



## **DRB-HICOM BERHAD**

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Year  
Ended 31 March 2014

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM ("the Group") for the financial year ended 31 March 2014.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.03.2014 RM'000	31.03.2013 (Restated) RM'000	31.03.2014 RM'000	31.03.2013 (Restated) RM'000
Revenue		4,167,544	3,361,035	14,200,742	13,134,727
Cost of sales and operating expenses		(3,929,726)	(3,039,144)	(13,701,246)	(12,636,510)
Other income		218,866	188,171	719,561	878,551
Other expenses		(107,886)	(124,975)	(231,671)	(164,376)
Profit from operations		348,798	385,087	987,386	1,212,392
Finance costs		(103,894)	(91,478)	(368,585)	(337,603)
Share of results of jointly controlled entities (net of tax)		(67)	5,032	35,485	40,204
Share of results of associated companies (net of tax)		53,542	15,544	142,327	122,374
<b>PROFIT BEFORE TAXATION</b>	14	<b>298,379</b>	314,185	<b>796,613</b>	1,037,367
Taxation	19	(44,814)	(199,586)	(151,692)	(338,429)
<b>NET PROFIT FOR THE FINANCIAL YEAR</b>		<b>253,565</b>	114,599	<b>644,921</b>	698,938
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Gain/(loss) on valuation of post employment benefit obligations		6,221	(29,797)	6,221	(29,797)
Fair value adjustment on investment property		2,315	-	2,315	-
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Net gain/(loss) on fair value changes of securities: available-for-sale		751	437	(8,796)	23,487
Currency translation differences of foreign subsidiaries		(22,526)	21,120	(112,018)	14,969
Share of other comprehensive (loss)/income of an associated company		-	(336)	77	(636)
<i>Reclassification adjustments:</i>					
Transfer of reserve of an associated company to profit or loss upon disposal		-	-	2,217	-
(Loss)/gain on fair value changes of securities: available-for-sale					
- Transfer to profit or loss upon disposal		(8,958)	-	(8,958)	5,528
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR</b>		<b>(22,197)</b>	(8,576)	<b>(118,942)</b>	13,551
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>231,368</b>	106,023	<b>525,979</b>	712,489
Net profit for the financial year attributable to:					
Owners of the Company		166,968	70,587	456,819	575,305
Non-controlling interest		86,597	44,012	188,102	123,633
		<b>253,565</b>	114,599	<b>644,921</b>	698,938
Total comprehensive income for the financial year attributable to:					
Owners of the Company		149,162	63,261	346,506	582,910
Non-controlling interest		82,206	42,762	179,473	129,579
		<b>231,368</b>	106,023	<b>525,979</b>	712,489
Basic earnings per share (sen):	25	<b>8.64</b>	3.65	<b>23.63</b>	29.76

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at 31.03.2014 RM'000	Audited As at 31.03.2013 (Restated) RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,561,456	4,983,782
Concession assets		242,139	253,888
Prepaid lease properties		37,709	11,772
Investment properties		540,505	551,514
Land held for property development		733,306	1,051,772
Jointly controlled entities		413,371	429,448
Associated companies		1,226,189	1,184,012
Intangible assets		1,145,450	809,082
Deferred tax assets		219,773	282,283
Investment securities: financial assets at fair value through profit or loss			
- Banking		98,710	84,373
Investment securities: available-for-sale			
- Banking		5,608,740	5,106,283
- Non-banking		131,031	1,007,236
Investment securities: held-to-maturity			
- Banking		-	575
- Non-banking		45,569	459,841
Trade and other receivables		378,359	12,289
Other assets		633	320
Banking related assets			
- Financing of customers		8,410,371	8,056,313
- Statutory deposits with Bank Negara Malaysia		648,721	612,721
		<b>25,442,032</b>	<b>24,897,504</b>
<b>CURRENT ASSETS</b>			
Assets held for sale		5,799	5,665
Inventories		2,038,213	1,990,412
Property development costs		257,711	235,643
Trade and other receivables		3,830,163	4,305,683
Reinsurance assets		211,478	222,361
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		-	361,522
Investment securities: available-for-sale			
- Banking		456,507	1,360,708
- Non-banking		982	32,608
Investment securities: held-to-maturity			
- Non-banking		41,263	31,545
Banking related assets			
- Cash and short-term funds		1,087,047	3,341,694
- Financing of customers		3,287,185	2,052,700
Bank balances and cash deposits		3,047,754	3,284,116
Derivative assets	22(a)	20,796	8,332
		<b>14,284,898</b>	<b>17,232,989</b>
<b>TOTAL ASSETS</b>		<b>39,726,930</b>	<b>42,130,493</b>

