



## **DRB-HICOM BERHAD**

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 31 December 2011

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 31 December 2011.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue		1,694,572	1,604,915	4,754,013	4,806,174
Cost of sales and operating expenses		(1,627,128)	(1,499,690)	(4,532,359)	(4,504,499)
Other income		47,308	42,903	199,566	192,800
Other expenses		(3,079)	(18,258)	(45,359)	(45,141)
Profit from operations		111,673	129,870	375,861	449,334
Finance cost		(30,938)	(18,826)	(90,109)	(59,154)
Share of results of jointly controlled entities (net of tax)		15,316	11,066	61,731	54,864
Share of results of associated companies (net of tax)		19,120	35,170	78,061	121,882
<b>PROFIT BEFORE TAXATION</b>		<b>115,171</b>	<b>157,280</b>	<b>425,544</b>	<b>566,926</b>
Taxation	19	(22,014)	(32,652)	(102,386)	(87,122)
<b>NET PROFIT FOR THE FINANCIAL PERIOD</b>		<b>93,157</b>	<b>124,628</b>	<b>323,158</b>	<b>479,804</b>
<b>OTHER COMPREHENSIVE LOSS</b>					
Loss on fair value changes of securities: available-for-sale		(5,228)	(33,712)	(21,547)	(13,920)
Currency translation differences of foreign subsidiaries		(655)	2,295	2,958	(8)
Share of other comprehensive income/(loss) of an associated company		1,010	(128)	741	169
<b>OTHER COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<b>(4,873)</b>	<b>(31,545)</b>	<b>(17,848)</b>	<b>(13,759)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>88,284</b>	<b>93,083</b>	<b>305,310</b>	<b>466,045</b>
Net profit for the financial period attributable to:					
Owners of the Company		79,576	110,098	274,921	400,072
Non-controlling interest		13,581	14,530	48,237	79,732
		<b>93,157</b>	<b>124,628</b>	<b>323,158</b>	<b>479,804</b>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		75,396	86,710	258,772	389,893
Non-controlling interest		12,888	6,373	46,538	76,152
		<b>88,284</b>	<b>93,083</b>	<b>305,310</b>	<b>466,045</b>
Basic earnings per share (sen):	25	<b>4.12</b>	<b>5.69</b>	<b>14.22</b>	<b>20.69</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2011 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Unaudited As at 31.12.2011 RM'000</b>	<b>Audited As at 31.03.2011 RM'000</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,871,706	1,840,697
Prepaid lease properties		16,062	19,459
Investment properties		556,024	554,452
Land held for property development		1,023,638	946,560
Jointly controlled entities		334,102	336,709
Associated companies		1,091,000	484,515
Intangible assets		205,223	219,021
Deferred tax assets		132,229	155,629
Securities: Available-for-sale			
- Banking		4,369,107	3,163,859
- Non-banking		960,642	962,272
Securities: Held-to-maturity			
- Banking		48,095	28,224
- Non-banking		453,299	462,861
Securities: Financial assets at fair value through profit or loss			
- Non-banking		13,246	-
Other assets		320	320
Banking related assets			
- Financing of customers		5,285,490	4,813,029
- Statutory deposits with Bank Negara Malaysia		439,721	94,121
		<b>16,799,904</b>	<b>14,081,728</b>
<b>CURRENT ASSETS</b>			
Non-current assets held for sale		12,649	3,390
Inventories		497,170	523,545
Property development costs		258,125	230,727
Trade and other receivables		1,786,224	1,409,121
Reinsurance assets		253,023	270,290
Securities: Financial assets at fair value through profit or loss			
- Non-banking		361,071	443,209
Securities: Available-for-sale			
- Banking		1,169,602	1,151,047
- Non-banking		63,375	70,115
Securities: Held-to-maturity			
- Banking		27,649	-
- Non-banking		59,173	14,712
Banking related assets			
- Cash and short-term funds		2,965,041	6,447,295
- Financing of customers		2,499,142	2,298,082
Bank balances and cash deposits		2,187,863	1,350,316
Derivative assets	22(a)	18,137	2,342
		<b>12,158,244</b>	<b>14,214,191</b>
<b>TOTAL ASSETS</b>		<b>28,958,148</b>	<b>28,295,919</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

