



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Year
Ended 31 March 2016

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the current quarter/financial year ended 31 March 2016.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.03.2016 RM'000	31.03.2015 (Restated) RM'000	31.03.2016 RM'000	31.03.2015 (Restated) RM'000
Revenue		2,632,776	3,209,844	12,172,941	13,687,839
Cost of sales and operating expenses		(3,220,109)	(3,228,643)	(12,980,945)	(13,536,433)
Other income		71,060	151,546	469,483	555,066
Other expenses		(125,292)	(37,823)	(327,717)	(113,951)
(Loss)/profit from operations		(641,565)	94,924	(666,238)	592,521
Finance costs		(94,032)	(97,517)	(382,094)	(392,054)
Share of results of joint ventures (net of tax)		3,199	(471)	22,059	26,781
Share of results of associated companies (net of tax)		(11,934)	47,241	205,006	274,586
(LOSS)/PROFIT BEFORE TAXATION	15	(744,332)	44,177	(821,267)	501,834
Taxation	20	(18,762)	59,559	(49,491)	(116,778)
NET (LOSS)/PROFIT FOR THE QUARTER/FINANCIAL YEAR		(763,094)	103,736	(870,758)	385,056
OTHER COMPREHENSIVE (LOSS)/INCOME					
<u>Items that will not be reclassified to profit or loss:</u>					
Loss on valuation of post employment benefit obligations		(5,478)	(4,641)	(5,478)	(4,641)
Fair value adjustment on property, plant and equipment		528	15,147	528	15,147
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain on fair value changes of securities: available-for-sale		55,822	31,576	10,804	19,902
Currency translation differences of foreign subsidiaries		(47,313)	6,166	54,857	(2,335)
<u>Reclassification adjustments:</u>					
Gain on fair value changes of securities: available-for-sale		-	-	-	789
- Transfer to profit or loss upon disposal		-	-	-	789
Transfer of reserve of an associated company to profit or loss upon disposal		-	-	(4,604)	-
OTHER COMPREHENSIVE INCOME FOR THE QUARTER/FINANCIAL YEAR (NET OF TAX)		3,559	48,248	56,107	28,862
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE QUARTER/FINANCIAL YEAR		(759,535)	151,984	(814,651)	413,918

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Current Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.03.2016 RM'000	31.03.2015 (Restated) RM'000	31.03.2016 RM'000	31.03.2015 (Restated) RM'000
Net (loss)/profit for the quarter/financial year attributable to:					
Owners of the Company		(790,760)	89,796	(991,900)	300,195
Holders of Perpetual Sukuk		19,809	14,250	76,865	14,401
Non-controlling interest		7,857	(310)	44,277	70,460
		(763,094)	103,736	(870,758)	385,056
Total comprehensive (loss)/income for the quarter/financial year attributable to:					
Owners of the Company		(802,297)	123,733	(940,410)	317,931
Holders of Perpetual Sukuk		19,809	14,250	76,865	14,401
Non-controlling interest		22,953	14,001	48,894	81,586
		(759,535)	151,984	(814,651)	413,918
Basic (loss)/earnings per share (sen):	26	(40.90)	4.64	(51.31)	15.53