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

	Note	Unaudited As at 31.03.2014 RM'000	Audited As at 31.03.2013 (Restated) RM'000
<b>EQUITY AND LIABILITIES</b>			
Share Capital		1,719,601	1,719,601
Reserves		5,586,532	5,348,649
<b>Equity attributable to owners of the Company</b>		<b>7,306,133</b>	<b>7,068,250</b>
<b>Non-controlling interest</b>		<b>1,199,852</b>	<b>1,254,030</b>
<b>TOTAL EQUITY</b>		<b>8,505,985</b>	<b>8,322,280</b>
<b>NON-CURRENT LIABILITIES</b>			
Life insurance contract liabilities		-	1,743,628
Deferred income		103,660	91,454
Long term borrowings	21(c)	5,359,595	3,667,866
Provision for liabilities and charges		1,807	1,023
Provision for concession assets		43,742	19,250
Post-employment benefit obligations		33,099	45,981
Deferred tax liabilities		61,166	102,336
Banking related liabilities			
- Deposits from customers		45,976	31,505
		<b>5,649,045</b>	<b>5,703,043</b>
<b>CURRENT LIABILITIES</b>			
General and life insurance contract liabilities		691,616	715,061
Deferred income		58,445	38,567
Trade and other payables		5,329,620	5,505,394
Provision for liabilities and charges		182,843	155,525
Provision for concession assets		27,281	89,809
Post-employment benefit obligations		-	60
Bank borrowings			
- Bank overdrafts	21(a)	14,806	15,143
- Others	21(b)	1,764,843	2,794,047
Banking related liabilities			
- Deposits from customers		17,260,467	18,541,613
- Deposits and placements of banks and other financial institutions		101,074	10,774
- Bills and acceptances payable		105,004	132,750
- Recourse obligation on financing sold to Cagamas		-	61,679
Derivative liabilities	22(a)	6,902	22,999
Dividend payable		28,999	21,749
		<b>25,571,900</b>	<b>28,105,170</b>
<b>TOTAL LIABILITIES</b>		<b>31,220,945</b>	<b>33,808,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,726,930</b>	<b>42,130,493</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)</b>		<b>* 3.78</b>	<b>* 3.66</b>

\* Based on 1,933,237,051 ordinary shares in issue.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013 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				
At 1 April 2013	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	240,989	4,191,941	7,100,546	1,253,764	8,354,310
Prior years' adjustments (Note 2 (ii))	-	-	-	-	-	-	(32,296)	-	(32,296)	266	(32,030)
As restated	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	208,693	4,191,941	7,068,250	1,254,030	8,322,280
Total comprehensive (loss)/ income for the financial year	-	-	-	-	(111,670)	(9,473)	10,830	456,819	346,506	179,473	525,979
<u>Transactions with owners</u>											
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	4,569	4,569	(4,737)	218
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	(3,788)	(3,788)
Effect of reclassification of former jointly controlled entities to subsidiary companies	-	-	-	-	-	-	-	-	-	13,496	13,496
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	15,755	15,755
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	52,309	(52,309)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(254,377)	(254,377)
Final dividend in respect of financial year ended 31 March 2013	-	-	-	-	-	-	-	(84,579)	(84,579)	-	(84,579)
Interim dividend in respect of financial year ended 31 March 2014	-	-	-	-	-	-	-	(28,999)	(28,999)	-	(28,999)
<b>At 31 March 2014</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>911,016</b>	<b>(89,405)</b>	<b>(15,440)</b>	<b>271,832</b>	<b>4,487,828</b>	<b>7,306,133</b>	<b>1,199,852</b>	<b>8,505,985</b>

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

	Issued and fully paid ordinary shares		Non-distributable					Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000				
At 1 April 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 *	-	-	-	-	-	5,005	-	82,462	87,467	84,036	171,503
Adjustment to provisional negative goodwill **	-	-	-	-	-	-	-	306,437	306,437	-	306,437
Prior years' adjustments (Note 2 (ii))	-	-	-	-	-	-	(2,233)	-	(2,233)	-	(2,233)
As restated	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	180,468	3,743,541	6,553,321	1,215,649	7,768,970
Total comprehensive income for the financial year	-	-	-	-	14,269	24,035	(30,699)	575,305	582,910	129,579	712,489
<u>Transactions with owners</u>											
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	5	11,760	11,765	(74,229)	(62,464)
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	1,200	1,200
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	700	700
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	58,919	(58,919)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(18,869)	(18,869)

**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				
Final dividend in respect of financial year ended 31 March 2012	-	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)
Interim dividend in respect of financial year ended 31 March 2013	-	-	-	-	-	-	-	(21,749)	(21,749)	-	(21,749)
<b>At 31 March 2013</b>	<b>1,933,237</b>	<b>1,719,601</b>	<b>20,701</b>	<b>911,016</b>	<b>22,265</b>	<b>(5,967)</b>	<b>208,693</b>	<b>4,191,941</b>	<b>7,068,250</b>	<b>1,254,030</b>	<b>8,322,280</b>

\* In respect of the changes in Bank Negara Malaysia Guidelines for Life Insurers – unallocated surplus and reserve of non-participating funds held by a Life insurance subsidiary company.

\*\* In respect of the negative goodwill arising from the acquisition of PROTON Holdings Berhad upon the completion of Purchase Price Allocation exercise within the stipulated period in accordance with FRS 3 *Business Combinations*.