	Note	Unaudited As at 31.12.2011 RM'000	Audited As at 31.03.2011 RM'000
<b>EQUITY AND LIABILITIES</b>			
Share Capital		1,719,601	1,719,601
Reserves		3,445,718	3,260,743
<b>Equity attributable to owners of the Company</b>		<b>5,165,319</b>	<b>4,980,344</b>
<b>Non-controlling interest</b>		<b>1,176,751</b>	<b>1,151,768</b>
<b>TOTAL EQUITY</b>		<b>6,342,070</b>	<b>6,132,112</b>
<b>NON-CURRENT LIABILITIES</b>			
Life assurance contract liabilities		1,815,115	1,732,565
Deferred income		82,350	79,000
Banking related liabilities			
- Deposits from customers		26,745	27,082
- Deposits and placements of banks and other financial institutions		8,874	-
Long term and deferred liabilities			
- Borrowings	21(c)	1,407,186	825,241
- Provision for liabilities and charges		801	761
Deferred tax liabilities		65,700	65,757
		<b>1,473,687</b>	<b>891,759</b>
		<b>3,406,771</b>	<b>2,730,406</b>
<b>CURRENT LIABILITIES</b>			
General and life insurance contract liabilities		659,669	708,582
Trade and other payables		2,382,125	2,076,130
Provision for liabilities and charges		2,719	3,445
Bank borrowings			
- Bank overdrafts	21(a)	13,631	5,997
- Others	21(b)	1,263,571	515,180
Banking related liabilities			
- Deposits from customers		14,176,691	15,812,819
- Deposits and placements of banks and other financial institutions		287,890	14,993
- Bills and acceptances payable		412,199	291,375
Derivative liabilities	22(a)	10,812	4,880
		<b>19,209,307</b>	<b>19,433,401</b>
<b>TOTAL LIABILITIES</b>		<b>22,616,078</b>	<b>22,163,807</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,958,148</b>	<b>28,295,919</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>		<b>* 2.67</b>	<b>* 2.58</b>

\* 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 Financial Report for the financial year ended 31 March 2011 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued and fully paid ordinary shares		Non-distributable					Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000				
Balance at beginning of the financial year 1.4.2011	1,933,237	1,719,601	20,701	911,016	8,138	(22,807)	156,195	2,187,500	4,980,344	1,151,768	6,132,112
Total comprehensive income for the financial period	-	-	-	-	2,486	(18,821)	186	274,921	258,772	46,538	305,310
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	500	500
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	(15,800)	(15,800)	369	(15,431)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	21,624	(21,624)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(22,424)	(22,424)
Final dividend in respect of financial year ended 31 March 2011	-	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)
<b>Balance as at 31.12.2011</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>911,016</b>	<b>10,624</b>	<b>(41,628)</b>	<b>178,005</b>	<b>2,367,000</b>	<b>5,165,319</b>	<b>1,176,751</b>	<b>6,342,070</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

