



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period
Ended 31 December 2012

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012

The Board of Directors is pleased to announce the unaudited financial results of the Group for the financial period ended 31 December 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Revenue		2,775,221	1,694,572	9,773,692	4,754,013
Cost of sales and operating expenses		(2,773,225)	(1,627,128)	(9,597,366)	(4,532,359)
Other income		501,896	47,308	690,380	199,566
Other expenses		(1,607)	(3,079)	(39,401)	(45,359)
Profit from operations		502,285	111,673	827,305	375,861
Finance cost		(83,591)	(30,938)	(246,125)	(90,109)
Share of results of jointly controlled entities (net of tax)		8,975	15,316	34,451	61,731
Share of results of associated companies (net of tax)		34,935	19,120	107,551	78,061
PROFIT BEFORE TAXATION	14	462,604	115,171	723,182	425,544
Taxation	19	(44,502)	(22,014)	(138,843)	(102,386)
NET PROFIT FOR THE FINANCIAL PERIOD		418,102	93,157	584,339	323,158
OTHER COMPREHENSIVE INCOME/(LOSS)					
Net gain/(loss) on fair value changes of securities: available-for-sale					
- Gain/(loss) on fair value changes		(3,061)	(5,228)	23,050	(21,547)
- Transfer to profit or loss upon disposal		-	-	5,528	-
Currency translation differences of foreign subsidiaries		(3,851)	(655)	(6,151)	2,958
Share of other comprehensive income/(loss) of an associated company		(512)	1,010	(300)	741
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		(7,424)	(4,873)	22,127	(17,848)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		410,678	88,284	606,466	305,310
Net profit for the financial period attributable to:					
Owners of the Company		391,467	79,576	504,718	274,921
Non-controlling interest		26,635	13,581	79,621	48,237
		418,102	93,157	584,339	323,158
Total comprehensive income for the financial period attributable to:					
Owners of the Company		386,223	75,396	519,649	258,772
Non-controlling interest		24,455	12,888	86,817	46,538
		410,678	88,284	606,466	305,310
Basic earnings per share (sen):	25	20.25	4.12	26.11	14.22

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 31.12.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		4,531,272	4,509,324
Concession assets		351,432	377,552
Prepaid lease properties		15,616	16,067
Investment properties		557,570	553,121
Land held for property development		1,046,984	1,045,230
Jointly controlled entities		417,024	436,258
Associated companies		1,194,970	1,136,680
Intangible assets		1,088,736	1,228,431
Deferred tax assets		123,453	162,603
Investment securities: available-for-sale			
- Banking		4,913,322	4,734,273
- Non-banking		1,093,114	1,038,911
Investment securities: held-to-maturity			
- Banking		575	46,547
- Non-banking		506,636	547,251
Investment securities: financial assets at fair value through profit or loss –			
Banking		95,845	-
Other assets		320	320
Banking related assets			
- Financing of customers		7,131,570	7,030,538
- Statutory deposits with Bank Negara Malaysia		607,721	527,721
		23,676,160	23,390,827
CURRENT ASSETS			
Assets held for sale		526	21,299
Inventories		2,126,658	1,516,757
Property development costs		252,279	232,872
Trade and other receivables		3,912,650	3,173,088
Reinsurance assets		236,913	238,832
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		384,313	391,886
Investment securities: available-for-sale			
- Banking		1,480,199	1,404,751
- Non-banking		24,388	45,961
Investment securities: held-to-maturity			
- Banking		-	28,786
- Non-banking		62,213	85,175
Banking related assets			
- Cash and short-term funds		1,447,774	4,501,556
- Financing of customers		2,630,610	1,738,759
Bank balances and cash deposits		3,338,648	3,040,318
Derivative assets	22(a)	14,960	10,199
		15,912,131	16,430,239
TOTAL ASSETS		39,588,291	39,821,066