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 2013 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>12 Months Ended 31.03.2014</b>	<b>12 Months Ended 31.03.2013 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial year	644,921	698,938
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	570,770	607,711
- Finance costs	368,585	337,603
- Taxation	151,692	338,429
- Share of results of jointly controlled entities (net of tax)	(35,485)	(40,204)
- Share of results of associated companies (net of tax)	(142,327)	(122,374)
- Gain on bargain purchase	(111,677)	-
- Gain on disposal of a subsidiary company	(83,069)	-
- Gain on disposal of a business	-	(412,552)
- Others	134,484	100,324
Operating profit before working capital changes	1,497,894	1,507,875
Changes in working capital:		
Net increase in banking related assets	(1,646,554)	(1,359,806)
Net decrease in banking related liabilities	(1,265,800)	714,587
Net decrease/(increase) in current assets	786,079	(858,534)
Net increase/(decrease) in current liabilities	(513,035)	985,909
Net cash (outflow)/inflow from operations	(1,141,416)	990,031
Interest received	96,049	90,363
Dividends received from jointly controlled entities	24,009	66,886
Dividends received from associated companies	65,124	58,246
Dividends received from investments	277	3,369
Tax paid, net of refund	(80,880)	(195,244)
Finance costs paid	(292,378)	(293,293)
Provision for liabilities and charges paid	(132,965)	(102,578)
Provision for concession assets paid	(62,196)	(124,555)
Post-employment benefit obligations paid	(24,638)	(9,055)
Net cash (outflow)/inflow from operating activities	<b>(1,549,014)</b>	<b>484,170</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of an associated company	-	(1,000)
Acquisition of investment securities	(496,993)	(515,724)
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	(1,413,821)	(3,287,066)
Acquisition of additional shares in subsidiary companies	(3,375)	(71,494)
Acquisition of land held for property development	(2,285)	(3,113)
Additional investment in an associated company	(1,400)	-
Capital redemption of a jointly controlled entity received	5,000	-
Net cash outflow from acquisition of subsidiary companies	(440,592)	(1,520,735)
Net cash inflow from disposal of a subsidiary company	29,205	-
Proceeds from disposal of associated companies	35,407	6,190
Proceeds from disposal/maturity of investment securities	480,024	694,154
Proceeds from disposal of property, plant and equipment	27,486	76,480
Purchase of property, plant and equipment/ intangible assets/investment properties	(958,594)	(893,957)



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

	<b>12 Months Ended 31.03.2014 RM'000</b>	<b>12 Months Ended 31.03.2013 (Restated) RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES (Continued)</b>		
Redemption of available-for-sale securities	1,824,425	3,028,970
Subscription of shares by non-controlling interest in a subsidiary company	-	1,200
Subscription of redeemable preference shares by non-controlling interest in a subsidiary company	-	700
Net cash outflow from investing activities	<b>(915,513)</b>	<b>(2,485,395)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	5,750,773	3,535,650
Repayment of bank borrowing/hire purchase and finance leases	(5,392,617)	(2,381,263)
Fixed deposits held as security/maintained as sinking fund	(204,354)	(308,614)
Dividends paid to shareholders	(106,328)	(57,997)
Dividends paid to non-controlling interest	(254,377)	(18,869)
Net cash (outflow)/inflow from financing activities	<b>(206,903)</b>	<b>768,907</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,671,430)</b>	<b>(1,232,318)</b>
Effects of foreign currency translation	(28,269)	(3,394)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	5,978,035	7,213,747
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR</b>	<b>3,278,336</b>	<b>5,978,035</b>
Cash and cash equivalents as at end of the financial year comprise the followings:		
Bank balances and cash deposits	3,047,754	3,284,116
Banking related assets – cash and short-term funds	1,087,047	3,341,694
Bank overdrafts	(14,806)	(15,143)
	4,119,995	6,610,667
Less: Fixed deposits held as security	(822,510)	(618,156)
Less: Bank balance in respect of Automotive Development Fund liabilities	(19,149)	(14,476)
	<b>3,278,336</b>	<b>5,978,035</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013 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 2013.

### **2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2013 except for the adoption of the following new and revised FRSs, and Amendments to FRSs which are relevant to the Group’s operations with effect from 1 April 2013:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investments in Associates and Joint Ventures (2011)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Government Loans
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2012)]
Amendments to FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendment to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2012)]
Amendments to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendment to FRS 116	Property, Plant and Equipment [Improvements to FRSs (2012)]
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2012)]
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2012)]

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

The adoption of the above standards did not result in material impact to the financial statements of the Group other than the following:

### (i) **FRS 11 Joint Arrangements**

The Group has carried out an assessment on adoption of FRS 11 and has concluded that there is no change in the classification of investments in jointly controlled entities with the exception of Exedy (Malaysia) Sdn. Bhd. (“Exedy”), an associated company of PROTON Holdings Berhad. Exedy has been reclassified from investment in an associated company to investment in a jointly controlled entity as joint decisions are required to be made by all the shareholders in respect of its operational and financial matters.