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 31.03.2016 RM'000	Audited As at 31.03.2015 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		5,708,050	5,562,954
Concession assets		227,051	230,651
Prepaid lease properties		52,024	53,412
Investment properties		617,955	560,325
Land held for property development		985,141	728,086
Joint ventures		451,023	390,252
Associated companies		1,364,616	1,307,016
Intangible assets		1,681,168	1,392,473
Deferred tax assets		91,719	123,588
Investment securities: financial assets at fair value through profit or loss			
- Banking		186,355	118,657
Investment securities: available-for-sale			
- Banking		5,058,434	5,411,269
- Non-banking		46,203	46,238
Investment securities: held-to-maturity			
- Banking		140,607	139,042
Other receivables		104,589	155,336
Other assets		441	509
Banking related assets			
- Financing of customers		10,600,485	10,259,671
- Statutory deposits with Bank Negara Malaysia		703,261	757,721
		28,019,122	27,237,200
CURRENT ASSETS			
Assets held for sale		10,819	63,405
Inventories		1,760,627	2,364,414
Property development costs		284,145	320,695
Trade and other receivables		4,517,409	4,587,513
Investment securities: available-for-sale			
- Banking		641,732	1,024,210
Banking related assets			
- Cash and short-term funds		1,069,101	1,226,944
- Financing of customers		3,726,891	2,998,566
Bank balances and cash deposits		1,971,552	2,461,408
Derivative assets	23(a)	40,951	74,975
		14,023,227	15,122,130
TOTAL ASSETS		42,042,349	42,359,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	Unaudited As at 31.03.2016 RM'000	Audited As at 31.03.2015 (Restated) RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,719,601	1,719,601
Reserves		4,823,487	5,850,893
Equity attributable to Owners of the Company		6,543,088	7,570,494
Perpetual Sukuk		1,051,859	822,291
Non-controlling interest		908,342	959,290
TOTAL EQUITY		8,503,289	9,352,075
NON-CURRENT LIABILITIES			
Deferred income		119,690	139,509
Long term borrowings	22(c)	4,303,493	4,832,149
Provision for liabilities and charges		2,606	3,110
Provision for concession assets		103,841	74,574
Post-employment benefit obligations		44,033	34,791
Deferred tax liabilities		66,335	91,292
Banking related liabilities – Deposits from customers		66,987	51,826
		4,706,985	5,227,251
CURRENT LIABILITIES			
Deferred income		64,570	50,869
Trade and other payables		6,422,756	5,995,704
Provision for liabilities and charges		154,675	195,653
Provision for concession assets		25,214	17,557
Post-employment benefit obligations		477	-
Bank borrowings			
- Bank overdrafts	22(a)	21,462	21,835
- Others	22(b)	2,546,305	2,065,779
Banking related liabilities			
- Deposits from customers		19,026,668	18,870,198
- Deposits and placements of banks and other financial institutions		442,252	408,836
- Bills and acceptances payable		29,350	67,723
Derivative liabilities	23(a)	98,346	56,851
Dividend payable		-	28,999
		28,832,075	27,780,004
TOTAL LIABILITIES		33,539,060	33,007,255
TOTAL EQUITY AND LIABILITIES		42,042,349	42,359,330
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.38	3.92

* 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 2015 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	Perpetual Sukuk 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 2015	1,933,237	1,719,601	20,701	1,000,039	(92,529)	(814)	324,688	4,598,900	7,570,586	822,291	959,290	9,352,167
Prior years' adjustments (Note 3)	-	-	-	-	-	-	-	(92)	(92)	-	-	(92)
As restated	1,933,237	1,719,601	20,701	1,000,039	(92,529)	(814)	324,688	4,598,808	7,570,494	822,291	959,290	9,352,075
Total comprehensive income/(loss) for the financial year	-	-	-	-	48,898	7,563	(4,971)	(991,900)	(940,410)	76,865	48,894	(814,651)
Net issuance of Perpetual Sukuk (Note 7)	-	-	-	-	-	-	-	-	-	223,841	-	223,841
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	(71,138)	-	(71,138)
<u>Transactions with owners</u>												
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(3,048)	(3,048)
Capital repayment to non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(86,460)	(86,460)
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	47,921	(47,921)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(10,334)	(10,334)
Final dividend in respect of financial year ended 31 March 2015	-	-	-	-	-	-	-	(86,996)	(86,996)	-	-	(86,996)
At 31 March 2016	1,933,237	1,719,601	20,701	1,000,039	(43,631)	6,749	367,638	3,471,991	6,543,088	1,051,859	908,342	8,503,289

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	Perpetual Sukuk 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 2014	1,933,237	1,719,601	20,701	911,016	(89,405)	(15,440)	271,832	4,493,178	7,311,483	-	1,200,065	8,511,548
Total comprehensive income for the financial year	-	-	-	-	(2,902)	14,626	6,012	300,195	317,931	14,401	81,586	413,918
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	807,890	-	807,890
<u>Transactions with owners</u>												
Effect of changes in shareholding in subsidiary companies	-	-	-	-	-	-	(539)	(4,662)	(5,201)	-	(13,882)	(19,083)
Disposal of subsidiary companies	-	-	-	89,023	-	-	18,047	(44,821)	62,249	-	(157,490)	(95,241)
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	(222)	-	222	-	-	-	3,530	3,530
Subscription of ordinary shares in subsidiary companies by non-controlling interest	-	-	-	-	-	-	-	27	27	-	1,975	2,002
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	29,114	(29,114)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(156,494)	(156,494)
Final dividend in respect of financial year ended 31 March 2014	-	-	-	-	-	-	-	(86,996)	(86,996)	-	-	(86,996)
Interim dividend in respect of financial year ended 31 March 2015	-	-	-	-	-	-	-	(28,999)	(28,999)	-	-	(28,999)
At 31 March 2015	1,933,237	1,719,601	20,701	1,000,039	(92,529)	(814)	324,688	4,598,808	7,570,494	822,291	959,290	9,352,075