	Issued and fully paid ordinary shares		Non-distributable					Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000				
Balance at beginning of the financial year 1.4.2010	1,933,237	1,719,601	20,701	911,016	6,550	-	65,996	1,855,872	4,579,736	1,242,774	5,822,510
Effect of adopting FRS 139	-	-	-	-	-	7,070	-	(27,783)	(20,713)	(7,805)	(28,518)
As restated	1,933,237	1,719,601	20,701	911,016	6,550	7,070	65,996	1,828,089	4,559,023	1,234,969	5,793,992
Acquisitions of additional interests in subsidiary companies	-	-	-	-	-	-	-	-	-	(157,096)	(157,096)
Total comprehensive income for the financial period	-	-	-	-	1,402	(11,750)	169	400,072	389,893	76,152	466,045
Transfer of a subsidiary company's other reserves	-	-	-	-	(371)	(37,081)	76,018	(34,762)	3,804	1,626	5,430
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(24,232)	(24,232)
Final dividend in respect of financial year ended 31 March 2010	-	-	-	-	-	-	-	(36,248)	(36,248)	-	(36,248)
<b>Balance as at 31.12.2010</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>911,016</b>	<b>7,581</b>	<b>(41,761)</b>	<b>142,183</b>	<b>2,157,151</b>	<b>4,916,472</b>	<b>1,131,419</b>	<b>6,047,891</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2011 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>9 Months Ended 31.12.2011 RM'000</b>	<b>9 Months Ended 31.12.2010 RM'000</b>
Net profit for the financial period	323,158	479,804
Adjustments:		
- Depreciation and amortisation of property, plant and equipment / prepaid lease properties	115,482	107,858
- Finance cost	90,109	59,154
- Taxation	102,386	87,122
- Share of results of jointly controlled entities (net of tax)	(61,731)	(54,864)
- Share of results of associated companies (net of tax)	(78,061)	(121,882)
- Negative goodwill arising from accretion of interest in a subsidiary company	-	(71,216)
- Others	128	(24,473)
Operating profit before working capital changes	491,471	461,503
Changes in working capital:		
Net increase in banking related assets	(1,075,239)	(358,182)
Net decrease in banking related liabilities	(1,233,869)	(842,714)
Net increase in current assets	(385,208)	(243,332)
Net increase in current liabilities	358,646	157,192
Net cash used in operations	(1,844,199)	(825,533)
Interest received	32,272	30,637
Dividends received from jointly controlled entities	64,792	31,872
Dividends received from associated companies	95,108	77,299
Dividends received from investments	3,795	3,174
Tax paid, net of refund	(59,885)	(70,675)
Finance cost paid	(93,682)	(54,726)
Net cash outflow from operating activities	<b>(1,801,799)</b>	<b>(807,952)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment / non-current assets held for sale	6,793	9,209
Proceeds from disposal / maturity of investments	516,108	548,931
Redemption of available-for-sale securities	944,000	639,450
Purchase of property, plant and equipment / intangible assets / investment properties	(162,781)	(101,934)
Acquisition of investments / land held for property development	(571,292)	(780,194)
Acquisition of investments, net of proceeds from disposal by a banking subsidiary company	(2,184,778)	(640,079)
Net cash flow from disposal of a subsidiary company	80	-
Subscription of shares by non-controlling interest in a subsidiary company	500	-
Acquisition of an associated company	(622,791)	-
Acquisition of additional shares in a subsidiary company	(15,431)	(12)
Proceeds from disposal/dilution of an associated company	2,730	658
Capital reduction and repayment in a subsidiary company	-	(80,829)
Net cash outflow from investing activities	<b>(2,086,862)</b>	<b>(404,800)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	<b>9 Months Ended 31.12.2011 RM'000</b>	<b>9 Months Ended 31.12.2010 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	2,249,578	1,088,507
Repayment of bank borrowings / hire purchase and finance leases	(932,899)	(1,105,582)
Fixed deposits held as security	(386,879)	(9,220)
Dividend paid to non-controlling interest	(22,424)	(24,232)
Dividend paid to shareholders	(57,997)	(36,248)
Net cash inflow/(outflow) from financing activities	<b>849,379</b>	<b>(86,775)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,039,282)</b>	<b>(1,299,527)</b>
Effects of foreign currency translation	62	(120)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	7,736,646	7,095,926
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>4,697,426</b>	<b>5,796,279</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,187,863	1,216,709
Banking related assets – cash and short-term funds	2,965,041	4,651,504
Bank overdrafts	(13,631)	(26,068)
	5,139,273	5,842,145
Less: Fixed deposits held as security	(441,847)	(45,866)
	4,697,426	5,796,279

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2011 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 prepared in accordance with Financial Reporting Standard (“FRS”) 134 on “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2011.

