



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 30 September 2012

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue		3,535,418	1,476,900	6,998,471	3,059,441
Cost of sales and operating expenses		(3,399,754)	(1,434,025)	(6,824,141)	(2,905,231)
Other income		74,122	128,353	188,484	152,258
Other expenses		(17,307)	(34,656)	(37,794)	(42,280)
Profit from operations		192,479	136,572	325,020	264,188
Finance cost		(85,304)	(32,724)	(162,534)	(59,171)
Share of results of jointly controlled entities (net of tax)		15,420	26,304	25,476	46,415
Share of results of associated companies (net of tax)		40,068	33,907	72,616	58,941
PROFIT BEFORE TAXATION	14	162,663	164,059	260,578	310,373
Taxation	19	(49,811)	(42,717)	(94,341)	(80,372)
NET PROFIT FOR THE FINANCIAL PERIOD		112,852	121,342	166,237	230,001
OTHER COMPREHENSIVE INCOME/(LOSS)					
Net gain/(loss) on fair value changes of securities: available-for-sale					
- Gain/(loss) on fair value changes		21,892	(26,208)	26,111	(16,319)
- Transfer to profit or loss upon disposal		-	-	5,528	-
Currency translation differences of foreign subsidiaries		(7,460)	1,733	(2,300)	3,613
Share of other comprehensive income/(loss) of an associated company		(465)	(290)	212	(269)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		13,967	(24,765)	29,551	(12,975)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		126,819	96,577	195,788	217,026
Net profit for the financial period attributable to:					
Owners of the Company		80,650	104,278	113,251	195,345
Non-controlling interest		32,202	17,064	52,986	34,656
		112,852	121,342	166,237	230,001
Total comprehensive income for the financial period attributable to:					
Owners of the Company		87,526	84,347	133,426	183,376
Non-controlling interest		39,293	12,230	62,362	33,650
		126,819	96,577	195,788	217,026
Basic earnings per share (sen):	25	4.17	5.39	5.86	10.10

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

	Note	Unaudited As at 30.09.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,522,280	4,509,324
Concession assets		355,494	377,552
Prepaid lease properties		15,789	16,067
Investment properties		553,389	553,121
Land held for property development		1,047,174	1,045,230
Jointly controlled entities		411,716	436,258
Associated companies		1,172,303	1,136,680
Intangible assets		1,255,222	1,228,431
Deferred tax assets		144,358	162,603
Investment securities: available-for-sale			
- Banking		4,902,748	4,734,273
- Non-banking		1,108,785	1,038,911
Securities: held-to-maturity			
- Banking		135,455	46,547
- Non-banking		517,921	547,251
Other assets		320	320
Banking related assets			
- Financing of customers		7,999,952	7,030,538
- Statutory deposits with Bank Negara Malaysia		574,721	527,721
		24,717,627	23,390,827
CURRENT ASSETS			
Assets held for sale		337	21,299
Inventories		1,638,500	1,516,757
Property development costs		238,082	232,872
Trade and other receivables		3,803,031	3,173,088
Reinsurance assets		250,180	238,832
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		400,983	391,886
Investment securities: available-for-sale			
- Banking		820,034	1,404,751
- Non-banking		45,820	45,961
Investment securities: held-to-maturity			
- Banking		-	28,786
- Non-banking		87,681	85,175
Banking related assets			
- Cash and short-term funds		1,963,176	4,501,556
- Financing of customers		1,439,622	1,738,759
Bank balances and cash deposits		2,775,707	3,040,318
Derivative assets	22(a)	7,885	10,199
		13,471,038	16,430,239
TOTAL ASSETS		38,188,665	39,821,066