### (ii) **FRS 119 Employee Benefits (2011)**

The revised FRS 119 requires the recognition of changes in defined benefit obligations and changes in fair value of plan assets when they occur, and hence eliminates the ‘corridor method’ permitted under the previous version of FRS 119 and accelerates the recognition of past service costs. The revised FRS 119 requires all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. This revised accounting standard has been applied retrospectively.

The effects of the changes in accounting policies adopted by the Group are as follows:

	As previously stated RM'000	Effect of change in accounting policy – 2 (i) RM'000	Effect of change in accounting policy – 2 (ii) RM'000	As restated RM'000
<b>As at 31 March 2013</b>				
<b>Consolidated Statement Of Financial Position</b>				
<u>Non-current assets</u>				
Jointly controlled entities	409,207	20,241	-	429,448
Associated companies	1,204,253	(20,241)	-	1,184,012
<u>Non-current liabilities</u>				
Post-employment benefit obligations	13,951	-	32,030	45,981
<b>Consolidated Statement Of Changes in Equity</b>				
Other reserves	240,989	-	(32,296)	208,693
Non-controlling interest	1,253,764	-	266	1,254,030

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

The effects of the changes in accounting policies adopted by the Group are as follows:  
(Continued)

	As previously stated RM'000	Effect of change in accounting policy – 2 (i) RM'000	Effect of change in accounting policy – 2 (ii) RM'000	As restated RM'000
<b>For the financial year ended 31 March 2013</b>				
<b>Consolidated Statement Of Comprehensive Income</b>				
Share of results of jointly controlled entities (net of tax)	39,087	1,117	-	40,204
Share of results associated companies (net of tax)	123,491	(1,117)	-	122,374
<u>Other comprehensive loss</u>				
Loss on valuation of post employment benefit obligations	-	-	(29,797)	(29,797)
<b>For the quarter ended 31 March 2013</b>				
<b>Consolidated Statement Of Comprehensive Income</b>				
Share of results of jointly controlled entities (net of tax)	4,636	396	-	5,032
Share of results associated companies (net of tax)	15,940	(396)	-	15,544
<u>Other comprehensive loss</u>				
Loss on valuation of post employment benefit obligations	-	-	(29,797)	(29,797)
<b>As at 31 March 2012</b>				
<b>Consolidated Statement Of Changes in Equity</b>				
Other reserves	182,701	-	(2,233)	180,468

### **3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial year ended 31 March 2014.

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

Save as mentioned below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial year ended 31 March 2014.

- (a) On 4 November 2013, Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”) became a 96.87% subsidiary company of the Group following the completion of the acquisition by DRB-HICOM Defence Technologies Sdn. Bhd. The initial accounting for CTRM’s business combination in the consolidated financial statements of DRB-HICOM involves identifying and determining the fair values to be assigned to CTRM’s identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at 31 March 2014, the fair value of CTRM’s identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation (“PPA”) on CTRM’s identifiable assets, liabilities and contingent liabilities. The CTRM’s business combination has been accounted for using these provisional values. The Group shall recognise any adjustments to these provisional values upon completion of the PPA exercise within twelve months from the acquisition date.

The initial accounting has resulted in a gain on bargain purchase amounting to approximately RM111.68 million which has been recognised as other income in the consolidated statement of comprehensive income of DRB-HICOM Berhad for the financial year ended 31 March 2014.

- (b) On 16 December 2013, Konsortium Logistik Berhad (“KLB”) became a 61.61% subsidiary company of the Group following the completion of the acquisition by KL Airport Services Sdn. Bhd. Subsequent to the acquisition, KLAS extended a take-over offer (MGO) to the non-controlling shareholders of KLB to sell their shares at an offer price of RM1.55 per KLB Share. Under the requirement of FRS 10 Consolidated Financial Statements, both the acquisition of 61.61% equity and the MGO are inter-linked and hence to be accounted for as a single transaction. Therefore, the acquisition of KLB is accounted for based on 100% ownership as of 16 December 2013 and accordingly, no non-controlling interest is recognised in the financial statements.

The initial accounting for KLB’s business combination in the consolidated financial statements of DRB-HICOM involves identifying and determining the fair values to be assigned to KLB’s identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at 31 March 2014, the fair value of KLB’s identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation (“PPA”) on KLB’s identifiable assets, liabilities and contingent liabilities. The KLB’s business combination has been accounted for using these provisional values. The Group shall recognise any adjustments to these

**4. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE (Continued)**

(b) (Continued)

provisional values upon completion of the PPA exercise within twelve months from the acquisition date.

The initial accounting has resulted in a goodwill on consolidation amounting to approximately RM239.48 million which has been recognised as intangible asset in the consolidated statement of financial position of DRB-HICOM Berhad as at 31 March 2014.

(c) Included under other income in the consolidated statement of comprehensive income for the financial year ended 31 March 2013 is the gain on disposal of HICOM Power Sdn. Bhd.'s entire business of RM412.55 million.

**5. CHANGES IN ESTIMATES**

There was no material change in the 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**

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 year ended 31 March 2014.

