



DRB-HICOM BERHAD

(203430-W)
(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 June 2012

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 30 June 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	First Quarter 3 Months Ended		Financial Year 3 Months Ended	
		30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Revenue		3,463,053	1,582,541	3,463,053	1,582,541
Cost of sales and operating expenses		(3,424,387)	(1,471,206)	(3,424,387)	(1,471,206)
Other income		114,362	23,905	114,362	23,905
Other expenses		(20,487)	(7,624)	(20,487)	(7,624)
Profit from operations		132,541	127,616	132,541	127,616
Finance cost		(77,230)	(26,447)	(77,230)	(26,447)
Share of results of jointly controlled entities (net of tax)		10,056	20,111	10,056	20,111
Share of results of associated companies (net of tax)		32,548	25,034	32,548	25,034
PROFIT BEFORE TAXATION	14	97,915	146,314	97,915	146,314
Taxation	19	(44,530)	(37,655)	(44,530)	(37,655)
NET PROFIT FOR THE FINANCIAL PERIOD		53,385	108,659	53,385	108,659
OTHER COMPREHENSIVE INCOME					
Net gain on fair value changes of securities: available-for-sale					
- Gain on fair value changes		4,219	9,889	4,219	9,889
- Transfer to profit or loss upon disposal		5,528	-	5,528	-
Currency translation differences of foreign subsidiaries		5,160	1,880	5,160	1,880
Share of other comprehensive income of an associated company		677	21	677	21
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		15,584	11,790	15,584	11,790
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		68,969	120,449	68,969	120,449
Net profit for the financial period attributable to:					
Owners of the Company		32,601	91,067	32,601	91,067
Non-controlling interest		20,784	17,592	20,784	17,592
		53,385	108,659	53,385	108,659
Total comprehensive income for the financial period attributable to:					
Owners of the Company		45,900	99,029	45,900	99,029
Non-controlling interest		23,069	21,420	23,069	21,420
		68,969	120,449	68,969	120,449
Basic earnings per share (sen):	25	1.69	4.71	1.69	4.71

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30.06.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,573,029	4,509,324
Concession assets		359,552	377,552
Prepaid lease properties		15,928	16,067
Investment properties		554,269	553,121
Land held for property development		1,047,248	1,045,230
Jointly controlled entities		437,759	436,258
Associated companies		1,173,368	1,136,680
Intangible assets		1,250,261	1,228,431
Deferred tax assets		181,087	162,603
Investment securities: available-for-sale			
- Banking		4,842,384	4,734,273
- Non-banking		1,055,719	1,038,911
Securities: held-to-maturity			
- Banking		48,233	46,547
- Non-banking		549,278	547,251
Other assets		320	320
Banking related assets			
- Financing of customers		7,490,895	7,030,538
- Statutory deposits with Bank Negara Malaysia		552,721	527,721
		24,132,051	23,390,827
CURRENT ASSETS			
Assets held for sale		673	21,299
Inventories		1,520,228	1,516,757
Property development costs		241,995	232,872
Trade and other receivables		3,042,084	3,173,088
Reinsurance assets		252,651	238,832
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		376,741	391,886
Investment securities: available-for-sale			
- Banking		1,052,863	1,404,751
- Non-banking		38,878	45,961
Investment securities: held-to-maturity			
- Banking		-	28,786
- Non-banking		69,144	85,175
Banking related assets			
- Cash and short-term funds		1,976,058	4,501,556
- Financing of customers		1,699,405	1,738,759
Bank balances and cash deposits		2,742,584	3,040,318
Derivative assets	22(a)	10,142	10,199
		13,023,446	16,430,239
TOTAL ASSETS		37,155,497	39,821,066