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 2015 and the explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months Ended 31.03.16 RM'000	12 Months Ended 31.03.15 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/profit for the financial year	(870,758)	385,056
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	546,130	534,496
- Finance costs	382,094	392,054
- Taxation	49,491	116,778
- Share of results of joint ventures (net of tax)	(22,059)	(26,781)
- Share of results of associated companies (net of tax)	(205,006)	(274,586)
- Gain on disposal of subsidiary companies	-	(97,424)
- Others	632,772	(2,373)
Operating profit before working capital changes	512,664	1,027,220
Changes in working capital:		
Net increase in banking related assets	(1,106,098)	(1,745,266)
Net increase in banking related liabilities	166,674	1,886,062
Net decrease/(increase) in current assets	389,316	(832,553)
Net increase in current liabilities	223,346	1,014,487
Net cash generated from operations	185,902	1,349,950
Interest received	51,024	69,226
Dividends received from joint ventures	18,556	23,600
Dividends received from associated companies	167,061	141,851
Tax paid, net of refund	(42,512)	(213,018)
Finance costs paid	(378,804)	(394,551)
Provision for liabilities and charges paid	(83,927)	(67,692)
Post-employment benefit obligations paid	(12,502)	(18,967)
Provision for concession assets paid	(3,599)	(7,255)
Net cash (outflow)/inflow from operating activities	(98,801)	883,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities by a banking subsidiary company (net of proceeds from disposal)	238,823	(707,308)
Acquisition of additional shares in a subsidiary company	-	(19,083)
Additional cost incurred for land held for property development	(657)	(941)
Additional investment in an associated company	-	(2,100)
Capital repayment to non-controlling interest of a subsidiary company	(86,460)	-
Movement in fixed deposits placement with maturity profile more than three months	1,440	(25,257)
Net cash outflow from acquisitions of subsidiary companies	(104,626)	(78,436)
Net cash outflow from disposal of subsidiary companies	-	(273,437)
New investment in a joint venture	(60,554)	-
New investment in an associated company	(10,198)	-
Purchase of property, plant and equipment/intangible assets/investment properties	(1,108,504)	(900,033)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	12 Months Ended 31.03.16 RM'000	12 Months Ended 31.03.15 (Restated) RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds from disposal/maturity of investment securities	-	35
Proceeds from disposal of property, plant and equipment/investment properties/intangible assets/other assets/assets held for sale	91,821	21,055
Proceeds from disposal of a joint venture	-	20,456
Redemption of available-for-sale securities by a banking subsidiary company	473,000	234,748
Redemption of preference shares by a joint venture	5,000	5,000
Subscription of ordinary shares in subsidiary companies by non-controlling interest	-	2,002
Net cash outflow from investing activities	(560,915)	(1,723,299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of Perpetual Sukuk	223,841	807,890
Proceeds from bank borrowings	4,799,928	4,421,967
Repayment of bank borrowing/hire purchase and finance leases	(4,833,443)	(4,652,774)
Fixed deposits held as security/maintained as sinking fund	39,646	(235,694)
Dividends paid to holders of Perpetual Sukuk	(71,138)	-
Dividends paid to shareholders	(115,995)	(115,995)
Dividends paid to non-controlling interest	(10,334)	(156,494)
Net cash inflow from financing activities	32,505	68,900
NET DECREASE IN CASH AND CASH EQUIVALENTS	(627,211)	(771,255)
Effects of foreign currency translation	19,838	57,933
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	2,565,014	3,278,336
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	1,957,641	2,565,014
Cash and cash equivalents as at end of the financial year comprise the followings:		
Bank balances and cash deposits	1,971,552	2,461,408
Banking related assets – cash and short-term funds	1,069,101	1,226,944
Bank overdrafts	(21,462)	(21,835)
	3,019,191	3,666,517
Less: Fixed deposits with maturity profile more than three months	(23,817)	(25,257)
Less: Fixed deposits held as security	(1,018,558)	(1,058,204)
Less: Bank balance in respect of Automotive Development Fund liabilities	(19,175)	(18,042)
	1,957,641	2,565,014

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015 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 2015.

