysian Automotive Association announced a revised total industry volume forecast of 765,000 units for 2024. Despite this revision, the forecast remains lower than the record-breaking sales of 799,731 units achieved in 2023. Softer demand is expected in the second half of the year, given the anticipation of fuel subsidy rationalisation and weaker consumer sentiment.

As for the national carmaker PROTON, the newly launched improved versions of the X50 and X70 have received overwhelming responses, with more than 8,000 and 2,000 bookings respectively since their launches in June and August. New model launches by other marques within the Group, together with the upcoming launch of PROTON's first electric vehicle (EV) model, the Proton e.MAS 7, are expected to contribute positively to the Group's Automotive sector.

The Group continues to focus on adoption of technology and digital transformation, especially in its Banking, Postal and Services sectors. For the other sectors, namely Properties, and Aerospace and Defence, the Group remains committed in embracing sustainable practices towards strengthening business resilience.

The Group maintains a satisfactory outlook 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 period in a public document.

19. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Current taxation	25,614	18,906	90,145	48,607
Deferred taxation	(1,852)	(8,568)	(4,470)	3,926
Total	23,762	10,338	85,675	52,533

19. TAXATION (continued)

For the financial period ended 30 June 2024, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses, which were not deductible for income tax purposes.

20. STATUS OF CORPORATE PROPOSALS

On 21 May 2024, Pos Logistics Berhad (“PLB”), an indirect 53.50% owned subsidiary company of the Group, entered into a Share Sale and Purchase Agreement (“SPA”) in relation to the disposal of its entire equity interest in PNSL Berhad to SWA Shipping Sdn. Bhd. (“SWA”) for an indicative total consideration of RM123.20 million.

On 19 August 2024, all the Conditions Precedent have been fulfilled and the SPA has become unconditional on even date (“Unconditional Date”). PLB and SWA had mutually agreed to amend the completion date from within 21 days from the Unconditional Date to within 111 days from the Unconditional Date for the parties to complete the disposal.

21. BORROWINGS

Total Group borrowings are as follows:

	As at 30.06.2024 RM'000
Short-Term Borrowings	
(a) Bank overdrafts - Secured	869
(b) Others	
<u>Secured</u>	
Bankers acceptances	19,349
Revolving credits	85,132
Short-term loans	34,575
Hire purchase - portion repayable within 12 months	23,453
Long-term loans - portion repayable within 12 months	18,369
Long-term loans under Islamic financing - portion repayable within 12 months	637,411
Sub-total	818,289
<u>Unsecured</u>	
Bankers acceptances	306,787
Revolving credits	125,000
Long-term loans under Islamic financing - portion repayable within 12 months	7,939
Sub-total	439,726
Total	1,258,015

21. BORROWINGS (continued)

Total Group borrowings are as follows: (continued)

	As at 30.06.2024 RM'000
(c) Long-Term Borrowings	
<u>Secured</u>	
Hire purchase	76,485
- portion repayable within 12 months	(23,453)
	53,032
Long-term loans	315,048
- portion repayable within 12 months	(18,369)
	296,679
Long-term loans under Islamic financing	5,768,248
- portion repayable within 12 months	(637,411)
	5,130,837
<u>Unsecured</u>	
Long-term loans under Islamic financing	806,947
- portion repayable within 12 months	(7,939)
	799,008
Total	6,279,556
Grand Total	7,538,440

- (d) As disclosed in Note 6 on page 10, PONSB Capital Berhad, an indirect wholly-owned subsidiary company of PROTON Holdings Berhad, issued RM500 million from its Sukuk Wakalah programme. The Sukuk Wakalah is classified as secured long-term loans under Islamic financing.

21. BORROWINGS (continued)

- (e) The above borrowings are denominated in Ringgit Malaysia (“RM”). Included in the liabilities related to the disposal group held for sale are borrowing liabilities, which include foreign currency borrowings translated to their RM equivalent as disclosed below:

	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 2024									
Secured									
Short-term loans	USD	856	4,039	-	-	-	USD	856	4,039
Term loans under Islamic financing	USD	4,222	19,918	USD	1,698	8,009	USD	5,920	27,927
Total			23,957			8,009			31,966

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 June 2024 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	1,448,630	8,439	2,209
Currency swaps foreign exchange contracts	533,588	67	1,730
Share put option	1,626	1,626	-
	1,983,844	10,132	3,939

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2023:

- (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.

22. OUTSTANDING DERIVATIVES (continued)

(b) Disclosure of gain arising from fair value changes of financial derivatives

During the financial period ended 30 June 2024, the Group recognised a total net gain of RM13.0 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 2024.

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 2024.

25. (LOSS)/EARNINGS PER SHARE

The basic and diluted (loss)/earnings per share is calculated by dividing the Group's net (loss)/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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Net (loss)/profit attributable to Owners of the Company (RM'000)	(17,076)	33,709	74,462	141,616
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted (loss)/earnings per share (sen)	(0.88)	1.74	3.85	7.33

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

26. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

BY ORDER OF THE BOARD

SABARINA LAILA BINTI MOHD HASHIM
SSM PC No.: 201908001661
LS No.: 0004324
Company Secretary

Shah Alam
28 August 2024