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 30.06.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
EQUITY AND LIABILITIES			
Share Capital		1,719,601	1,719,601
Reserves		4,576,578	4,529,516
Equity attributable to owners of the Company		6,296,179	6,249,117
Non-controlling interest		1,229,483	1,215,649
TOTAL EQUITY		7,525,662	7,464,766
NON-CURRENT LIABILITIES			
Life assurance contract liabilities		1,651,270	1,624,745
Deferred income		116,578	89,030
Long term borrowings	21(c)	4,077,158	3,475,561
Provision for liabilities and charges		858	824
Provision for concession assets		153,396	149,594
Post-employment benefit obligations		15,474	15,298
Deferred tax liabilities		105,831	101,979
Banking related liabilities			
- Deposits from customers		24,305	24,207
		6,144,870	5,481,238
CURRENT LIABILITIES			
General and life insurance contract liabilities		701,320	673,196
Deferred income		25,998	32,756
Trade and other payables		4,481,281	5,945,744
Provision for liabilities and charges		140,014	142,659
Provision for concession assets		147,377	181,968
Post-employment benefit obligations		14	14
Bank borrowings			
- Bank overdrafts	21(a)	13,878	9,768
- Others	21(b)	2,252,121	1,882,187
Banking related liabilities			
- Deposits from customers		15,403,060	17,652,397
- Deposits and placements of banks and other financial institutions		12,137	11,896
- Bills and acceptances payable		290,207	310,324
Derivative liabilities	22(a)	17,558	32,153
		23,484,965	26,875,062
TOTAL LIABILITIES		29,629,835	32,356,300
TOTAL EQUITY AND LIABILITIES		37,155,497	39,821,066
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		* 3.26	* 3.23

* 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 2012 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 1.4.2012	1,933,237	1,719,601	20,701	911,016	7,996	(35,007)	182,701	3,354,642	6,161,650	1,131,613	7,293,263
Prior years' adjustments (Note 2 (iii))	-	-	-	-	-	5,005	-	82,462	87,467	84,036	171,503
As restated	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	182,701	3,437,104	6,249,117	1,215,649	7,464,766
Total comprehensive income for the financial period	-	-	-	-	5,250	7,372	677	32,601	45,900	23,069	68,969
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	5	1,157	1,162	(9,235)	(8,073)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	16,240	(16,240)	-	-	-
Balance as at 30.06.2012	1,933,237	1,719,601	20,701	911,016	13,246	(22,630)	199,623	3,454,622	6,296,179	1,229,483	7,525,662

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 1.4.2011	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	-	-	-	-	1,962	6,532	(532)	91,067	99,029	21,420	120,449
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	500	500
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	10,123	(10,123)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(2,100)	(2,100)
Balance as at 30.06.2011	1,933,237	1,719,601	20,701	911,016	10,100	(16,275)	165,786	2,268,444	5,079,373	1,171,588	6,250,961

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 2012 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended 30.06.2012 RM'000	3 Months Ended 30.06.2011 RM'000
Net profit for the financial period	53,385	108,659
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	164,026	37,328
- Finance cost	77,230	26,447
- Taxation	44,530	37,655
- Share of results of jointly controlled entities (net of tax)	(10,056)	(20,111)
- Share of results of associated companies (net of tax)	(32,548)	(25,034)
- Others	57,474	556
Operating profit before working capital changes	354,041	165,500
Changes in working capital:		
Net increase in banking related assets	(463,195)	(96,864)
Net increase in banking related liabilities	(2,269,114)	(2,023,557)
Net decrease/(increase) in current assets	55,413	(284,201)
Net (decrease)/increase in current liabilities	(1,413,980)	25,804
Net cash used in operations	(3,736,835)	(2,213,318)
Interest received	16,289	9,552
Dividends received from jointly controlled entities	-	7,500
Dividends received from associated companies	-	84,797
Dividends received from investments	1,837	419
Tax paid, net of refund	(35,669)	(15,197)
Finance cost paid	(70,198)	(25,417)
Provision for liabilities and charges paid	(11,318)	(826)
Provision for concession assets paid	(31,514)	-
Post-employment benefit obligations paid	(106)	-
Net cash outflow from operating activities	(3,867,514)	(2,152,490)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment/assets held for sale	1,164	1,197
Proceeds from disposal/maturity of investments	207,376	213,080
Proceeds from disposal of an associated company	6,190	-
Redemption of available-for-sale securities	-	442,481
Purchase of property, plant and equipment/intangible assets/investment properties	(266,536)	(53,951)
Acquisition of investments/land held for property development	(166,986)	(239,912)
Acquisition of investments, net of proceeds from disposal by a banking subsidiary company	279,533	(110,229)
Acquisition of additional shares in subsidiary companies	(6,305)	-
Acquisition of an associated company	(1,000)	-
Net cash flow from disposal of a subsidiary company	-	80
Subscription of shares by non-controlling interest in a subsidiary company	-	500
Net cash inflow from investing activities	53,436	253,246