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 31.12.2012 RM'000	Audited As at 31.03.2012 (Restated) RM'000
EQUITY AND LIABILITIES			
Share Capital		1,719,601	1,719,601
Reserves		4,991,484	4,529,516
Equity attributable to owners of the Company		6,711,085	6,249,117
Non-controlling interest		1,242,128	1,215,649
TOTAL EQUITY		7,953,213	7,464,766
NON-CURRENT LIABILITIES			
Life assurance contract liabilities		1,710,211	1,624,745
Deferred income		126,233	89,030
Long term borrowings	21(c)	4,125,953	3,475,561
Provision for liabilities and charges		978	824
Provision for concession assets		83,531	149,594
Post-employment benefit obligations		14,788	15,298
Deferred tax liabilities		104,973	101,979
Banking related liabilities			
- Deposits from customers		28,297	24,207
		6,194,964	5,481,238
CURRENT LIABILITIES			
General and life insurance contract liabilities		682,800	673,196
Deferred income		18,717	32,756
Trade and other payables		5,424,950	5,945,744
Provision for liabilities and charges		158,091	142,659
Provision for concession assets		156,155	181,968
Post-employment benefit obligations		804	14
Bank borrowings			
- Bank overdrafts	21(a)	14,124	9,768
- Others	21(b)	2,426,917	1,882,187
Banking related liabilities			
- Deposits from customers		16,298,761	17,652,397
- Deposits and placements of banks and other financial institutions		8,367	11,896
- Bills and acceptances payable		232,062	310,324
Derivative liabilities	22(a)	18,366	32,153
		25,440,114	26,875,062
TOTAL LIABILITIES		31,635,078	32,356,300
TOTAL EQUITY AND LIABILITIES		39,588,291	39,821,066
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)		* 3.47	* 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	-	-	-	-	(6,032)	21,268	(305)	504,718	519,649	86,817	606,466
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	5	311	316	(45,190)	(44,874)
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	42,398	(42,398)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(15,148)	(15,148)
Final dividend in respect of financial year ended 31 March 2012	-	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)
Balance as at 31.12.2012	1,933,237	1,719,601	20,701	911,016	1,964	(8,734)	224,799	3,841,738	6,711,085	1,242,128	7,953,213

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	-	-	-	-	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)
Balance as at 31.12.2011	1,933,237	1,719,601	20,701	911,016	10,624	(41,628)	178,005	2,367,000	5,165,319	1,176,751	6,342,070

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

	9 Months Ended 31.12.2012 RM'000	9 Months Ended 31.12.2011 RM'000
Net profit for the financial period	584,339	323,158
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	498,729	115,482
- Finance cost	246,125	90,109
- Taxation	138,843	102,386
- Share of results of jointly controlled entities (net of tax)	(34,451)	(61,731)
- Share of results of associated companies (net of tax)	(107,551)	(78,061)
- Gain on disposal of a business	(412,552)	-
- Others	44,064	128
Operating profit before working capital changes	957,546	491,471
Changes in working capital:		
Net increase in banking related assets	(1,094,690)	(1,075,239)
Net decrease in banking related liabilities	(1,431,337)	(1,233,869)
Net increase in current assets	(984,862)	(385,208)
Net (decrease)/increase in current liabilities	(247,188)	360,918
Net cash used in operations	(2,800,531)	(1,841,927)
Interest received	71,182	32,272
Dividends received from jointly controlled entities	54,246	64,792
Dividends received from associated companies	51,809	95,108
Dividends received from investments	2,632	3,795
Tax paid, net of refund	(135,747)	(59,885)
Finance cost paid	(206,261)	(93,682)
Provision for liabilities and charges paid	(31,603)	(2,272)
Provision for concession assets paid	(98,438)	-
Post-employment benefit obligations paid	(283)	-
Net cash outflow from operating activities	(3,092,994)	(1,801,799)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment/assets held for sale	17,054	6,793
Proceeds from disposal/maturity of investments	519,536	516,108
Proceeds from disposal of associated company	6,190	2,730
Redemption of available-for-sale securities	1,846,000	944,000
Purchase of property, plant and equipment/intangible assets/investment properties	(588,820)	(162,781)
Acquisition of investments	(444,947)	(490,029)
Acquisition of land held for property development	(1,644)	(81,263)
Acquisition of investments by a banking subsidiary company (net of proceeds from disposal)	(2,061,074)	(2,184,778)
Acquisition of additional shares in subsidiary companies	(53,905)	(15,431)
Acquisition of an associated company	(1,000)	(622,791)
Subscription of shares in an associated company	(1,800)	-
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	(764,410)	(2,086,862)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	9 Months Ended 31.12.2012 RM'000	9 Months Ended 31.12.2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	2,419,702	2,249,578
Repayment of bank borrowing/hire purchase and finance leases	(1,247,391)	(932,899)
Fixed deposits held as security/maintained as sinking fund	(382,282)	(386,879)
Dividend paid to non-controlling interest	(15,148)	(22,424)
Dividend paid to shareholders	(57,997)	(57,997)
Net cash inflow from financing activities	716,884	849,379
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,140,520)	(3,039,282)
Effects of foreign currency translation	(1,570)	62
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	4,071,657	4,697,426
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	3,338,648	2,187,863
Banking related assets – cash and short-term funds	1,447,774	2,965,041
Bank overdrafts	(14,124)	(13,631)
	4,772,298	5,139,273
Less: Fixed deposits held as security	(687,144)	(441,847)
Less: Bank balance in respect of Automotive Development Fund liabilities	(13,497)	-
	4,071,657	4,697,426