**7. DIVIDENDS PAID**

(a) An interim gross dividend of 1.5 sen per share less taxation of 25% amounting to RM21,748,917 for the financial year ended 31 March 2013, was paid on 29 April 2013.

(b) The shareholders have approved a final gross dividend of 0.5 sen per share, less taxation of 25% and a tax exempt dividend of 4.0 sen per share at the last Annual General Meeting held on 19 September 2013 in respect of the financial year ended 31 March 2013. The net dividend amounting to RM84,579,121 was paid on 18 October 2013.

(c) A single tier interim dividend of 1.50 sen per share amounting to RM28,998,556 for the financial year ended 31 March 2014, was paid on 28 April 2014.

## 8. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial year ended 31 March 2014 is as follows:

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property, Asset &amp; Construction RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
Total revenue	11,232,334	2,749,272	900,990	50,873	14,933,469
Inter-segment revenue	(494,306)	(46,319)	(141,229)	(50,873)	(732,727)
External revenue	10,738,028	2,702,953	759,761	-	14,200,742
<b>Results</b>					
Segment profit/(loss)	88,247	426,938	203,506	(11,243)	707,448
Gain on bargain purchase					111,677
Gain on disposal of a subsidiary company					83,069
Unallocated expenses					(16,208)
Interest income					101,400
Finance costs					(368,585)
Share of results of jointly controlled entities (net of tax)	30,373	-	5,112	-	35,485
Share of results of associated companies (net of tax)	90,044	51,197	1,086	-	142,327
Profit before taxation					796,613
Taxation					(151,692)
Net profit for the financial year					644,921
Attributable to:					
Owners of the Company					456,819
Non-controlling interest					188,102

## 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 YEAR ENDED 31 MARCH 2014**

- (a) On 26 June 2013, PROTON Holdings Berhad, a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 2.5% equity interest in PHN Industry Sdn. Bhd. ("PHN Industry") for a cash consideration of RM2,625,000. Subsequently, the Group's effective equity interest in PHN Industry increased from 97.5% to 100%.
- (b) On 1 July 2013, Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary of the Group, completed the disposal of its 40% equity interest in Netstar Advanced Systems Sdn. Bhd. ("Netstar") for a cash consideration of RM3,008,773. As a result, Netstar ceased to be an associated company of the Group.
- (c) On 1 July 2013, HICOM Holdings Berhad, effectively 100% owned subsidiary company of the Group, completed the disposal of its 21.01% equity interest in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic") for a cash consideration of approximately RM30,462,000. As a result, Niro Ceramic ceased to be an associated company of the Group.
- (d) On 2 July 2013, Miyazu (Malaysia) Sdn. Bhd. which was previously a jointly controlled entity of the Group has been classified as a subsidiary company, in accordance with FRS 10.
- (e) On 2 August 2013, Alam Flora Sdn. Bhd., an indirect 97.37% owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 in DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") from HICOM Holdings Berhad via an internal re-organisation. The Group's effective equity interest in DHES is 97.37%.
- (f) On 4 September 2013, Lotus Cars Malaysia Sdn. Bhd. ("Lotus Cars Malaysia") was incorporated with the issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. The core business of Lotus Cars Malaysia is to act as a distributor of Lotus cars and its related spare parts and accessories in Malaysia.
- (g) On 25 September 2013, Lotus Advance Technologies Sdn. Bhd. ("LATSB"), effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Symphony Lotus Limited ("SLL") for a total cash consideration of USD3.00 and transfer and assignment of the amounts owing by SLL to SLL's shareholders to LATSB for a cash consideration of USD15,000,000. As a result, SLL became a wholly-owned subsidiary company of the Group.



**11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

- (h) On 30 September 2013, HICOM Holdings Berhad completed the disposal of its 30% equity interest in Midea Scott & English Electronics Sdn. Bhd. ("Midea SEE") for a cash consideration of RM936,000. As a result, Midea SEE ceased to be an associated company of the Group.
- (i) On 30 September 2013, Bank Muamalat Malaysia Berhad, a direct 70% subsidiary company of the Group, disposed its 20% equity interest in Pos Ar-Rahnu Sdn. Bhd. ("Pos Ar-Rahnu") to POS Malaysia Berhad for a cash consideration of RM1,000,000. As a result, the Group's effective interest in Pos Ar-Rahnu had reduced to 32.21% from 39.77%.
- (j) On 4 November 2013, DRB-HICOM Defence Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, completed the acquisition of 96.87% equity interest comprising 466,778,067 ordinary shares of RM1.00 each in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") for a total cash consideration of RM298.30 million. As a result, CTRM became a subsidiary company of the Group.
- (k) On 16 December 2013, KL Airport Services Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of 61.61% equity interest comprising 155,462,322 ordinary shares of RM1.00 each in Konsortium Logistik Berhad ("KLB") for a total cash consideration of RM240.97 million. As a result, KLB became a subsidiary company of the Group.
- (l) On 2 January 2014, Uni.Asia Capital Sdn. Bhd. completed the disposal of Uni.Asia Life Assurance Berhad ("UAL") for a cash consideration of RM518 million and as a result, UAL ceased to be an indirect 51% owned subsidiary of the Group.
- (m) On 28 January 2014, PROTON Marketing Sdn. Bhd., effectively a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 10% equity interest in HICOM Potenza Sport Cars Sdn. Bhd, ("HPSCSB") for a cash consideration of RM500,000. As a result, HPSCSB became an indirect wholly-owned subsidiary company of the Group.
- (n) On 30 January 2014, Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 30% equity interest in Multi Automotive Service and Assist Sdn. Bhd. ("MASA") for a cash consideration of RM250,000. As a result, MASA became a wholly-owned subsidiary of the Group.
- (o) On 11 March 2014, HICOM HBPO Sdn. Bhd. which was formerly a jointly controlled entity of the Group has been classified as a subsidiary company, in accordance with FRS 10.
- (p) On 18 March 2014, CTRM Asset Management Sdn. Bhd., a dormant 100% subsidiary company of Composites Technology Research Malaysia Sdn. Bhd., was dissolved.
- (q) On 28 March 2014, Proton Cars Benelux NV. SA, a dormant wholly-owned subsidiary company of Proton Marketing Sdn. Bhd., was dissolved.