### **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 March 2011 except for the adoption of the following new and revised FRSs, Issues Committee (“IC”) Interpretations and Amendments to FRSs which are relevant to the Group’s operations with effect from 1 April 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Investments in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives

**2. CHANGES IN ACCOUNTING POLICIES (Continued)**

The adoption of the new/revised FRSs, IC Interpretations and amendments to FRSs did not result in substantial changes to the Group's accounting policies except for IC Interpretation 12 Service Concession Arrangements on a subsidiary company which is being assessed.

**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 31 December 2011.

**4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE**

There was no item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2011. In the previous financial period ended 31 December 2010, the Group had recognised a one-off negative goodwill of RM71.22 million arising from accretion of interest in a subsidiary company which is shown under other income.

**5. CHANGES IN ESTIMATES**

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

**6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

Save as mentioned below, there was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 December 2011.

- (a) Issuance of Tier 2 Capital Islamic Subordinated Sukuk of RM400 million by a banking subsidiary company;
- (b) Redemption of Subordinated Bonds of RM250 million by a banking subsidiary company; and
- (c) Issuance of Islamic Medium Term Notes (Sukuk) Programme of RM500 million by DRB-HICOM Berhad.

**7. DIVIDENDS PAID**

The shareholders have approved a final dividend of 4.0 sen gross per share, less taxation of 25% at the last Annual General Meeting held on 8 September 2011 in respect of the financial year ended 31 March 2011. The net dividend amounting to RM57,997,112 was paid on 7 October 2011.

**8. SEGMENTAL INFORMATION**

The information of each of the Group's business segments for the financial period ended 31 December 2011 is as follows:

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property, Asset &amp; Construction RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
Total revenue	2,663,255	1,964,923	244,596	19,323	4,892,097
Inter-segment revenue	(16,095)	(17,522)	(85,144)	(19,323)	(138,084)
External revenue	2,647,160	1,947,401	159,452	-	4,754,013
<b>Results</b>					
Segment profit/(loss)	125,134	257,789	(7,341)	18,518	394,100
Unallocated expenses					(52,728)
Interest income					34,489
Finance cost					(90,109)
Share of results of jointly controlled entities (net of tax)	51,639	-	10,092	-	61,731
Share of results of associated companies (net of tax)	58,349	17,644	2,068	-	78,061
Profit before taxation					425,544
Taxation					(102,386)
Net profit for the financial period					323,158
Attributable to:					
Owners of the Company					274,921
Non-controlling interest					48,237

**9. PROPERTY, PLANT AND EQUIPMENT**

There is no revaluation of property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

**10. SUBSEQUENT EVENT**

Save as disclosed in Note 20, 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 likely to affect substantially the results of the operations of the Group.