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 30.09.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
EQUITY AND LIABILITIES			
Share Capital		1,719,601	1,719,601
Reserves		4,606,107	4,529,516
Equity attributable to owners of the Company		6,325,708	6,249,117
Non-controlling interest		1,257,466	1,215,649
TOTAL EQUITY		7,583,174	7,464,766
NON-CURRENT LIABILITIES			
Life assurance contract liabilities		1,679,353	1,624,745
Deferred income		117,840	89,030
Long term borrowings	21(c)	4,072,013	3,475,561
Provision for liabilities and charges		915	824
Provision for concession assets		139,732	149,594
Post-employment benefit obligations		15,176	15,298
Deferred tax liabilities		107,921	101,979
Banking related liabilities			
- Deposits from customers		26,541	24,207
		6,159,491	5,481,238
CURRENT LIABILITIES			
General and life insurance contract liabilities		681,043	673,196
Deferred income		21,636	32,756
Trade and other payables		5,124,065	5,945,744
Provision for liabilities and charges		165,212	142,659
Provision for concession assets		147,377	181,968
Post-employment benefit obligations		567	14
Bank borrowings			
- Bank overdrafts	21(a)	18,454	9,768
- Others	21(b)	2,269,485	1,882,187
Banking related liabilities			
- Deposits from customers		15,731,320	17,652,397
- Deposits and placements of banks and other financial institutions		9,124	11,896
- Bills and acceptances payable		203,177	310,324
Derivative liabilities	22(a)	16,543	32,153
Dividend payable		57,997	-
		24,446,000	26,875,062
TOTAL LIABILITIES		30,605,491	32,356,300
TOTAL EQUITY AND LIABILITIES		38,188,665	39,821,066
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		* 3.27	* 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	-	-	-	-	(2,109)	22,072	212	113,251	133,426	62,362	195,788
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	-	-	-	-	-	-	29,333	(29,333)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(11,310)	(11,310)
Final dividend in respect of financial year ended 31 March 2012	-	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)
Balance as at 30.09.2012	1,933,237	1,719,601	20,701	911,016	5,887	(7,930)	212,251	3,464,182	6,325,708	1,257,466	7,583,174

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Issued and fully paid ordinary shares		Non-distributable					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	1,151,768	6,132,112
Total comprehensive income for the financial period	-	-	-	-	2,974	(14,121)	(822)	195,345	33,650	217,026
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	500	500
Effect of changes in shareholdings in a subsidiary company	-	-	-	-	-	-	-	(263)	-	(263)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	12,384	(12,384)	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(14,699)	(14,699)
Final dividend in respect of financial year ended 31 March 2011	-	-	-	-	-	-	-	(57,997)	-	(57,997)
Balance as at 30.09.2011	1,933,237	1,719,601	20,701	911,016	11,112	(36,928)	167,757	2,312,201	1,171,219	6,276,679

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

	6 Months Ended 30.09.2012 RM'000	6 Months Ended 30.09.2011 RM'000
Net profit for the financial period	166,237	230,001
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	338,679	75,912
- Finance cost	162,534	59,171
- Taxation	94,341	80,372
- Share of results of jointly controlled entities (net of tax)	(25,476)	(46,415)
- Share of results of associated companies (net of tax)	(72,616)	(58,941)
- Others	127,399	9,066
Operating profit before working capital changes	791,098	349,166
Changes in working capital:		
Net increase in banking related assets	(735,412)	(680,205)
Net decrease in banking related liabilities	(2,028,662)	(3,065,846)
Net increase in current assets	(772,882)	(202,223)
Net decrease in current liabilities	(819,634)	(300,191)
Net cash used in operations	(3,565,492)	(3,899,299)
Interest received	45,833	22,210
Dividends received from jointly controlled entities	49,246	38,087
Dividends received from associated companies	39,501	88,478
Dividends received from investments	2,618	2,683
Tax paid, net of refund	(85,569)	(38,607)
Finance cost paid	(125,486)	(57,775)
Provision for liabilities and charges paid	(14,625)	(2,228)
Provision for concession assets paid	(46,910)	-
Post-employment benefit obligations paid	(178)	-
Net cash outflow from operating activities	(3,701,062)	(3,846,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment/assets held for sale	2,671	4,605
Proceeds from disposal/maturity of investments	329,910	447,984
Proceeds from disposal of an associated company	6,190	-
Redemption of available-for-sale securities	-	896,500
Purchase of property, plant and equipment/intangible assets/investment properties	(431,174)	(118,865)
Acquisition of investments	(345,749)	(407,063)
Acquisition of land held for property development	(1,834)	(4,489)
Net of proceeds from disposal/acquisition of investments by a banking subsidiary company	380,218	(738,502)
Acquisition of additional shares in subsidiary companies	(6,305)	(263)
Acquisition of an associated company	(1,000)	(622,791)
Net cash flow from disposal of a subsidiary company	-	80
Subscription of shares by non-controlling interest in a subsidiary company	-	500
Net cash outflow from investing activities	(67,073)	(542,304)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	6 Months Ended 30.09.2012 RM'000	6 Months Ended 30.09.2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,569,256	1,452,844
Repayment of bank borrowing/hire purchase and finance leases	(603,114)	(669,282)
Maturity of fixed deposits/(fixed deposits held as security)	38,662	(60,635)
Dividend paid to non-controlling interest	(11,310)	(14,699)
Net cash inflow from financing activities	993,494	708,228
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,774,641)	(3,680,527)
Effects of foreign currency translation	1,626	232
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	4,440,732	4,056,351
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,775,707	1,413,696
Banking related assets – cash and short-term funds	1,963,176	2,774,260
Bank overdrafts	(18,454)	(16,002)
	4,720,429	4,171,954
Less: Fixed deposits held as security	(268,064)	(115,603)
Less: Bank balance in respect of Automotive Development Fund liabilities	(11,633)	-
	4,440,732	4,056,351