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 2015. There was no new accounting standard that became effective for the financial year beginning on 1 April 2015.

3. COMPLETION OF PURCHASE PRICE ALLOCATION

During the current financial year, the Group has completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of a wholly-owned subsidiary company, DRB-HICOM Asia Cargo Express Sdn. Bhd. (“DHACE”) (formerly known as Gading Sari Aviation Services Sdn. Bhd.) within the stipulated time period, i.e. twelve (12) months from the acquisition date of 29 January 2015, in accordance with FRS 3 ‘*Business Combinations*’. Based on the fair values of the net assets of DHACE, the goodwill amount has slightly reduced from RM72.73 million to RM72.64 million. The adjusted fair value of DHACE have been reflected in the Group’s Consolidated Statement of Financial Position as at previous financial year ended 31 March 2015. Below are the effects of the final PPA adjustments in accordance with FRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 March 2015			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Intangible assets	1,392,565	(92)	1,392,473
Consolidated Statement of Changes in Equity			
Retained earnings	4,598,900	(92)	4,598,808
For the financial year ended 31 March 2015			
Consolidated Statement of Comprehensive Income			
<u>Quarter</u>			
Cost of sales and operating expenses	(3,227,819)	(824)	(3,228,643)
Other expenses	(38,270)	447	(37,823)

3. COMPLETION OF PURCHASE PRICE ALLOCATION (Continued)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
For the financial year ended 31 March 2015 (Continued)			
Consolidated Statement of Comprehensive Income (Continued)			
<u>Quarter (Continued)</u>			
Taxation	59,274	285	59,559
Net profit for the financial year attributable to Owners of the Company	89,888	(92)	89,796
Total comprehensive income for the financial year attributable to Owners of the Company	123,825	(92)	123,733
<u>Financial Year</u>			
Cost of sales and operating expenses	(13,535,609)	(824)	(13,536,433)
Other expenses	(114,398)	447	(113,951)
Taxation	(117,063)	285	(116,778)
Net profit for the financial year attributable to Owners of the Company	300,287	(92)	300,195
Total comprehensive income for the financial year attributable to Owners of the Company	318,023	(92)	317,931

4. 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 2016.

5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

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 2016.

6. 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.

7. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

Save as disclosed 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 year ended 31 March 2016.

(a) Perpetual Sukuk Musharakah Programme (“Perpetual Sukuk”)

During the current financial year, the Company had undertaken three issuances of the Perpetual Sukuk amounting RM225 million.

	RM'000
Total proceeds	225,000
Less: direct expenses attributable to the issuance	(1,159)
Net proceeds	<u>223,841</u>

8. DIVIDENDS PAID

- (a) A single tier interim dividend of 1.5 sen per share amounting to RM28,998,558 for the financial year ended 31 March 2015, was paid on 28 April 2015.
- (b) The shareholders have approved a single tier final dividend of 4.5 sen per share at the last Annual General Meeting held on 9 September 2015 in respect of the financial year ended 31 March 2015. The net dividend of RM86,995,667 was paid on 9 October 2015.

9. SEGMENTAL INFORMATION

The information of each of the Group's business segments for the financial year ended 31 March 2016 is as follows:

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	9,773,299	2,685,623	351,168	56,024	12,866,114
Inter-segment revenue	(407,396)	(172,403)	(57,350)	(56,024)	(693,173)
External revenue	9,365,903	2,513,220	293,818	-	12,172,941
Results					
Segment (loss)/profit	(1,038,941)	303,585	32,935	33,966	(668,455)
Unallocated expenses					(50,909)
Interest income on short term deposits					53,126
Finance costs					(382,094)

9. SEGMENTAL INFORMATION (Continued)

	Automotive	Services	Property, Asset & Construction	Investment Holding	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Results (Continued)					
Share of results of joint ventures (net of tax)	20,333	-	1,726	-	22,059
Share of results of associated companies (net of tax)	182,369	22,523	114	-	205,006
Loss before taxation					(821,267)
Taxation					(49,491)
Net loss for the financial year					(870,758)
Attributable to:					
Owners of the Company					(991,900)
Holders of Perpetual Sukuk					76,865
Non-controlling interest					44,277

10. 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.