**11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

- (a) On 1 April 2011, HICOM Terang Sdn. Bhd. (“HTSB”), a wholly-owned subsidiary company of the Group was incorporated. The issued and paid-up share capital of HTSB is RM2.00 comprising 2 ordinary shares of RM1.00 each.
- (b) On 25 May 2011, HICOM-Potenza Sports Cars Sdn. Bhd. (“HPSC”) increased its issued and paid-up share capital from RM2.00 to RM5 million by issuance of 4,999,998 new ordinary shares of RM1.00 each. HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, subscribed 4,499,998 ordinary shares in HPSC, representing 90% equity interest.
- (c) On 10 June 2011, Intrakota Komposit Sdn. Bhd., a 70% owned dormant subsidiary company of the Group, completed the Sale and Purchase of Shares Agreement with RA Focus Capital Sdn. Bhd. to dispose its entire 55.78% equity interest in Toong Fong Omnibus Company Sendirian Berhad (“TFOC”) for a cash consideration of RM80,000 and as a result, TFOC ceased to be a subsidiary company of the Group.
- (d) On 1 July 2011, POS Malaysia Berhad (“POSM”) became an associated company of the Group following the completion of the acquisition of 32.21% equity interest in POSM.
- (e) On 9 September 2011, Automotive Corporation (Malaysia) Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of 375,000 ordinary shares of RM1.00 each and 150,000 ordinary shares of RM1.00 each representing 5% and 2% respectively of the issued and paid up share capital of HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. (“HAMM”) from Itochu Corporation and Lion Motor Sdn. Bhd. for a total cash consideration of RM262,500. As a result, HAMM became a wholly-owned subsidiary company of the Group.
- (f) On 4 October and 5 December 2011, HICOM Indungan Sdn. Bhd. (“HISB”), an indirect wholly-owned subsidiary company of the Group, completed the acquisition of 18.75% and 6.25% equity interest in Rebak Island Marina Berhad (“Rebak”) from Lembaga Pembangunan Langkawi and Mofaz (M) Sdn. Bhd. respectively for a total cash consideration of approximately RM15.13 million. As a result, Rebak became a wholly-owned subsidiary company of the Group.
- (g) On 6 October 2011, HICOM Holdings Berhad completed the acquisition of the entire equity interest comprising one million ordinary shares of RM1.00 each in HICOM Auto Sdn. Bhd. (formerly known as HICOM Auto Distributor Sdn. Bhd.) from Automotive Corporation (Malaysia) Sdn. Bhd. via an internal re-organisation.
- (h) On 21 October 2011, Edaran Otomobil Nasional Berhad (“EON”), a wholly-owned subsidiary company of the Group, acquired an additional 15% equity interest in Multi Automotive Service & Assist Sdn. Bhd. (“MASA”) from Saripati (Malaysia) Sdn. Bhd. for a cash consideration of RM36,500. As a result, EON’s equity interest in MASA increased from 55% to 70%.

**11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011 (Continued)**

- (i) On 21 October 2011, HICOM Holdings Berhad completed the disposal of its entire 30% equity stake in ZF Steerings (Malaysia) Sdn. Bhd. (“ZF Steerings”) to ZF Lenksysteme GmbH for a cash consideration of RM2.73 million. As a result, ZF Steerings ceased to be an associated company of the Group.
- (j) On 31 December 2011, HICOM Holdings Berhad (“HHB”) converted its convertible redeemable loan stock of RM163,374 in Niro Ceramic (M) Sdn. Bhd. (“Niro Ceramic”) into 73,262 new ordinary shares of RM1.00 each at the conversion price of RM2.23. Based on the enlarged share capital, HHB’s shareholding in Niro Ceramic is 21.01%.

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There has been no material change in contingent liabilities or contingent assets since the last annual audited financial statements.

**13. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD**

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

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

	<b>As at 31 December 2011</b>		
	<b>Principal Amount RM’000</b>	<b>Credit Equivalent Amount RM’000</b>	<b>Risk Weighted Amount RM’000</b>
Direct credit substitutes	208	208	208
Trade-related contingencies	64,566	12,913	5,577
Transaction related contingencies	617,532	308,766	249,814
Obligations under an on-going underwriting agreement	41,000	20,500	4,100
Housing financing sold directly and indirectly to Cagamas with recourse	351,359	351,359	164,357
Credit extension commitment:			
– maturity within one year	306,476	61,295	55,437
– maturity exceeding one year	2,169,068	1,084,534	378,224
Bills of collection	28,731	-	-
Profit rate related contracts	75,000	6,000	1,200
Foreign exchange related contracts	1,211,856	17,756	10,727
	<b>4,865,796</b>	<b>1,863,331</b>	<b>869,644</b>