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 to the financial statements of the Group and of the Company 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 September 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 September 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 September 2012.

(a) Issuance of the Islamic Medium Term Notes (Sukuk) Programme of RM230 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 20 September 2012 in respect of the financial year ended 31 March 2012. The net dividend amounting to RM57,997,112 was paid on 19 October 2012.

8. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial period ended 30 September 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	5,985,349	1,309,970	237,712	19,791	7,552,822
Inter-segment revenue	(479,720)	(15,804)	(39,036)	(19,791)	(554,351)
External revenue	5,505,629	1,294,166	198,676	-	6,998,471
Results					
Segment profit	81,849	195,588	10,861	13,031	301,329
Unallocated expenses					(17,852)
Interest income					41,543
Finance cost					(162,534)
Share of results of jointly controlled entities (net of tax)	21,549	-	3,927	-	25,476
Share of results of associated companies (net of tax)	53,100	17,703	1,813	-	72,616
Profit before taxation					260,578
Taxation					(94,341)
Net profit for the financial period					166,237
Attributable to:					
Owners of the Company					113,251
Non-controlling interest					52,986

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 SEPTEMBER 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.
- (f) On 1 August 2012, HICOM Polymers Industry Sdn. Bhd., a wholly-owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 each in Stagwell Sdn. Bhd. from Comtrac Sdn. Bhd. via an internal re-organisation. On 20 September 2012, Stagwell Sdn. Bhd. changed its name to HICOM HBPO 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 September 2012		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	108	108	108
Trade-related contingencies	46,458	9,292	3,334
Transaction related contingencies	559,512	279,756	220,996
Obligations under an on-going underwriting agreement	37,000	18,500	3,700
Housing financing sold directly and indirectly to Cagamas with recourse	63,217	63,217	27,570
Credit extension commitment:			
– maturity within one year	459,659	91,932	82,803
– maturity exceeding one year	2,243,616	1,121,808	396,577
Bills of collection	25,543	-	-
Profit rate related contracts	75,000	6,000	1,200
Foreign exchange related contracts	1,035,413	2,610	2,436
	4,545,526	1,593,223	738,724

14. PROFIT BEFORE TAXATION

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

	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Allowance for/write off of investment securities and financing of customers (net)	1,135	(18,459)	1,278	3,688
Amortisation of :				
- intangible assets	36,521	5,843	108,134	11,260
- concession assets	4,059	-	8,112	-
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	174,653	38,582	338,679	75,912
Finance cost	85,304	32,724	162,534	59,171