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

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

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

	<b>As at 31.03.2014</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
Direct credit substitutes	15,880	15,880	15,707
Trade-related contingencies	34,424	6,885	4,284
Transaction related contingencies	344,838	172,419	168,699
Obligations under an on-going underwriting agreement	7,500	3,750	750
Credit extension commitment:			
– maturity within one year	705,115	141,023	124,981
– maturity exceeding one year	2,433,060	1,216,529	420,255
Bills of collection	11,012	-	-
Profit rate related contracts	2,800,000	89,624	17,925
Foreign exchange related contracts	711,521	9,528	4,558
	<b>7,063,350</b>	<b>1,655,638</b>	<b>757,159</b>

**14. PROFIT BEFORE TAXATION**

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

	3 Months Ended		12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Allowance for/write off of investment securities and financing of customers (net of write backs)	(10,338)	(4,735)	16,254	(19,598)
Amortisation of :				
- intangible assets	39,905	(14,126)	160,228	154,616
- concession assets	2,792	(3,316)	11,417	8,858
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	132,418	108,982	570,770	607,711
Doubtful debts (net of write backs)	25,720	40,336	31,985	46,393
Finance costs	103,894	91,478	368,585	337,603
Impairment loss/(reversal of impairment loss) (net) of				
- assets held for sale	-	-	7,293	-
- property, plant and equipment	(7,259)	9,479	3,138	2,576
- investment securities:				
available-for-sale	(9,420)	4,577	(1,148)	11,768
- intangible assets	35,021	46,736	35,021	46,736
Inventories written off/down (net of write backs)	12,800	5,613	851	13,704
Net write off of property, plant and equipment	6,526	1,935	6,761	3,140
Dividend income	(138)	(36)	(277)	(3,369)
Gain on bargain purchase	-	-	(111,677)	-
(Gain)/loss on fair value adjustment of investment properties	(14,455)	(2,382)	(15,007)	1,750
Gain on disposal of:				
- a business	-	(412,552)	-	(412,552)
- investment securities	(3,625)	(4,881)	(20,194)	(36,465)
- property, plant and equipment	(6,333)	(54,594)	(15,692)	(55,071)

**14. PROFIT BEFORE TAXATION (Continued)**

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

	3 Months Ended		12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Gain on disposal of:				
- concession assets	-	(1,122)	(922)	(1,122)
- a subsidiary company	(83,069)	-	(83,069)	-
- associated companies	-	-	(3,832)	(1,643)
Loss/(gain) on fair value adjustment of securities at fair value through profit or loss	750	(54)	358	(516)
Interest income on short term deposits	(24,929)	(33,203)	(101,400)	(95,323)
Marked to market net loss/(gain) on derivatives	3,014	11,261	(28,561)	(7,287)
Net foreign exchange differences	(14,692)	12,922	(37,851)	18,123
Reversal of provision for major overhauls	-	(78,861)	-	(78,861)

**15. REVIEW OF PERFORMANCE**

- (a) For the financial year ended 31 March 2014, the Group's revenue increased by 8.1% to RM14.20 billion as compared to RM13.13 billion in the previous financial year ended 31 March 2013.

Group Business Sectors	Financial Year Ended 31.03.2014 RM'000	Financial Year Ended 31.03.2013 RM'000	Increase RM'000
(i) Automotive	10,738,028	10,135,838	602,190
(ii) Services	2,702,953	2,591,404	111,549
(iii) Property, Asset & Construction (PAC)	759,761	407,485	352,276
<b>Total</b>	<b>14,200,742</b>	<b>13,134,727</b>	<b>1,066,015</b>

↑ 8.1 %

**15. REVIEW OF PERFORMANCE (Continued)**

(a) (Continued)

**(i) Automotive Sector**

The increase in Automotive sector's revenue were mainly attributed to the higher recognition of revenue from defence projects and the inclusion of Composites Technology Research Malaysia Sdn. Bhd. sales revenue.