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 Months Ended 30.06.2012 RM'000	3 Months Ended 30.06.2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,350,503	658,232
Repayment of bank borrowing/hire purchase and finance leases	(365,377)	(206,134)
Maturity of fixed deposits/(fixed deposits held as security)	28,489	(154,325)
Dividend paid to non-controlling interest	-	(2,100)
Net cash inflow from financing activities	1,013,615	295,673
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,800,463)	(1,603,571)
Effects of foreign currency translation	1,610	26
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	7,213,747	7,736,646
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	4,414,894	6,133,101
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,742,584	1,445,494
Banking related assets – cash and short-term funds	1,976,058	4,908,141
Bank overdrafts	(13,878)	(11,241)
	4,704,764	6,342,394
Less: Fixed deposits held as security	(279,652)	(209,293)
Less: Bank balance in respect of Automotive Development Fund liabilities	(10,218)	-
	4,414,894	6,133,101

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012 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 2012.

2. CHANGES IN ACCOUNTING POLICIES

(i) Changes in accounting policies and effects arising from adoption of revised FRSs

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 2012 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 2012:

Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
FRS 124	Related Party Disclosures
Amendments to IC Interpretation 14	Prepayments of a minimum funding requirement
IC Interpretation 19	Extinguishing financial liabilities with equity instruments

The adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(ii) Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (“IC 15”), including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) Malaysian Financial Reporting Standards (Continued)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year beginning 1 April 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The subsidiary companies within the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. As the Group and the Company falls within the scope of Transitioning Entities, adjustments have been made to reflect the consolidated financial statements under FRS.

(iii) Changes in Bank Negara Malaysia (“BNM”) Guidelines for Life Insurers – Unallocated surplus and reserve of non-participating funds held by a Life insurance subsidiary company

Prior to 1 April 2012, BNM requires the Life insurance subsidiary company to recognise the unallocated surplus and reserve of non-participating funds as part of actuarial insurance contract liabilities.

On 21 February 2012, BNM issued a revised Guideline which is effective for financial periods commencing after 1 January 2012. Under this new guideline, Life insurers are no longer required to classify the unallocated surplus and reserve of non-participating funds as part of insurance contract liabilities as insurers are now required to classify them in accordance with the requirements of FRS. Accordingly, the Life insurance subsidiary company changed its accounting policy to classify its unallocated surplus and AFS reserve of non-participating funds from the insurance contract liabilities to equity. This change in accounting policy is accounted for retrospectively and is consistent with the life insurance industry practice.

The effects of the change in accounting policy adopted by the insurance subsidiary company to the Group are as follows:

	As previously stated RM'000	Effect of changes in accounting policy RM'000	As restated RM'000
As at 31 March 2012			
Statement of financial position			
Life assurance contract liabilities	1,839,124	(214,379)	1,624,745
Deferred tax liabilities	59,103	42,876	101,979
Statement of changes in equity			
Available-for-sale (“AFS”) reserve	(35,007)	5,005	(30,002)
Retained earnings	3,354,642	82,462	3,437,104
Non-controlling interest	1,131,613	84,036	1,215,649

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 2012.

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 30 June 2012.

5. CHANGES IN ESTIMATES

There was no change in estimate of amount reported in prior financial years that has a material effect to this 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 30 June 2012.

- (a) Issuance of the Islamic Medium Term Notes (Sukuk) Programme of RM230 million by DRB-HICOM Berhad.

7. DIVIDENDS PAID

There was no dividend paid for the current financial period ended 30 June 2012.

8. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial period ended 30 June 2012 is as follows:

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	2,969,576	653,408	82,041	7,371	3,712,396
Inter-segment revenue	(209,402)	(13,308)	(19,262)	(7,371)	(249,343)
External revenue	2,760,174	640,100	62,779	-	3,463,053
Results					
Segment profit	44,286	74,214	(2,083)	6,522	122,939
Unallocated expenses					(10,490)
Interest income					20,092
Finance cost					(77,230)
Share of results of jointly controlled entities (net of tax)	7,868	-	2,188	-	10,056
Share of results of associated companies (net of tax)	21,674	10,560	314	-	32,548
Profit before taxation					97,915
Taxation					(44,530)
Net profit for the financial period					53,385
Attributable to:					
Owners of the Company					32,601
Non-controlling interest					20,784

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

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 30 JUNE 2012

- (a) On 15 June 2012, HICOM Holdings Berhad, effectively 100% owned subsidiary of the Group, completed the acquisition of the remaining equity interest in Comtrac Sdn. Bhd. ("Comtrac") for a total cash consideration of RM6,305,000. As a result, Comtrac became a wholly-owned subsidiary company of the Group. Subsequently, the effective equity interest in Glenmarie Cove Development Sdn. Bhd. increased from 89.50% to 100%.
- (b) On 21 June 2012, HICOM Holdings Berhad completed the disposal of its entire 20% equity interest in THK Rhythm Malaysia Sdn. Bhd. ("THK Rhythm") (formerly known as TRW Steering & Suspension (Malaysia) Sdn. Bhd.) to THK Rhythm Co., Ltd., THK Co., Ltd. and Vincus Holdings Sdn. Bhd. for a total cash consideration of RM6,190,000. As a result, THK Rhythm ceased to be an associated company of the Group.
- (c) On 25 June 2012, POS Malaysia Berhad ("POSM") and Bank Muamalat Malaysia Berhad ("BMMB") entered into a collaboration through the execution of a Shareholders' Agreement to jointly participate via a joint venture company known as Pos Ar-Rahnu Sdn. Bhd., to undertake the Islamic pawn broking business (Ar-Rahnu). POSM and BMMB have an equity interest of 80% and 20% respectively in the above company.
- (d) On 26 June 2012, PROTON became a wholly-owned subsidiary company of the Group following the completion of the compulsory acquisition of the remaining PROTON shares under the Mandatory General Offer.
- (e) On 27 June 2012, HICOM Holdings Berhad completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 each in HICOM Terang Sdn. Bhd. ("HTSB") via an internal re-organisation. On 29 June 2012, HTSB changed its name to DRB-HICOM Environmental Services Sdn. Bhd.

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:

	As at 30 June 2012		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	1,208	1,208	1,208
Trade-related contingencies	56,435	11,287	3,701
Transaction related contingencies	575,314	287,657	229,194
Obligations under an on-going underwriting agreement	41,000	20,500	4,100
Housing financing sold directly and indirectly to Cagamas with recourse	64,070	64,070	28,195
Credit extension commitment:			
– maturity within one year	462,373	92,475	85,136
– maturity exceeding one year	2,144,201	1,072,100	362,132
Bills of collection	32,586	-	-
Profit rate related contracts	1,209,964	7,722	2,426
Foreign exchange related contracts	75,000	6,000	1,200
	4,662,151	1,563,019	717,292

14. PROFIT BEFORE TAXATION

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

	3 Months Ended	
	30.06.2012 RM'000	30.06.2011 RM'000
Allowance for/write off of investment securities and financing of customers (net)	143	22,147
Amortisation of :		
- intangible assets	71,613	5,417
- concession assets	4,053	-
Depreciation and amortisation of property, plant and equipment/ prepaid lease properties	164,026	37,328
Finance cost	77,230	26,447
Impairment loss of property, plant and equipment (net of reversal)	334	11
Inventories written off/down (net of write backs)	2,918	(99)

14. PROFIT BEFORE TAXATION (Continued)

	3 Months Ended	
	30.06.2012	30.06.2011
	RM'000	RM'000
Loss on fair value adjustment of investment properties	1,351	1,419
Loss/(gain) on fair value adjustment of securities at fair value through profit or loss	472	(710)
Property, plant and equipment written off	166	44
Doubtful debts (net of write backs)	6,489	3,279
Dividend income	(2,584)	(448)
Gain on disposal of:		
- investment securities	(112)	(47)
- an associated company	(1,643)	-
- a subsidiary company	-	(80)
- property, plant and equipment	(45)	(34)
Interest income on short term deposits	(20,092)	(10,768)
Marked to market (gain)/loss on derivatives	(14,538)	349
Net foreign exchange differences	(938)	(5,457)