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 31 December 2012.

4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

Save as mentioned below, 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 2012.

The shareholders of the Company had approved the disposal of HICOM Power Sdn. Bhd.'s (subsidiary company of the Group) entire business on 26 November 2012 for a cash consideration of RM575 million. The disposal was completed on 17 December 2012 and as a result, the Group had realised a gain on disposal of RM412.55 million which has been included under other income in the consolidated statement of comprehensive income on page 1.

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 31 December 2012.

Issuance of the Islamic Medium Term Notes (Sukuk) Programme of RM230 million by DRB-HICOM Berhad on 12 April 2012.

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 31 December 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	8,248,020	1,953,708	357,923	29,108	10,588,759
Inter-segment revenue	(703,751)	(21,051)	(61,157)	(29,108)	(815,067)
External revenue	7,544,269	1,932,657	296,766	-	9,773,692
Results					
Segment (loss)/profit	(7,286)	341,701	20,685	25,440	380,540
Unallocated expenses					(27,907)
Interest income					62,120
Gain on disposal of a business					412,552
Finance cost					(246,125)
Share of results of jointly controlled entities (net of tax)	29,991	-	4,460	-	34,451
Share of results of associated companies (net of tax)	66,495	37,712	3,344	-	107,551
Profit before taxation					723,182
Taxation					(138,843)
Net profit for the financial period					584,339
Attributable to:					
Owners of the Company					504,718
Non-controlling interest					79,621

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 31 December 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. ("HICOM HBPO"). On 24 December 2012, HICOM HBPO increased its issued and paid-up capital from RM2.00 to RM3,000,000 by the issuance of 1,799,998 new ordinary shares of RM1.00 each to HICOM Polymers Industry Sdn. Bhd. (60%) and 1,200,000 new ordinary shares of RM1.00 each to HBPO GmbH (40%).

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 December 2012 (Continued)

- (g) 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. ("HPSC") from HICOM Holdings Berhad via an internal re-organisation. As a result, HPSC became a direct subsidiary of PROTON group.
- (h) 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.

In view of the above, EON ceased to market and distribute PROTON cars since 1 November 2012 and the companies acquired by PESB and PMSB have effectively become direct subsidiaries of PROTON group.

- (i) On 12 November 2012, HICOM Holdings Berhad ("HHB") completed the acquisition of 16,000,000 and 12,000,000 ordinary shares of RM1.00 each in Alam Flora Sdn. Bhd. ("AFSB") from KDEB Waste Management Sdn. Bhd. and PJBUMI Waste Management Sdn. Bhd. for cash consideration of RM27,200,000 and RM20,400,000 respectively. As a result, the Group's shareholding in AFSB increased from 60.53% to 97.37%.