11. SUBSEQUENT EVENT

There has not arisen in the interval between the end of this reporting year and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2016

- (a) On 27 April 2015, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, entered into a share sale agreement with Johnson Controls Holding Japan TYK for the disposal of its entire 30% equity interest in Johnson Controls Automotive Holding (M) Sdn. Bhd. for a cash consideration of RM45,000,000. The transaction was completed on even date.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

- (b) On 8 June 2015, DRB-HICOM Berhad completed the acquisition of 100% equity interest in EON Network Systems Sdn. Bhd. (“ENSSB”) comprising 2 ordinary shares of RM1.00 each from EON Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, via an internal re-organisation. On 16 June 2015, ENSSB changed its name to DRB-HICOM Northern Gateway Sdn. Bhd.
- (c) On 7 July 2015, HICOM Builders Sdn. Bhd. (“HBSB”), an indirect wholly-owned subsidiary company of the Group, entered into a joint venture and shareholders’ agreement with MRCB Engineering Sdn. Bhd. (“MESB”) and Dekad Kaliber Sdn. Bhd. (“DKSB”), the joint venture company in relation to the development of the integrated, custom, quarantine and security complex located at Bukit Kayu Hitam, Kedah. HBSB and MESB’s shareholdings in DKSB are 49% and 51% respectively. As a result, DKSB became a 49% associated company of the Group.
- (d) On 11 August 2015, Perusahaan Otomobil Nasional Sdn. Bhd., a wholly-owned indirect subsidiary company of the Group, completed the disposal of its entire 25% equity interest in Vina Star Motors Corporation (“VSMC”) to Mitsubishi Motor Corporation and Mitsubishi Corporation for a sale consideration of RM17,146,000. As a result, VSMC ceased to be an associated company of the Group.
- (e) On 26 August 2015, the Company announced that Myanmar Scott & English Co., Ltd (“MSE”), a wholly-owned dormant subsidiary company of Scott & English (Malaysia) Sdn. Bhd., which in turn is an indirect 70% owned subsidiary company of the Group, was voluntarily deregistered. As a result, MSE ceased to be a subsidiary company of the Group.
- (f) On 26 August 2015, the Company announced that Scott & English (Cambodia) Limited (“SEC”), a wholly-owned dormant subsidiary company of Scott & English (Malaysia) Sdn. Bhd., which in turn is an indirect 70% owned subsidiary company of the Group, was voluntarily deregistered. As a result, SEC ceased to be a subsidiary company of the Group.
- (g) On 15 September 2015, DRB-HICOM SPV (Labuan) Limited (“DHS”), a wholly-owned subsidiary company of the Group, was incorporated under the Labuan Companies Act, 1990 in the Federal Territory of Labuan, Malaysia. It is involved in investment, funding and treasury related functions for the DRB-HICOM Group.
- (h) On 25 September 2015, PROTON Holdings Berhad (“PROTON”), Lotus Group International Limited (“LGIL”), effectively wholly-owned subsidiary companies of the Group, and Goldstar Heavy Industrial Co. Ltd. (“Goldstar”) formed a joint venture company known as Goldstar LOTUS Automobile Co., Ltd. (“Goldstar LOTUS”) to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories, and to provide after-sales services (including spare parts), in connection with its products in the People’s Republic of China. PROTON, LGIL and Goldstar’s shareholdings in Goldstar LOTUS are 40%, 10% and 50% respectively. As a result, Goldstar LOTUS became a 50% owned joint venture of the Group.

12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

- (i) On 20 November 2015, DRB-HICOM Northern Gateway Sdn. Bhd., a wholly-owned subsidiary company, completed the acquisition of 100% equity interest in Northern Gateway Infrastructure Sdn. Bhd. (“NGISB”) for a cash consideration of RM20,000,000. As a result, NGISB became a wholly-owned subsidiary company of the Group.
- (j) On 18 December 2015, the Company completed the acquisition of 51% equity interest in Media City Ventures Sdn. Bhd. (“MCVSB”) for a purchase consideration of RM85,680,000. As a result, MCVSB became a subsidiary company of the Group.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets from what was reported in last annual audited financial statements.