14. PROFIT BEFORE TAXATION (Continued)

	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Impairment loss of/(reversal of)				
- property, plant and equipment	(246)	523	88	534
- investment securities	9,687	(35,693)	11,339	(35,693)
Inventories written off/down (net of write backs)	7,024	371	9,942	272
Loss on fair value adjustment of investment properties	1,352	1,423	2,703	2,842
Gain on fair value adjustment of securities at fair value through profit or loss	(761)	(164)	(289)	(874)
Property, plant and equipment written off	117	31,705	283	31,749
Dividend income	(42)	(2,260)	(2,626)	(2,708)
Doubtful debts (net of write backs)	(6,810)	11,749	(321)	15,028
(Gain)/loss on disposal of:				
- investment securities	(2,549)	734	(2,661)	687
- an associated company	-	-	(1,643)	-
- property, plant and equipment	3,595	(258)	3,550	(292)
- prepaid lease properties	-	-	-	(280)
- a subsidiary company	-	-	-	(80)
Interest income on short term deposits	(21,451)	(10,922)	(41,543)	(21,690)
Insurance claims	-	(31,214)	-	(31,214)
Marked to market loss/(gain) on derivatives	1,242	(38,941)	(13,296)	(38,592)
Net foreign exchange differences	3,014	8,246	2,076	2,789

15. REVIEW OF PERFORMANCE

- (a) For the financial period ended 30 September 2012, the Group revenue rose by approximately 129% to RM7.00 billion from RM3.06 billion in the corresponding period ended 30 September 2011. The improvement was mainly attributable to the inclusion of PROTON's sales revenue during the current financial period. The segmental analysis is as below:

Group Business Sectors	Financial Period 30 September 2012 RM'000	Financial Period 30 September 2011 RM'000	Variance RM'000
(i) Automotive	5,505,629	1,616,691	3,888,938
(ii) Property, Asset & Construction (PAC)	198,676	92,303	106,373
(iii) Services	1,294,166	1,350,447	(56,281)
Total	6,998,471	3,059,441	3,939,030

↑ 129%

(i) Automotive Sector

The Automotive sector's revenue grew substantially by RM3.89 billion with the inclusion of PROTON's revenue.

(ii) PAC Sector

The increase in revenue of PAC sector was principally due to higher completion of property development projects.

(iii) Service Sector

The Services sector unfavourable variance of RM56.28 million was mainly due to lower revenue recorded by the solid waste management subsidiary company.

- (b) The Group's total pre-tax profit decreased by 16% to RM260.58 million for the financial period under review compared to RM310.37 million in the corresponding period ended 30 September 2011, mainly due to additional finance costs and lower profit contribution from the automotive sector.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter, the Group recorded a pre-tax profit of RM162.66 million as compared to RM97.92 million in the preceding quarter ended 30 June 2012, an increase of RM64.74 million mainly due to better performance by some of the subsidiary companies and higher share of results of jointly controlled entities and associated companies.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

Malaysia's Gross Domestic Product for the third quarter ended 30 September 2012 expanded 5.2% and for the period January to September 2012, the economy grew by 5.3% driven by domestic demand and investment activities. (Source: Bank Negara Malaysia quarterly report).

Recently, the Group had undertaken several initiatives to expand and streamline the Group's businesses, operations and investments. It includes, among others, the business rationalisation and investments in marketing, sales and servicing of Proton vehicles in EON and Proton Edar Sdn. Bhd. and the proposed disposal of HICOM Power business. These initiatives will result in greater operational efficiency, reduction in interest expense, cost savings and improve the Group's future earnings.