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 31 December 2012		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	6,337	6,337	6,337
Trade-related contingencies	100,087	20,017	8,161
Transaction related contingencies	532,494	266,247	205,783
Obligations under an on-going underwriting agreement	25,000	12,500	2,500
Housing financing sold directly and indirectly to Cagamas with recourse	62,416	62,416	30,546
Credit extension commitment:			
– maturity within one year	733,010	146,602	112,720
– maturity exceeding one year	1,985,625	992,812	276,690
Bills of collection	64,450	-	-
Profit rate related contracts	75,000	6,000	1,200
Foreign exchange related contracts	218,281	354	295
	3,802,700	1,513,285	644,232

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	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Allowance for/write off of investment securities and financing of customers (net of write backs)	(16,141)	56,537	(14,863)	60,225
Amortisation of :				
- intangible assets	60,608	5,642	168,742	16,902
- concession assets	4,062	-	12,174	-
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	160,050	39,570	498,729	115,482
Doubtful debts (net of write backs)	6,378	(32,245)	6,057	(17,217)

14. PROFIT BEFORE TAXATION (Continued)

	Current Quarter 3 Months Ended		Financial Period 9 Months Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Finance cost	83,591	30,938	246,125	90,109
(Reversal of)/impairment loss of				
- property, plant and equipment	(6,991)	(198)	(6,903)	336
- investment securities	(4,148)	(5,825)	7,191	(41,518)
Inventories written off/down (net of write backs)	(1,851)	1,172	8,091	1,444
Intangible assets written off	2,043	-	2,043	-
Loss on fair value adjustment of investment properties	1,429	1,440	4,132	4,282
Property, plant and equipment written off	922	399	1,205	32,148
Dividend income	(707)	(1,094)	(3,333)	(3,802)
(Gain)/loss on fair value adjustment of investment securities at fair value through profit or loss	(173)	599	(462)	(275)
(Gain)/loss on disposal of:				
- a business (Note 4)	(412,552)	-	(412,552)	-
- investment securities	(6,549)	(5,702)	(9,210)	(5,015)
- an associated company	-	-	(1,643)	-
- property, plant and equipment	(4,027)	(1,365)	(477)	(1,657)
- prepaid lease properties	-	(9)	-	(289)
- a subsidiary company	-	-	-	(80)
Interest income on short term deposits	(20,577)	(12,799)	(62,120)	(34,489)
Insurance claims	-	(31,214)	-	(31,214)
Marked to market (gain)/loss on derivatives	(5,252)	28,729	(18,548)	(9,863)
Net foreign exchange differences	3,125	(13,063)	5,201	(10,274)
Reversal of provision for major overhauls	(78,861)	-	(78,861)	-

15. REVIEW OF PERFORMANCE

- (a) The Group's revenue for the nine months financial period ended 31 December 2012 was RM9.77 billion compared with RM4.75 billion in the corresponding period ended 31 December 2011, representing an increase of 106%. The increase is mainly attributed to the inclusion of PROTON's revenue during the current financial period. The segmental analysis is as below:

Group Business Sectors		Financial Period 31 December 2012 RM'000	Financial Period 31 December 2011 RM'000	Variance RM'000
(i)	Automotive	7,544,269	2,647,160	4,897,109
(ii)	Property, Asset & Construction (PAC)	296,766	159,452	137,314
(iii)	Services	1,932,657	1,947,401	(14,744)
Total		9,773,692	4,754,013	5,019,679

↑ 106%

(i) Automotive Sector

The increase in Automotive sector's revenue is principally due to the inclusion of PROTON's revenue.

(ii) PAC Sector

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

(iii) Service Sector

The net decline in revenue was attributed to lower revenue recorded by the solid waste management subsidiary company. However, the higher sales achieved by the other companies in the Services sector, mitigated the overall net reduction.