**14. PROFIT BEFORE TAXATION**

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

	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Allowance for/write off of investment securities and financing of customers (net)	56,537	21,358	60,225	38,170
Amortisation of intangible assets	5,642	5,176	16,902	15,427
Depreciation and amortisation of property, plant and equipment / prepaid lease properties	39,570	36,156	115,482	107,858
Finance cost	30,938	18,826	90,109	59,154
Impairment loss of non-current assets held for sale	-	1,960	-	1,960
Inventories written off/down (net of write backs)	1,172	(468)	1,444	362
Loss on fair value adjustment of investment properties	1,440	1,488	4,282	4,013
Property, plant and equipment written off	399	254	32,148	1,152
Dividend income	(1,094)	(1,092)	(3,802)	(2,236)
Doubtful debts (net of write backs)	(32,245)	16,335	(17,217)	22,730
Gain on disposal of investment securities	(7,131)	(12,283)	(25,852)	(24,173)
Gain on disposal of:				
- property, plant and equipment	(1,365)	(1,907)	(1,657)	(4,375)
- prepaid lease properties	(9)	-	(289)	-
- shares in a subsidiary company	-	-	(80)	-
Gain on dilution of shares in an associated company	-	-	-	(570)
(Gain)/loss on fair value adjustment of securities at fair value through profit or loss	(21,618)	(20,141)	33,827	(25,000)
Interest income on short term deposits	(12,799)	(8,178)	(34,489)	(26,320)
Insurance claim receivables	(346)	-	(31,561)	-
Marked to market loss/(gain) on derivatives	28,729	(2,217)	(9,863)	(4,180)
Net foreign exchange differences	(13,063)	(3,429)	(10,274)	(13,174)
Negative goodwill arising from accretion of interest in a subsidiary company	-	-	-	(71,216)

**15. REVIEW OF PERFORMANCE**

- (a) The Group recorded a total revenue of RM4.75 billion for the financial period ended 31 December 2011 as compared to RM4.81 billion in the previous corresponding period ended 31 December 2010, a minor reduction of 1.09% or RM52 million. 56% of the Group's revenue was derived from the Automotive sector with the Services and Property, Asset Management and Construction sectors contributing 41% and 3% respectively.
- (b) For the financial period ended 31 December 2011, the Group recorded a lower pre-tax profit of RM425.54 million compared to RM566.93 million in the previous corresponding period ended 31 December 2010. With the exclusion of exceptional item (negative goodwill), the operating profits of the Group declined by RM70.17 million to RM425.54 million as against RM495.71 million in the corresponding period. The reduction is mainly due to lower share of results of certain associated companies which were affected by the automotive components supply constraints arising from the flood situation in Thailand and also higher finance costs incurred on additional borrowings to finance the acquisition of new investments and working capital.

The Group's financial results is analysed as below:

		Financial Period Ended		Variance RM'000
		31 Dec 2011 RM'000	31 Dec 2010 RM'000	
(i)	Profit from operations	375,861	378,118	(2,257)
(ii)	Finance costs	(90,109)	(59,154)	(30,955)
(iii)	Share of results of JCEs	61,731	54,864	6,867
(iv)	Share of results of associated companies	78,061	121,882	(43,821)
	Sub-total	<b>425,544</b>	<b>495,710</b>	<b>(70,166)</b>
(v)	Negative goodwill (EON)	–	71,216	(71,216)
(vi)	<b>Group's Profit Before Tax</b>	<b>425,544</b>	<b>566,926</b>	<b>(141,382)</b>

**16. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group recorded a lower pre-tax profit of RM115.17 million in the current quarter ended 31 December 2011 as compared to RM164.06 million in the preceding quarter ended 30 September 2011. The decline is mainly attributable to lower share of results of certain associated companies / jointly controlled entities involved in the automotive business due to shortages of CKD packs caused by the severe flooding in Thailand.

**17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2012**

During the current financial year, the Group had undertaken two major new investments i.e the purchase of 32.21% equity interest in POS Malaysia Berhad and the proposed acquisition of Proton Holdings Berhad. It has also executed a concession agreement with the Government in respect of collection services and public cleansing management services in the State of Pahang and the Federal Territories of Kuala Lumpur and Putrajaya for a period of 22 years ending in 2033. These new investments / contracts together with Group's synergies and business plans are expected to improve the Group's performance and help to enhance shareholders' value.