15. REVIEW OF PERFORMANCE

- (a) The Group posted a higher revenue of RM3.46 billion for the current quarter ended 30 June 2012 as compared to RM1.58 billion in the previous corresponding quarter ended 30 June 2011. The increase was primarily attributed to the inclusion of PROTON's revenue during the period under review.
- (b) For the current quarter ended 30 June 2012, the Group recorded a lower pre-tax profit of RM97.92 million compared to RM146.31 million in the previous corresponding quarter ended 30 June 2011. The net reduction of RM48.39 million were due to the following:

		RM'000
(i)	Losses incurred by Lotus	(65,776)
(ii)	Higher finance cost (RM77.23 m vs. RM26.45 m)	(50,783)
	Sub-total	(116,559)
(iii)	Better performance of other Group companies	68,160
	Total	(48,399)

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a lower operating pre-tax profit of RM97.92 million in the current quarter ended 30 June 2012 as compared to RM124.04 million (excluding negative goodwill - gain on bargain purchase of RM971.52 million arising from the acquisition of PROTON) in the preceding quarter ended 31 March 2012. The reduced operating profits for the current quarter is basically due to higher finance cost and losses incurred by a foreign subsidiary company, Lotus.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

The total industry volume for motor vehicles sales for the first six months of 2012 increased to 301,224 units compared to 297,203 units in the corresponding period in 2011, in line with positive economic growth.

Overall, the Group's financial performance for the first quarter ended 30 June 2012 remains stable. With the inclusion of PROTON into the Group recently, several initiatives to improve cost effectiveness, quality and delivery efficiency are being implemented to further enhance the Group's performance.

The Board expects the Group's performance for the financial year ending 31 March 2013 to remain satisfactory.

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:

	3 Months Ended	
	30.06.2012	30.06.2011
	RM'000	RM'000
Current taxation	52,720	37,874
Deferred taxation	(8,190)	(219)
Total	44,530	37,655

The Group's effective tax rate for the financial period ended 30 June 2012 is higher than the statutory tax rate mainly due to profits of certain companies which for income tax purposes cannot be set-off against losses incurred by other companies and certain expenses which were not deductible for tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 28 May 2012, HICOM Holdings Berhad entered into Share Sale agreements to acquire additional equity interests in Alam Flora Sdn. Bhd. (“AFSB”) from the following parties:
- (i) KDEB Management Waste Sdn. Bhd. involving 16,000,000 ordinary shares of RM1.00 each representing 21.05% of the issued and paid-up capital of AFSB for a total consideration of RM27,200,000; and
 - (ii) PJBUMI Waste Management Sdn. Bhd. involving 12,000,000 ordinary shares of RM1.00 each representing 15.79% of the issued and paid-up capital of AFSB for a total consideration of RM20,400,000.

The above acquisitions are pending completion.

- (b) On 13 August 2012, the Group obtained Bank Negara Malaysia’s approval in principle to commence preliminary negotiations with certain parties in relation to the possible disposal of equity interests in Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad.
- (c) On 15 August 2012, Bank Negara Malaysia (“BNM”) granted approval to Affin Holdings Berhad to commence negotiations with the Company in relation to the acquisition of equity interest in Bank Muamalat Malaysia Berhad (“BMMB”), a 70% owned subsidiary of the Company. The potential disposal of equity interest in BMMB is in line with condition imposed by BNM for the Company to dilute its equity interest in BMMB from 70% to 40%.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

		As at 30.06.2012 RM’000
	Short Term Borrowings	
(a)	Bank overdrafts	
	- Secured	5,735
	- Unsecured	8,143
	Total	13,878

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.06.2012 RM'000
(b) Short Term Borrowings (Continued)	
Others	
<u>Secured</u>	
Bankers acceptances	59,461
Revolving credits	236,217
Hire purchase and finance lease liabilities payable within 12 months	19,908
Long term loans – portion repayable within 12 months	1,335,727
Long term loans under Islamic financing – portion repayable within 12 months	159,630
Sub-total	1,810,943
<u>Unsecured</u>	
Bankers acceptances	218,889
Revolving credits	195,300
Short term loans	6,620
Long term loans – portion repayable within 12 months	442
Long term loans under Islamic financing – portion repayable within 12 months	696
Deferred liability	19,231
Sub-total	441,178
Total	2,252,121
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	52,168 (19,908)
	32,260
Long term loans - portion repayable within 12 months	2,735,733 (1,335,727)
	1,400,006
Long term loans under Islamic financing - portion repayable within 12 months	2,382,482 (159,630)
	2,222,852