- (b) The Group achieved a higher profit before tax of RM723.18 million for the financial period under review compared to RM425.54 million in the corresponding period ended 31 December 2011, mainly due to the recognition of gain on disposal of HICOM Power's business amounting to RM412.55 million (refer note 4). Excluding this one-off gain, the Group's profit before tax for the current financial period would be RM310.63 million, a decrease of RM114.91 million due to higher finance cost incurred and lower performance of PROTON group.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

For the current quarter, the Group recorded a profit before tax of RM462.60 million as compared to RM162.66 million in the preceding quarter ended 30 September 2012. The increase is mainly due to the recognition of gain on disposal of HICOM Power's business amounting to RM412.55 million. The lower operational results for the current quarter was caused by the lower performance of PROTON group.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2013

For the fourth quarter of 2012, Malaysia achieved a robust GDP growth of 6.4% driven by private and public investments and positive growth in the services, manufacturing and construction sectors. For the full fiscal year 2012, the Malaysian economy grew by 5.6% higher than the 5.1% registered in 2011.

The Malaysian economy is expected to grow between 4.5% to 5.5% in 2013 with domestic demand activities continuing to drive growth. The favourable economic outlook is expected to benefit the Group's various business units.

In December 2012, the Group has completed the disposal of HICOM Power Sdn. Bhd.'s business and the sale proceeds will be utilised to reduce the Group's borrowings. Further, the marketing and distribution of PROTON motor vehicles which were previously handled by EON Berhad and PROTON Edar Sdn. Bhd. ("PESB") have now been centralised under one company i.e. PESB. The rationalisation exercise will result in better operational and cost efficiency.

The profit before tax of the Group showed an improvement over the previous financial period. The higher finance cost on borrowings raised for the acquisitions of new investments coupled with the lower earnings from the competitive automotive business will have an impact on the Group's financial results. The Group will continue to embark with its initiatives to enhance and strengthen its existing core businesses and seek new business opportunities. Thus, the Group's overall financial performance for the financial year ending 31 March 2013 is expected to be 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 9 Months Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current taxation	25,057	24,627	100,008	72,811
Deferred taxation	19,445	(2,613)	38,835	29,575
Total	44,502	22,014	138,843	102,386

The Group's effective tax rate for the financial period ended 31 December 2012 is lower than the statutory tax rate mainly due to the gain on disposal of a business which is capital in nature and after adjusting for certain expenses which were not deductible for tax purposes.

20. STATUS OF CORPORATE PROPOSALS

- (a) On 17 December 2012, the disposal of HICOM Power Sdn. Bhd.'s entire business to Sterling Asia Sdn. Bhd. for a total cash consideration of RM575,000,000 was completed.
- (b) 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%. On 15 January 2013, BNM approved for the negotiations to be completed by 31 March 2013.
- (c) 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 proposed disposal of equity interests in Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad. The Group is currently negotiating with the relevant parties on the disposal.
- (d) On 19 February 2013, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH") (a wholly-owned subsidiary company of the Group) had accepted an offer from the Minister of Finance Inc. ("MOF") to acquire the entire 466,778,067 ordinary shares of RM1.00 each representing 96.87% equity interest in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") owned by MOF for a total cash consideration of approximately RM298.3 million to be paid to MOF subject to the following:
 - (i) Satisfactory outcome of the due diligence on CTRM Group; and
 - (ii) Terms and conditions in the sale and purchase agreement ("SPA") to be negotiated between MOF and DEFTECH.

20. STATUS OF CORPORATE PROPOSALS (Continued)

(d) (Continued)

Upon satisfaction of the above conditions, DEFTECH will enter into a definitive SPA with MOF.