Based on the foregoing, the Group's financial performance for the financial year ending 31 March 2013 is expected 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:

	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Current taxation	22,231	10,310	74,951	48,184
Deferred taxation	27,580	32,407	19,390	32,188
Total	49,811	42,717	94,341	80,372

The Group's effective tax rate for the financial period ended 30 September 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 29 May 2012, HICOM Holdings Berhad (“HHB”) entered into Share Sale Agreements (“SSAs”) with KDEB Waste Management Sdn. Bhd. and PJBUMI Waste Management Sdn. Bhd. for the acquisitions of 16,000,000 and 12,000,000 ordinary shares of RM1.00 each in Alam Flora Sdn. Bhd. (“AFSB”) for cash consideration of RM27,200,000 and RM20,400,000 respectively. The acquisitions were completed on 12 November 2012 and as a result, the Group’s shareholding in AFSB increased from 60.53% to 97.37%.
- (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) Bank Negara Malaysia (“BNM”) had on 15 August 2012 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%.
- (d) On 7 September 2012, HICOM Polymers Industry Sdn. Bhd. (“HPI”) and HBPO GMBH (“HBPO”) entered into a Joint Venture Agreement (“JVA”) to participate in a joint venture company i.e. HICOM HBPO Sdn. Bhd. (“HHSB”) (previously known as Stagwell Sdn. Bhd.) and another JV company in ASEAN which to be established under the company name of HBPO-HICOM Limited (“HHL”). Both HHSB and HHL will undertake the design, develop, manufacture, assemble and sell automobile front end modules and related components. HPI and HBPO will own 60% and 40% equity interest in HHSB respectively. The equity interest in HHL will be HPI (40%) and HBPO (60%).
- (e) On 4 October 2012, Oriental Summit Industries Sdn. Bhd. (“OSI”), a 70% owned subsidiary company of the Group, entered into a Joint Venture Agreement with Faurecia Exhaust International SAS (“Faurecia”) to form a joint venture company (“JVCO”) in Malaysia which will be involved in manufacturing, assembly, delivering and sale of automotive exhaust systems and vehicles components for Original Equipment Manufacturers. The JVCO is proposed to be named as Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd. (“Faurecia HICOM”). OSI and Faurecia will own 35% and 65% equity interest in Faurecia HICOM respectively.
- (f) On 8 October 2012, Proton Marketing Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the entire 90% equity interest comprising 4,500,000 ordinary shares of RM1.00 each in HICOM-Potenza Sports Cars Sdn. Bhd. from HICOM Holdings Berhad via an internal re-organisation.

20. STATUS OF CORPORATE PROPOSALS (Continued)

- (g) On 18 October 2012, HICOM Power Sdn. Bhd. (“HICOM Power”), a wholly-owned subsidiary company of the Group, entered into the Conditional Asset Sale Agreement (“ASA”) with Sterling Asia Sdn. Bhd. (“Sterling Asia”) for the proposed disposal of the entire business including all of the assets and liabilities of HICOM Power (save for certain excluded assets and liabilities) to Sterling Asia for a total cash consideration of RM575,000,000. The transaction is pending fulfillment of the conditions precedent stated in the ASA. The shareholders of DRB-HICOM Berhad had approved the disposal at the Extraordinary General Meeting held on 26 November 2012.
- (h) On 29 October 2012, PROTON Holdings Berhad, a wholly-owned subsidiary company of the Group, entered into a Collaboration Agreement with HONDA Motor Co. Ltd., Japan to explore opportunities in the areas of technology enhancement, new product line up, platform and facilities’ sharing. The Collaboration Agreement shall continue to be in force until the execution of the final agreements to establish the Proposed Collaboration unless the parties mutually agreed not to proceed with the Collaboration Agreement.
- (i) On 1 November 2012, the Group completed the internal re-organisation exercise to rationalise and align the Group’s businesses and investments in the business of marketing of Proton motor vehicles, related spare parts and servicing of Proton vehicles (“Proton Business”) in Edaran Otomobil Nasional Berhad (“EON”) and Proton Edar Sdn. Bhd. (“PESB”) for a total consideration of RM400,800,000 which involved the following:
- (i) The sale of EON’s assets and liabilities related to the Proton Business by EON to PESB;
 - (ii) The sale of the freehold property held under HS(D) 266738 PT 2041, Bandar Glenmarie, District of Petaling, State of Selangor by EON Properties Sdn. Bhd. (“EPSB”) to EON;
 - (iii) The acquisition of 100% equity interest in EPSB by PESB from EON;
 - (iv) The acquisition of 100% equity interest in Automotive Conversion Engineering Sdn. Bhd. by PESB from EON;
 - (v) The acquisition of 40% equity interest in Proton Parts Centre Sdn. Bhd. (“PPCSB”) by Proton Marketing Sdn. Bhd. (“PMSB”) from EON; and
 - (vi) The acquisition of 5% equity interest in PPCSB by PMSB from HICOM Holdings Berhad.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 30.09.2012 RM'000
Short Term Borrowings	
(a) Bank overdrafts	
- Secured	10,949
- Unsecured	7,505
Total	18,454
(b) Others	
<u>Secured</u>	
Bankers acceptances	6,275
Revolving credits	237,550
Hire purchase and finance lease liabilities – portion repayable within 12 months	17,108
Long term loans – portion repayable within 12 months	1,336,682
Long term loans under Islamic financing – portion repayable within 12 months	151,559
Sub-total	1,749,174
<u>Unsecured</u>	
Bankers acceptances	271,049
Revolving credits	220,798
Short term loans	8,953
Long term loans – portion repayable within 12 months	442
Long term loans under Islamic financing – portion repayable within 12 months	696
Deferred liability	18,373
Sub-total	520,311
Total	2,269,485