**(ii) Services Sector**

Generally, all the companies in the Services sector achieved better performance during the financial year.

**(iii) PAC Sector**

The higher revenue in PAC sector was mainly contributed from the disposal of certain parcels of land in Johor during the financial year.

(b) The Group's operating profits (before exceptional items) for the financial year ended 31 March 2014 declined marginally by 3.7% to RM601.87 million from RM624.82 million achieved in the previous financial year ended 31 March 2013.

With the inclusion of the exceptional gains (E.I.) as shown below, the Group's overall profit before tax for the financial year ended 31 March 2014 was RM796.61 million as compared with RM1.037 billion in the previous financial year.

		Financial Year Ended	
		31.03.2014 RM'000	31.03.2013 RM'000
(a)	<b>Total operating profits</b>	<b>601,867</b>	<b>624,815</b>
	Exceptional items:		
(b)	- Gain on bargain purchase	111,677	-
(c)	- Gain on disposal of a subsidiary company	83,069	-
(d)	- Gain on disposal of a business	-	412,552
(e)	<b>Group's Profit Before Tax</b>	<b>796,613</b>	<b>1,037,367</b>

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

The Group registered a higher profit before taxation of RM298.38 million in the current quarter ended 31 March 2014 compared with RM174.39 million in the preceding quarter ended 31 December 2013. The results for the current quarter includes the gain on disposals of an insurance subsidiary company and certain parcels of land in Johor. In the preceding quarter, the Group had recognised the gain on bargain purchase on acquisition of a subsidiary company, Composites Technology Research Malaysia Sdn. Bhd.

**17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2015**

For the first quarter of 2014, Malaysia recorded a robust economic growth of 6.2% driven by domestic consumption and improvement in exports. The latest indicators point to further improvement in exports and continued expansion in private sector investment spending. This trend is expected to continue. (Source: Bank Negara Malaysia)

With the positive economic outlook, supported by the Government's Economic Transformation Programmes, the Group will continue to pursue its business strategies and to strengthen and expand its core businesses through improvements in operational efficiencies and effective cost management.

The Group expects to achieve satisfactory performance for the financial year ending 31 March 2015.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**19. TAXATION**

Taxation comprises the following:

	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Current taxation	58,666	40,442	89,520	140,450
Deferred taxation	(13,852)	159,144	62,172	197,979
<b>Total</b>	<b>44,814</b>	<b>199,586</b>	<b>151,692</b>	<b>338,429</b>

The Group's effective tax rate for the financial year ended 31 March 2014 is higher than the statutory tax rate mainly due to losses of certain companies cannot be set-off against profits of other companies and certain expenses which were not deductible for tax purposes.

**20. STATUS OF CORPORATE PROPOSALS**

- (a) On 8 April 2013, Neraca Prisma Sdn. Bhd. and Benua Kurnia Sdn. Bhd., indirect wholly-owned subsidiary companies of DRB-HICOM entered into Sale and Purchase Agreements (“SPAs”) for the proposed disposal of certain parcels of freehold land held under title PTD 99396 (HSD 329948) and PTD 68903 (HSD 290184) measuring approximately 613.79 acres to Promosi Etika Sdn. Bhd. for a total cash consideration of approximately RM534.73 million. The SPAs became unconditional on 26 March 2014.
- (b) On 18 February 2014, Uni.Asia Capital Sdn. Bhd. (“UAC”), an indirect 51% owned subsidiary company of the Group, submitted an application to Bank Negara Malaysia (“BNM”) to seek the approval of the Minister of Finance pursuant to Sections 89 and 90 of the Financial Services Act, 2013, to review a proposal for UAC to enter into a Sale and Purchase Agreement (“SPA”) with Liberty UK and Europe Holdings Limited (“Liberty UK”), an indirect subsidiary of Liberty Mutual Holding Company Inc. in relation to the proposed disposal of UAC’s entire equity interest in Uni.Asia General Insurance Berhad of approximately 68.1% for a total cash consideration of RM374.5 million subject to the terms and conditions of the SPA. The application is pending approval from BNM.
- (c) On 9 April 2014, KL Airport Services Sdn. Bhd. completed the compulsory acquisition of the remaining shares in Konsortium Logistik Berhad (“KLB”), pursuant to Section 222 of the Capital Markets and Services Act 2007. As a result, KLB became an indirect wholly-owned subsidiary company of the Group.
- (d) On 11 April 2014, Edaran Otomobil Nasional Berhad entered into a conditional Share Sale Agreement (“SSA”) with Melewar Leisure Sdn. Bhd. (“MLSB”) and Avis Investment Services Limited (“AVIS”) for the acquisition of 100% equity interest in Sistem Sewa Kereta Malaysia Sdn. Bhd. for a total cash consideration of RM5.5 million. The SSA is pending fulfillment of the conditions precedent.