14. COMMITMENTS AND CONTINGENT LIABILITIES OF BANK MUAMALAT MALAYSIA BERHAD

No material loss is anticipated as these amounts arose in the business of 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 31.03.2016		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	61,401	61,401	60,691
Trade-related contingencies	9,778	1,956	1,444
Transaction related contingencies	247,807	123,904	123,775
Credit extension commitment:			
– maturity within one year	808,248	161,650	155,099
– maturity exceeding one year	1,878,796	939,398	185,501
Profit rate related contracts	3,675,000	48,901	9,780
Foreign exchange related contracts	1,333,866	61,167	37,838
	8,014,896	1,398,377	574,128

15. (LOSS)/PROFIT BEFORE TAXATION

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

	3 Months Ended		12 Months Ended	
	31.03.2016 RM'000	31.03.2015 (Restated) RM'000	31.03.2016 RM'000	31.03.2015 (Restated) RM'000
Allowance for/write off of investment securities and financing of customers (net)	33,080	(4,254)	97,582	100,454
Amortisation of :				
- intangible assets	38,553	30,088	178,579	131,083
- concession assets	3,536	2,881	12,182	11,488
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	130,929	135,287	546,130	534,496
Doubtful debts (net of write backs)	5,290	6,749	15,163	11,725
Finance costs	94,032	97,517	382,094	392,054
Impairment loss/(reversal of impairment loss) of (net)				
- property, plant and equipment	5,046	1,059	4,355	1,497
- intangible assets	66,461	1,937	81,473	1,937
- investment securities: available-for-sale	16,137	70	22,825	(21,934)
- land held for property development	-	(22,148)	-	(22,148)
- other receivables	129,343	-	129,343	-
Inventories written off/down (net of write backs)	32,823	13,410	29,659	12,274
Loss on dilution of shares in a joint venture company	-	-	-	20
Marked to market loss/(gain) on derivatives (net)	68,066	40,188	75,519	(4,230)
Net write off of property, plant and equipment	2,015	726	2,805	4,092
Gain on fair value adjustment of investment properties	(10,492)	(2,277)	(15,420)	(892)
(Gain)/loss on disposal of:				
- assets held for sale	-	-	(12,267)	(46)
- investment securities	(4,322)	(7,063)	(10,867)	(15,348)

15. (LOSS)/PROFIT BEFORE TAXATION (Continued)

	3 Months Ended		12 Months Ended	
	31.03.2016 RM'000	31.03.2015 (Restated) RM'000	31.03.2016 RM'000	31.03.2015 (Restated) RM'000
(Gain)/loss on disposal of:				
- property, plant and equipment	(4,552)	219	(9,290)	(2,464)
- subsidiary companies	-	-	-	(97,424)
Interest income on short term deposits	(12,854)	(17,319)	(53,126)	(65,132)
Net foreign exchange differences	(32,850)	(13,970)	(32,996)	(21,627)

16. REVIEW OF PERFORMANCE

16.1 Revenue

	Group Business Sectors	3 Months Ended		Variance RM'000	12 Months Ended		Variance RM'000
		31.03.2016 RM'000	31.03.2015 RM'000		31.03.2016 RM'000	31.03.2015 RM'000	
(i)	Automotive	1,901,072	2,548,711	(647,639)	9,365,903	10,782,304	(1,416,401)
(ii)	Services	620,885	600,804	20,081	2,513,220	2,607,306	(94,086)
(iii)	Property, Asset & Construction (PAC)	110,819	60,329	50,490	293,818	298,229	(4,411)
	Total	2,632,776	3,209,844	(577,068)	12,172,941	13,687,839	(1,514,898)

- (a) For the current financial quarter ended 31 March 2016, the Group achieved a revenue of RM2.63 billion compared with RM3.21 billion in the corresponding quarter ended 31 March 2015, a decrease of 18% due to lower sales of motor vehicles by automotive companies.
- (b) For the financial year ended 31 March 2016, the Group's revenue declined by 11% to RM12.17 billion compared with RM13.69 billion in the previous year ended 31 March 2015.

(i) Automotive Sector

The automotive sector was affected by lower sales volume mainly due to intense market competition and the challenging automotive operating landscape including tight lending conditions by financial institutions.

16. REVIEW OF PERFORMANCE (Continued)

16.1 Revenue (Continued)

(b) (Continued)

(ii) Services Sector

The decline in revenue was mainly due to the absence of revenue from the insurance business following the disposal of the insurance subsidiary company, Uni.Asia General Insurance Berhad in July 2014.