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 30.09.2012 RM'000
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities	45,231
- portion repayable within 12 months	(17,108)
	28,123
Long term loans	2,728,614
- portion repayable within 12 months	(1,336,682)
	1,391,932
Long term loans under Islamic financing	2,376,299
- portion repayable within 12 months	(151,559)
	2,224,740
<u>Unsecured</u>	
Long term loans	10,000
- portion repayable within 12 months	(442)
	9,558
Long term loans under Islamic financing	418,356
- portion repayable within 12 months	(696)
	417,660
Total	4,072,013
Grand Total	6,359,952

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
30.09.2012	RM221.37 million (SGD 88.5 million) RM8.95 million (Thai Baht 90 million) RM1.01 billion (GBP 203.2 million) RM8.39 million (USD 2.66 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 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	1,177,995	6,077	10,402
Currency swap foreign exchange contracts	850,412	1,808	-
Islamic profit rate swap	75,000	-	6,141
	2,103,407	7,885	16,543

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.
- (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 RM13.30 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 September 2012.

23. MATERIAL LITIGATION

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

- (a) Proton Automobiles (China) Ltd (“Proton Automobiles”) which is now an indirect subsidiary company of the Group, had on 11 July 2006 issued a notice of termination to the joint venture partner, Goldstar Heavy Industrial Co. Ltd (“the JV Partner”) of a joint venture contract (“JV Contract”). The JV Partner is disputing the termination. According to the JV Contract, all disputes must be referred to arbitration in Singapore. Proton Automobiles had commenced arbitration proceedings at the Singapore International Arbitration Centre on 31 January 2008. On 5 May 2009, the arbitration tribunal rejected the JV Partner's claim that the Chinese court should have jurisdiction. On 12 January 2010, the arbitration tribunal found in favour of Proton Automobiles and ruled that the JV Contract had been validly terminated by Proton Automobiles. The arbitration tribunal ruled as follows:
- (i) that the Singapore arbitration tribunal has jurisdiction over the dispute and rejected the JV Partner's claim that a Chinese court should have jurisdiction over the dispute. The JV Partner is ordered to pay Proton Automobiles all its legal costs relating to the jurisdiction proceedings in the total sum of S\$424,058 (“Interim Award”); and
 - (ii) that the JV Contract has been validly terminated pursuant to the notice of termination and that the JV Partner pay Proton Automobiles all its legal and arbitration costs totalling S\$655,056 (“Final Award”).

There are currently 3 matters before the Chinese Intermediate People’s Court in Dongguan:

- Action 1 - Proton Automobiles’ application for enforcement of the Interim Award;
- Action 2 - Proton Automobiles’ application for enforcement of the Final Award;
- Action 3 - the JV Partner's claim against Proton Automobiles for further capital contribution to the joint venture company based on a forged Memorandum.