**21. BORROWINGS AND DEFERRED LIABILITIES**

Total Group borrowings are as follows:

		<b>As at 31.03.2014 RM’000</b>
	<b>Short Term Borrowings</b>	
(a)	<b>Bank overdrafts</b>	
	- Secured	6,549
	- Unsecured	8,257
	<b>Total</b>	<b>14,806</b>

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

	<b>As at 31.03.2014 RM'000</b>
<b>(b) Short Term Borrowings (Continued)</b>	
<b>Others</b>	
<u>Secured</u>	
Bankers acceptances	10,494
Revolving credits	60,821
Short term loans	54,507
Hire purchase and finance lease liabilities – portion repayable within 12 months	18,275
Long term loans – portion repayable within 12 months	201,237
Long term loans under Islamic financing – portion repayable within 12 months	181,164
Sub-total	526,498
<u>Unsecured</u>	
Bankers acceptances	880,319
Revolving credits	323,000
Short term loans	11,434
Long term loans – portion repayable within 12 months	4,922
Long term loans under Islamic financing – portion repayable within 12 months	6,489
Deferred liability	12,181
Sub-total	1,238,345
<b>Total</b>	<b>1,764,843</b>



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

	<b>As at 31.03.2014 RM'000</b>
<b>(c) Long Term Borrowings</b>	
<u>Secured</u>	
Hire purchase and finance lease liabilities	51,572
- portion repayable within 12 months	(18,275)
	<b>33,297</b>
Long term loans	2,513,250
- portion repayable within 12 months	(201,237)
	<b>2,312,013</b>
Long term loans under Islamic financing	2,734,699
- portion repayable within 12 months	(151,164)
	<b>2,583,535</b>
<u>Unsecured</u>	
Long term loans	22,065
- portion repayable within 12 months	(4,922)
	<b>17,143</b>
Long term loans under Islamic financing	450,096
- portion repayable within 12 months	(36,489)
	<b>413,607</b>
<b>Total</b>	<b>5,359,595</b>
<b>Grand Total</b>	<b>7,139,244</b>

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

<b>As at</b>	<b>Amount</b>
31.03.2014	RM224.1 million (SGD 86.5 million) RM16.38 million (USD 4.95 million) RM0.81 million (GBP 0.15 million)

## 22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 March 2014 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
<b>Financial instruments at fair value through profit or loss</b>			
Forward foreign exchange contracts	607,332	2,742	3,026
Currency swap foreign exchange contracts	461,620	430	3,876
Islamic profit rate swap	2,800,000	17,624	-
	3,868,952	20,796	6,902

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2013:

- (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 RM28.56 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 March 2014.

## **23. MATERIAL LITIGATION**

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

(a) On 29 June 2012, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect wholly owned subsidiary of the Group, 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:

- (a) Agreement on Proposed Concession on Build, Operate and Transfer Basis for PONS Motorpool Building ("BOT Agreement"); and
- (b) 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 PONSB 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.

PONSB has appointed Messrs. Shearn Delamore & Co. to defend the above case. Subsequently, PONSB filed its Memorandum of Appearance and an application for a Court Order to stay the above legal proceedings pending disposal of the Arbitration proceedings to be held between Jurumuda and PONSB. On 29 August 2012, the Court allowed PONSB's application to stay the legal proceedings pending arbitration. On 16 May 2014, Jurumuda has filed a Notice of Discontinuance effectively discontinuing the case against PONSB, in light of the recent out of court settlement between the parties.

(b) On 23 August 2012, DRB-HICOM Berhad had via its solicitors in United Kingdom ("UK"), 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 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 as an additional claimant to the Counterclaim.

On 14 May 2014, the parties to the proceedings agreed to withdraw their respective claims against each other and executed a Settlement Agreement and Release in respect thereof.

## **24. DIVIDEND**

The Board of Directors recommend for approval at the Annual General Meeting the payment of a single tier final dividend of 4.5 sen (2013: 0.5 sen gross per share less taxation of 25% and tax exempt dividend of 4.0 sen) in respect of the financial year ended 31 March 2014. The book closure and dividend payment dates will be announced later. The total dividend payout for the financial year ended 31 March 2014 is 6.0 sen single tier (2013: 6.0 sen comprising of taxable 2 sen and tax exempt of 4 sen) per share.

**25. EARNINGS PER SHARE**

The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	3 Months Ended		12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Net profit attributable to owners of the Company (RM'000)	166,968	70,587	456,819	575,305
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic earnings per share (sen)	<b>8.64</b>	<b>3.65</b>	<b>23.63</b>	<b>29.76</b>

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

The retained profits of the Group as at 31 March 2014 are analysed as follows:

	As at 31.03.2014 RM'000	As at 31.03.2013 (Restated) RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	3,797,629	3,568,865
- Unrealised	176,657	174,888
	3,974,286	3,743,753
Total share of retained profits from jointly controlled entities:		
- Realised	150,343	148,385
- Unrealised	2,311	1,521
Total share of retained profits from associated companies:		
- Realised	360,238	298,837
- Unrealised	650	(555)
Total Group retained profits as per consolidated financial statements	<b>4,487,828</b>	<b>4,191,941</b>

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

**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

DATO' CHAN CHOY LIN, CAROL  
Secretary

Shah Alam  
29 May 2014