CTRM is principally involved in the development and production of aircraft composites components while its subsidiaries are involved in the designing, developing and manufacturing of composite components for aerospace and non-aerospace applications of which includes applications for the defence and automotive industries.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 31.12.2012 RM'000
Short Term Borrowings	
(a) Bank overdrafts	
- Secured	7,908
- Unsecured	6,216
Total	14,124
(b) Others	
<u>Secured</u>	
Bankers acceptances	45,485
Revolving credits	199,246
Hire purchase and finance lease liabilities – portion repayable within 12 months	13,956
Long term loans – portion repayable within 12 months	1,225,682
Long term loans under Islamic financing – portion repayable within 12 months	133,179
Sub-total	1,617,548
<u>Unsecured</u>	
Bankers acceptances	529,096
Revolving credits	262,691
Short term loans	399
Long term loans – portion repayable within 12 months	442

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 31.12.2012 RM'000
(b) Others (Continued)	
<u>Unsecured</u> (Continued)	
Long term loans under Islamic financing – portion repayable within 12 months	696
Deferred liability	16,045
Sub-total	809,369
Total	2,426,917
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities	41,727
- portion repayable within 12 months	(13,956)
	27,771
Long term loans	2,706,666
- portion repayable within 12 months	(1,225,682)
	1,480,984
Long term loans under Islamic financing	2,318,283
- portion repayable within 12 months	(133,179)
	2,185,104
<u>Unsecured</u>	
Long term loans	10,000
- portion repayable within 12 months	(442)
	9,558
Long term loans under Islamic financing	423,232
- portion repayable within 12 months	(696)
	422,536
Total	4,125,953
Grand Total	6,566,994

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

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
31.12.2012	RM221.68 million (SGD 88.5 million) RM0.4 million (Thai Baht 4 million) RM1.01 billion (GBP 207.4 million)

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 December 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	777,159	13,152	11,505
Currency swap foreign exchange contracts	193,272	1,808	720
Islamic profit rate swap	75,000	-	6,141
	1,045,431	14,960	18,366

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.

22. OUTSTANDING DERIVATIVES (Continued)

- (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 RM18.55 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 31 December 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) Limited (“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.

23. MATERIAL LITIGATION (Continued)

(a) (Continued)

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 as the JV Partner produced new evidence. The matter was then fixed for exchange of evidence on 24 January 2013 and hearing on 28 February 2013.

During the exchange of evidence on 24 January 2013, the JV Partner produced more new evidence. The hearing date on 28 February 2013 has been vacated and the hearing is now fixed on 1 March 2013.

(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 March 2013 for parties to inform the Court as to the status of the matter at arbitration and/or out of court settlement.

23. MATERIAL LITIGATION (Continued)

- (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. PESB has furnished the sales records to Electric Angels in compliance with the directions of the Court of Appeal. Parties will proceed to determine the commission payable as result of sales generated by Electric Angels' online marketing tool.

- (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. The parties subsequently issued Requests For Information ("RFI") which sought further and better particulars of each parties' pleadings. Both parties exchanged their responses to the RFIs on 1 February 2013. DRB-HICOM Berhad, GLP and LCL are currently preparing the documents for the extensive discovery process that will continue until at least the second calendar quarter of 2013. A trial window has also been preliminarily identified for the first and second calendar quarters of 2014.

24. DIVIDEND

The Board of Directors is pleased to declare an interim gross dividend of 1.50 sen (2012: 2.00 sen) per share less taxation of 25% amounting to RM21,748,917 for the current financial year ending 31 March 2013 which is proposed to be paid on 29 April 2013.

NOTICE IS HEREBY GIVEN that the interim dividend of 1.50 sen per share less taxation of 25% will be paid on 29 April 2013, to depositors registered in the Records of Depositors at the close of business on 2 April 2013.

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 29 March 2013 in respect of the shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 2 April 2013 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.

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 9 Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Net profit attributable to owners of the Company (RM'000)	391,467	79,576	504,718	274,921
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	20.25	4.12	26.11	14.22

26. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The retained profits of the Group as at 31 December 2012 are analysed as follows:

	As at 31 December 2012 RM'000	As at 31 December 2011 RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,377,281	1,965,572
- Unrealised	26,201	11,538
	3,403,482	1,977,110
Total share of retained profits from jointly controlled entities:		
- Realised	134,737	190,954
- Unrealised	468	2,889
Total share of retained profits from associated companies:		
- Realised	302,454	191,408
- Unrealised	597	4,639
Total Group retained profits as per consolidated financial statements	3,841,738	2,367,000

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 February 2013