As the domestic demand conditions remain favourable supported by both private and public sector spending, all the business units in the Group (save for automotive sector) are expected to continue to achieve stable performance. The outlook of the Group's automotive sector is expected to be weaker, contributed by new stringent credit financing policies, stiff global and regional competition, volatility of foreign exchange rates and also supply disruptions of components caused primarily by Thailand flood (normal production is expected to resume in March 2012).

On the back of higher financing cost and the increasing costs of doing businesses both locally and globally, the financial performance from operations for the financial year ending 31 March 2012 is expected to be marginally lower than the previous financial year.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**19. TAXATION**

Taxation comprises the following:

	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Current taxation	24,627	31,280	72,811	93,654
Deferred taxation	(2,613)	1,372	29,575	(6,532)
<b>Total</b>	<b>22,014</b>	<b>32,652</b>	<b>102,386</b>	<b>87,122</b>

The Group's effective tax rate for the financial period ended 31 December 2011 is higher than the statutory tax rate mainly due to profits of certain subsidiary companies which for income tax purposes cannot be set-off against losses incurred by other subsidiary companies within the Group and certain expenses which were not deductible for tax purposes.



**20. STATUS OF CORPORATE PROPOSALS**

- (a) On 14 December 2010, the Company entered into a Memorandum of Understanding (“MOU”) with KAMAZ Group from the Republic of Tatarstan to manufacture and assemble selected KAMAZ heavy duty trucks for the Malaysian and ASEAN market subject to the result of a feasibility study to be undertaken. The MOU shall continue to be in force until the execution of the final agreements or until termination of the MOU by mutual agreement of both parties.
- (b) On 16 January 2012, the Company entered into a conditional share sale and purchase agreement (“SSPA”) with Khazanah Nasional Berhad to acquire 234,734,693 ordinary shares of RM1.00 each in Proton Holdings Berhad (“Proton”) (“Proton Shares”), representing approximately 42.74% of the issued and paid-up capital of Proton for a total cash consideration of RM1,291,040,812 or RM5.50 per Proton Share (“Proposed Acquisition”).

The payment for the Proposed Acquisition shall be made as follows:

- (i) 10% of the Purchase Consideration i.e. RM129,104,081 was paid on the date of the SSPA; and
- (ii) The 90% balance of the Purchase Consideration i.e. RM1,161,936,731 is payable on the completion date of the SSPA.

The Proposed Acquisition is subject to approval from the shareholders of the Company at an extraordinary general meeting to be convened and the approval of or notification to the Ministry of International Trade and Industry.

In accordance with Section 218(2) of the Capital Markets & Services Act, 2007 and Section 9(1), Part III of the Malaysian Code on Take-Over and Mergers, 2010, the Company will be obliged to extend a mandatory general offer for all the remaining Proton Shares not already owned by the Company for a cash consideration of RM5.50 per Proton Share.

On 17 January 2012, the Company acquired 39,927,000 of Proton shares, representing approximately 7.27% of the issued and paid-up share capital of Proton via open market at prices ranging from RM5.40 to RM5.47 per Proton share.

**21. BORROWINGS AND DEFERRED LIABILITIES**

Total Group borrowings are as follows:

		<b>As at 31.12.2011 RM'000</b>
(a)	<b>Short Term Borrowings</b>	
	<b>Bank overdrafts</b>	
	- Secured	5,940
	- Unsecured	7,691
	<b>Total</b>	<b>13,631</b>

**21. BORROWINGS AND DEFERRED LIABILITIES (Continued)**

Total Group borrowings are as follows:

	<b>As at 31.12.2011 RM'000</b>
<b>(b) Short Term Borrowings (continued)</b>	
<b>Others</b>	
<u>Secured</u>	
Bankers acceptances	9,076
Revolving credits	12,100
Short term loans	672,791
Hire purchase and finance lease liabilities payable within 12 months	13,556
Long term loans – portion repayable within 12 months	29,420
Long term loans under Islamic financing – portion repayable within 12 months	104,811
Sub-total	<u>841,754</u>
<u>Unsecured</u>	
Bankers acceptances	192,867
Revolving credits	173,300
Short term loans	17,506
Deferred liability	38,144
Sub-total	<u>421,817</u>
<b>Total</b>	<b>1,263,571</b>
<b>(c) Long Term Borrowings</b>	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	38,254 (13,556)
	<u>24,698</u>
Long term loans - portion repayable within 12 months	290,919 (29,420)
	<u>261,499</u>
Long term loans under Islamic financing - portion repayable within 12 months	303,523 (104,811)
	<u>198,712</u>
<u>Unsecured</u>	
Long term loans	22,277
Long term loans under Islamic financing	900,000
<b>Total</b>	<b>1,407,186</b>
<b>Grand Total</b>	<b>2,684,388</b>

**Note:** Apart from the following Ringgit equivalent of foreign currency borrowings, the rest of the borrowings and deferred liabilities are denominated in Ringgit Malaysia.

<b>As at</b>	<b>Amount</b>
31.12.2011	RM221.3 million (SGD 89.5 million) RM6.5 million (Thai Baht 65 million)

## 22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 December 2011 consist of forward foreign exchange contracts which are measured at their fair value together with their corresponding contract/notional amounts as below:

	Contract / Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>Forward foreign exchange contracts:</b>			
- Less than a year	1,244,396	16,770	4,045
<b>Currency swap foreign exchange contacts:</b>			
- Less than a year	839,782	1,367	4,094
<b>Islamic profit rate swap:</b>			
- More than a year	75,000	-	2,673
	2,159,178	18,137	10,812

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2011:

- (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 gains/loss arising from fair value changes of financial liabilities

During the current financial period, the Group recognised a total net gain of RM9.86 million in the consolidated statement of comprehensive income arising from the fair value changes on the forward foreign exchange contracts and currency swap foreign exchange contracts which are marked to market as at 31 December 2011.

## 23. MATERIAL LITIGATION

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

**24. DIVIDEND**

The Board of Directors is pleased to declare an interim gross dividend of 2.00 sen (2011: 2.00 sen) per share less taxation of 25% amounting to RM28,998,556 for the current financial year ending 31 March 2012 which is proposed to be paid on 30 March 2012.

NOTICE IS HEREBY GIVEN that the interim dividend of 2.00 sen per share less taxation of 25% will be paid on 30 March 2012, to depositors registered in the Records of Depositors at the close of business on 14 March 2012.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 12 March 2012 in respect of the shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 March 2012 in respect of transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total gross dividend declared for the financial period ended 31 December 2011 is 2.00 sen per share.

**25. EARNINGS PER SHARE**

The basic 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 period.

	<b>Current quarter</b>		<b>Financial period</b>	
	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Net profit attributable to owners of the Company (RM'000)	79,576	110,098	274,921	400,072
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	<b>4.12</b>	<b>5.69</b>	<b>14.22</b>	<b>20.69</b>

**26. DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES**

The retained profits of the Group as at 31 December 2011 are analysed as follows:

	<b>As at 31 December 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
Total retained profits of the Company and subsidiaries:		
- Realised	1,965,572	1,680,142
- Unrealised	11,538	93,308
	1,977,110	1,773,450
Total share of retained profits from jointly controlled entities:		
- Realised	190,954	205,956
- Unrealised	2,889	1,231
Total share of retained profits from associated companies:		
- Realised	191,408	170,928
- Unrealised	4,639	5,586
Total Group retained profits as per consolidated financial statements	2,367,000	2,157,151

**27. 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

CHAN CHOY LIN, CAROL  
Secretary

Shah Alam  
24 February 2012