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.06.2012 RM'000
(c) Long Term Borrowings (Continued)	
<u>Unsecured</u>	
Long term loans	10,000
- portion repayable within 12 months	(442)
	9,558
Long term loans under Islamic financing	413,178
- portion repayable within 12 months	(696)
	412,482
Total	4,077,158
Grand Total	6,343,157

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

As at	Amount
30.06.2012	RM221.1 million (SGD 88.5 million) RM6.6 million (Thai Baht 66 million) RM1.0 billion (GBP 202.8 million) RM7.99 million (USD 2.52 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 June 2012 consist of foreign exchange contracts and profit rate swap 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
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	902,233	5,604	9,172
Currency swap foreign exchange contracts	1,151,756	4,538	1,806
Islamic profit rate swap	75,000	-	6,580
	2,128,989	10,142	17,558

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2012:

- (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.
- (a) 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 RM14.54 million in the consolidated statement of comprehensive income arising from the fair value changes on the foreign exchange contracts and profit rate swap which are marked to market as at 30 June 2012.

23. MATERIAL LITIGATION

Save as disclosed below, there is no material litigation pending as at the date of this report.

- (a) On 29 June 2012, Perusahaan Otomobil Nasional Sdn. Bhd. (“PONSB”), an indirect wholly owned subsidiary of the Group, has been served with a Writ of Summons on Statement of Claim from Messrs. Shafee & Co., the solicitors for Yasmin Jurumuda Sdn. Bhd. (“Jurumuda”). Jurumuda’s claim is premised on 2 agreements namely:
- (i) Agreement on Proposed Concession on Build, Operate and Transfer Basis for PONS Motorpool Building (“BOT Agreement”) and
 - (ii) Supply Agreement for Non-Component Items (“SANCI Agreement”).

Jurumuda’s claim among others are for a Court declaration that the deletion of the scope of services by PONS was wrong at law; the sum of RM54,387,000 arising from balance unpaid under the BOT Agreement, loss of profits under the BOT and SANCI Agreements, general and exemplary damages, interest and costs.

PONS has appointed Messrs. Shearn Delamore & Co. to defend the above case. On 3 July 2012, PONS filed its Memorandum of Appearance. On 20 July 2012, PONS filed an application for Stay of Proceedings for a Court Order to suspend the above legal proceedings pending disposal of the Arbitration proceedings to be held between Jurumuda and PONS. The Court has fixed on 29 August 2012 for Decision for the said application.

- (b) On 23 August 2012, DRB-HICOM Berhad had via its solicitors in United Kingdom, received a claim for inter alia a sum of £6,737,240 and general damages to be determined for wrongful dismissal (“Claim”) issued by the solicitors acting on behalf of Dany Taner Bahar (“DB”) against Group Lotus Plc (“Lotus”) and DRB-HICOM Berhad.

DRB-HICOM Berhad and Lotus will be filing its Defence to the Claim including a Counter-Claim against DB through the appointed solicitors in response to the Claim.

24. DIVIDEND

No interim dividend has been declared for the financial period ended 30 June 2012.

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.

	3 Months Ended	
	30.06.2012	30.06.2011
Net profit attributable to owners of the Company (RM'000)	32,601	91,067
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	1.69	4.71

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The retained profits of the Group as at 30 June 2012 are analysed as follows:

	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	2,957,173	1,885,106
- Unrealised	52,930	20,036
	3,010,103	1,905,142
Total share of retained profits from jointly controlled entities:		
- Realised	166,372	210,040
- Unrealised	(2,304)	(69)
Total share of retained profits from associated companies:		
- Realised	278,360	144,394
- Unrealised	2,091	8,937
Total Group retained profits as per consolidated financial statements	3,454,622	2,268,444

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
27 August 2012