The Chinese Intermediate People’s Court has dismissed Action 1. Proton Automobiles filed an appeal against this decision. The Chinese Higher People’s Court has dismissed Proton Automobiles’ appeal. Proton Automobiles will file a Review to the Supreme People's Court in Beijing.

On 20 February 2012, the Chinese Intermediate People’s Court heard Action 2. No decision has been delivered to-date.

Action 3 was fixed for exchange of evidence on 17 October 2012 and hearing on 18 October 2012. On 17 October 2012, the JV Partner amended its claim for Proton Automobiles to inject all of the balance capital contribution of USD16.07 million. In light of the amendment, the hearing date on 18 October was vacated. The new hearing date was fixed for 20 November 2012 wherein the Court further adjourned the hearing to a new date to be fixed as the JV Partner produced new evidence.

23. MATERIAL LITIGATION (Continued)

- (b) On 29 June 2012, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect wholly owned subsidiary of the Group, was served with a Writ of Summons and 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 B 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 B 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 B has appointed Messrs. Shearn Delamore & Co. to defend the above case. On 3 July 2012, PONS B filed its Memorandum of Appearance. On 20 July 2012, PONS B filed an application for a Court Order to stay the above legal proceedings pending disposal of the Arbitration proceedings to be held between Jurumuda and PONS B. On 29 August 2012, the Court allowed PONS B's application to stay the legal proceedings pending arbitration with costs in the cause. Both parties have agreed to refer the matter to arbitration and are in the midst of appointing an arbitrator. Matter is fixed for mention on 21 January 2013 for parties to inform the Court as to the status of the matter at arbitration.

- (c) Electric Angels MSC Sdn. Bhd. ("Electric Angels") filed an originating summons in the High Court against Proton Edar Sdn. Bhd. ("PESB"), an indirect subsidiary company of the Group, to seek an order from court for PESB to provide the sales records for Proton cars sold for the period from year 2006 until year 2009 pursuant to a LiveMarketing Agreement executed between Electric Angels and PESB on 14 June 2006. The High Court ruled in favour of PESB. Electric Angels then appealed to the Court of Appeal which on 10 October 2012 allowed the appeal.

PESB has been directed by the Court of Appeal to furnish the sales records for Proton cars sold for the period from year 2006 until year 2009. Electric Angels is demanding an estimated sum of RM12 million including unpaid commissions. However, PESB is disputing this amount. Parties will proceed to determine the commission payable as result of sales generated by Electric Angels' online marketing tool.

23. MATERIAL LITIGATION (Continued)

(d) 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 (“GLP”) and DRB-HICOM Berhad.

On 9 October 2012, DRB-HICOM Berhad and GLP have filed its Defence to the Claim including a Counterclaim against DB through the appointed solicitors in response to the Claim. The court had also approved the addition of Lotus Cars Limited (“LCL”) as an additional claimant to the Counterclaim.

On 9 November 2012, DB filed his Reply and Defence to Counterclaim in response to the Defence and the Counterclaim filed by DRB-HICOM Berhad, GLP and LCL. DRB-HICOM Berhad, GLP and LCL are reviewing the same and will take the necessary steps to respond to DB’s Defence to Counterclaim.

24. DIVIDEND

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

	Current Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Net profit attributable to owners of the Company (RM’000)	80,650	104,278	113,251	195,345
Number of ordinary shares in issue (’000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	4.17	5.39	5.86	10.10

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

	As at 30 September 2012 RM'000	As at 30 September 2011 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,024,768	1,883,241
- Unrealised	21,517	39,990
	3,046,285	1,923,231
Total share of retained profits from jointly controlled entities:		
- Realised	136,475	199,967
- Unrealised	1,550	5,446
Total share of retained profits from associated companies:		
- Realised	278,746	181,532
- Unrealised	1,126	2,025
Total Group retained profits as per consolidated financial statements	3,464,182	2,312,201

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
29 November 2012