(iii) PAC Sector

The marginal drop of 1.5% in revenue was mainly due to the lower sales of certain property development projects.

16.2 (Loss)/Profit Before Tax

For the current quarter and financial year ended 31 March 2016, the Group incurred a pre-tax loss of RM744.33 million and RM821.27 million respectively compared with pre-tax profit of RM44.18 million and RM501.83 million respectively in the corresponding quarter/financial year ended 31 March 2015.

The losses for the current quarter and financial year were mainly attributed to the weaker performance of the Group's automotive business especially PROTON which incurred a major loss. This was due to lower sales of motor vehicles amidst stiff competition, volatility in foreign exchange rates, weak consumer sentiment, high expenses related to aggressive promotion and sales campaigns and impairment of certain intangible assets and project expenditure.

17. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group incurred a pre-tax loss of RM744.33 million in the current quarter ended 31 March 2016 compared with pre-tax loss of RM146.29 million in the preceding quarter ended 31 December 2015 mainly due to weak performance of PROTON group on account of lower sales volume and impairment of certain intangible assets and project expenditure.

18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017

Malaysia's economy grew at a slower pace of 4.2% in the first quarter of 2016 compared with 5.7% in the corresponding quarter of the previous year. The lower growth was due to the cautious spending by the private sector and weak external demand.

In view of the volatility in the domestic and global economic environment, the domestic automotive and property sectors will continue to be challenging as consumer confidence remains weak. The Group will be intensifying its sales and marketing activities to improve sales and competitiveness.

Among the key initiatives for the current financial year is to turnaround PROTON. The Turnaround Plan which is in place with the support of the Government of Malaysia through the RM1.5 billion financial assistance is expected to improve the financial performance of PROTON.

In order to tap into the demand of the logistics sector due to the rapid growth of e-commerce, the Group has initiated the integration of its postal and logistics services with the proposed injection of KL Airport Services group into Pos Malaysia Berhad which will enable seamless integrated logistics services to be provided by the Group.

Taking into consideration the outlook of economic and business landscapes, the Group's performance for the financial year ending 31 March 2017 will remain challenging.

19. 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.

20. TAXATION

Taxation comprises the following:

	3 Months Ended		12 Months Ended	
	31.03.2016	31.03.2015 (Restated)	31.03.2016	31.03.2015 (Restated)
	RM'000	RM'000	RM'000	RM'000
Current taxation	10,897	(102,849)	46,005	14,277
Deferred taxation	7,865	43,290	3,486	102,501
Total	18,762	(59,559)	49,491	116,778

For the financial year ended 31 March 2016, the taxation arises mainly from certain profit making subsidiary companies. The Group's effective tax rate is lower than the statutory tax rate mainly due to deferred tax assets not recognised for unutilised tax losses and unabsorbed capital allowances of certain subsidiary companies.

21. STATUS OF CORPORATE PROPOSALS

- (a) On 14 March 2016, the Group entered into a conditional shares sale agreement with Pos Malaysia Berhad for the following proposals:
- (i) Proposed disposal of 100% equity interest in KL Airport Services Sdn. Bhd. (“KLAS”) for a total consideration of RM749.35 million (“Proposed KLAS Disposal”).
 - (ii) Proposed disposal of part of a parcel of freehold industrial land measuring 9.912 acres located in Section 28, Shah Alam for a total consideration of RM69.0 million (“Proposed Land Disposal”).

The Proposed KLAS Disposal and Proposed Land Disposal are collectively referred to as “Proposed Disposals”.

The total consideration of Proposed Disposals of RM818.35 million shall be satisfied via the issuance of 245,750,751 new ordinary shares of RM0.50 each in Pos Malaysia (“POSM Shares”) at an issue price of RM3.33 per POSM Shares. The proposed disposals are subject to the authorities’ and shareholders’ approvals.

- (b) On 21 December 2015, HICOM Megah Sdn. Bhd. (“HMSB”) which is an indirect wholly-owned subsidiary company of the Group and the minority shareholders of Corwin Holding Pte. Ltd. (“Corwin”) namely Mohamed Mustafa & Samsuddin Co. Pte. Ltd. and B.I. Distributors Pte. Ltd. (collectively known as the “Vendors”) entered into a conditional share sale agreement (“SSA”) with Evolutyon Real Estate Investment Holding Pte. Ltd. for the proposed disposal of the 100% equity interest in Corwin for a total indicative sale consideration of SGD317 million. As announced to Bursa Malaysia on 5 May 2016, the proposed disposal was terminated due to the inability of the Purchaser to fulfill its contractual obligations on the agreed completion date.

22. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

		As at 31.03.2016 RM'000
	Short Term Borrowings	
(a)	Bank overdrafts	
	- Secured	11,669
	- Unsecured	9,793
	Total	21,462

22. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 31.03.2016 RM'000
(b) Short Term Borrowings (Continued)	
Others	
<u>Secured</u>	
Bankers acceptances	2,741
Revolving credits	48,427
Short term loans	13,332
Short term loans under Islamic financing	155,247
Hire purchase and finance lease liabilities – portion repayable within 12 months	18,159
Long term loans – portion repayable within 12 months	420,866
Long term loans under Islamic financing – portion repayable within 12 months	659,930
Sub-total	1,318,702
<u>Unsecured</u>	
Bankers acceptances	803,932
Revolving credits	375,743
Short term loans under Islamic financing	30,000
Long term loans – portion repayable within 12 months	7,278
Long term loans under Islamic financing – portion repayable within 12 months	4,135
Deferred liability	6,515
Sub-total	1,227,603
Total	2,546,305

22. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 31.03.2016 RM'000
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities	47,514
- portion repayable within 12 months	(18,159)
	29,355
Long term loans	1,836,108
- portion repayable within 12 months	(420,866)
	1,415,242
Long term loans under Islamic financing	3,105,916
- portion repayable within 12 months	(659,930)
	2,445,986
<u>Unsecured</u>	
Long term loans	8,849
- portion repayable within 12 months	(7,278)
	1,571
Long term loans under Islamic financing	415,474
- portion repayable within 12 months	(4,135)
	411,339
Total	4,303,493
Grand Total	6,871,260

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
31.03.2016	RM245.03 million (SGD 84.5 million) RM740.05 million (USD 186.02 million) RM35.12 million (GBP 6.23 million) RM3.13 million (Baht 28.11 million)

23. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 March 2016 consist mainly of foreign exchange contracts and profit rate swap which are measured at their fair value together with their corresponding contract/notional amounts as below:

	Contract/ Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	1,087,269	21,828	34,416
Currency swap foreign exchange contracts	580,728	19,123	15,238
Islamic profit rate swap	3,675,000	-	13,903
Capped cross currency interest rate swap	651,900	-	34,789
	5,994,897	40,951	98,346

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2015:

- (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 gain/loss arising from fair value changes of financial derivatives

During the current financial year, the Group recognised a total net loss of RM75.52 million in the consolidated statement of comprehensive income arising from the fair value changes on the foreign exchange contracts, profit rate swap and cross currency interest rate swap which are marked to market as at 31 March 2016.

24. MATERIAL LITIGATION

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

25. DIVIDEND

The Board of Directors recommend for approval at the forthcoming Annual General Meeting, the payment of a single tier first and final dividend of 2.0 sen (2015: a single tier final dividend of 4.5 sen) in respect of the financial year ended 31 March 2016. The book closure and dividend payment dates will be announced later. The total dividend payout for the financial year ended 31 March 2016 is 2.0 sen single tier (2015: 6.0 sen single tier) per share.

26. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the Group's net (loss)/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	
	31.03.2016	31.03.2015 (Restated)	31.03.2016	31.03.2015 (Restated)
Net (loss)/profit attributable to Owners of the Company (RM'000)	(790,760)	89,796	(991,900)	300,195
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic (loss)/earnings per share (sen)	(40.90)	4.64	(51.31)	15.53

27. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The retained profits of the Group as at 31 March 2016 are analysed as follows:

	As at 31.03.2016 RM'000	As at 31.03.2015 (Restated) RM'000
Total retained profits of the Company and subsidiaries:		
- Realised	2,689,222	3,949,072
- Unrealised	136,745	61,333
	<u>2,825,967</u>	<u>4,010,405</u>
Total share of retained profits from joint ventures:		
- Realised	142,643	131,262
- Unrealised	2,225	3,387
Total share of retained profits from associated companies:		
- Realised	479,601	445,325
- Unrealised	21,555	8,429
Total Group retained profits as per consolidated financial statements	<u>3,471,991</u>	<u>4,598,808</u>

28. 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
26 May 2016