



# **DRB-HICOM BERHAD**

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 31 December 2017

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

The Board of Directors hereby announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/financial period ended 31 December 2017.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2017 RM'000	31.12.2016 (Restated) RM'000	31.12.2017 RM'000	31.12.2016 (Restated) RM'000
Revenue		3,047,426	3,431,927	9,727,666	8,576,738
Cost of sales and operating expenses		(3,128,579)	(3,437,344)	(10,090,989)	(8,773,721)
Other income		131,437	565,696	1,582,034	722,310
Other expenses		(261,546)	(91,443)	(558,963)	(421,791)
(Loss)/profit from operations		(211,262)	468,836	659,748	103,536
Finance costs		(97,269)	(95,023)	(267,938)	(283,593)
Share of results of joint ventures (net of tax)		(2,169)	9,633	66	24,011
Share of results of associated companies (net of tax)		50,810	36,128	165,895	186,733
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	15	<b>(259,890)</b>	419,574	<b>557,771</b>	30,687
Taxation	20	<b>(31,057)</b>	(10,948)	<b>(139,142)</b>	(30,917)
<b>NET (LOSS)/PROFIT FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>(290,947)</b>	408,626	<b>418,629</b>	(230)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
<u>Items that will be subsequently reclassified to profit or loss:</u>					
Net loss on fair value changes of investment securities: available-for-sale		(7,909)	(76,462)	(15,150)	(43,246)
Currency translation differences of foreign subsidiary companies		(2,640)	2,146	(10,178)	(15,252)
<u>Reclassification adjustment:</u>					
Transfer of reserve of a foreign subsidiary company to profit or loss upon disposal		256	(37,387)	83,182	(37,387)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE QUARTER/FINANCIAL PERIOD (NET OF TAX)</b>		<b>(10,293)</b>	(111,703)	<b>57,854</b>	(95,885)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		31.12.2017 RM'000	31.12.2016 (Restated) RM'000	31.12.2017 RM'000	31.12.2016 (Restated) RM'000
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE QUARTER/FINANCIAL PERIOD</b>		<b>(301,240)</b>	296,923	<b>476,483</b>	(96,115)
Net (loss)/profit for the quarter/financial period attributable to:					
Owners of the Company		<b>(58,152)</b>	351,864	<b>508,708</b>	(127,071)
Holders of Perpetual Sukuk		<b>20,026</b>	20,026	<b>59,861</b>	59,861
Holders of Redeemable Convertible Cumulative Preference Shares		<b>(27,836)</b>	12,603	-	28,356
Non-controlling interest		<b>(224,985)</b>	24,133	<b>(149,940)</b>	38,624
		<b>(290,947)</b>	408,626	<b>418,629</b>	(230)
Total comprehensive (loss)/income for the quarter/financial period attributable to:					
Owners of the Company		<b>(64,959)</b>	261,692	<b>573,276</b>	(212,902)
Holders of Perpetual Sukuk		<b>20,026</b>	20,026	<b>59,861</b>	59,861
Holders of Redeemable Convertible Cumulative Preference Shares		<b>(27,836)</b>	12,603	-	28,356
Non-controlling interest		<b>(228,471)</b>	2,602	<b>(156,654)</b>	28,570
		<b>(301,240)</b>	296,923	<b>476,483</b>	(96,115)
Basic and diluted (loss)/earnings per share (sen):	26	<b>(3.01)</b>	18.20	<b>26.31</b>	(6.57)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at 31.12.2017 RM'000	Audited As at 31.03.2017 (Restated) RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		6,214,159	6,463,431
Concession assets		208,078	217,152
Prepaid lease properties		46,809	50,813
Investment properties		241,595	246,889
Land held for property development		1,113,151	1,182,226
Joint ventures		386,122	413,826
Associated companies		808,837	756,543
Intangible assets		1,653,676	1,921,696
Deferred tax assets		124,775	147,192
Investment securities: financial assets at fair value through profit or loss			
- Banking		165,627	197,208
Investment securities: available-for-sale			
- Banking		5,355,363	5,040,929
- Non-banking		45,998	46,153
Investment securities: held-to-maturity			
- Banking		143,118	142,168
Trade and other receivables		786,440	264,144
Other assets		516	516
Banking related assets			
- Financing of customers		10,318,065	10,772,103
- Statutory deposits with Bank Negara Malaysia		668,617	698,636
		<b>28,280,946</b>	<b>28,561,625</b>
<b>CURRENT ASSETS</b>			
Assets held for sale		4,500	4,500
Inventories		1,702,314	2,285,452
Property development costs		127,634	140,186
Trade and other receivables		3,515,993	4,057,560
Investment securities: financial assets at fair value through profit or loss			
- Non-banking		312	175
Investment securities: available-for-sale			
- Banking		924,431	1,090,487
Banking related assets			
- Cash and short-term funds		843,728	1,049,925
- Financing of customers		4,147,429	3,939,713
Bank balances and cash deposits		3,261,598	2,876,862
Derivative assets	23(a)	50,395	61,494
		<b>14,578,334</b>	<b>15,506,354</b>
<b>TOTAL ASSETS</b>		<b>42,859,280</b>	<b>44,067,979</b>

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

	Note	Unaudited As at 31.12.2017 RM'000	Audited As at 31.03.2017 (Restated) RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,740,302	1,740,302
Reserves		5,029,707	4,331,485
<b>Equity attributable to Owners of the Company</b>		<b>6,770,009</b>	<b>6,071,787</b>
<b>Perpetual Sukuk</b>		1,038,981	1,051,839
<b>Redeemable Convertible Cumulative Preference Shares</b>		669,266	1,289,550
<b>Non-controlling interest</b>		1,953,237	1,855,532
<b>TOTAL EQUITY</b>		<b>10,431,493</b>	<b>10,268,708</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		216,980	151,621
Long term borrowings	22(c)	3,756,925	4,105,407
Redeemable Convertible Cumulative Preference Shares	5(d)	537,121	-
Provision for liabilities and charges		127,746	90,556
Provision for concession assets		169,429	138,809
Post-employment benefit obligations		8,218	37,741
Deferred tax liabilities		271,121	219,312
Banking related liabilities			
- Deposits from customers		618,820	418,615
- Recourse obligation on financing sold to Cagamas		489,970	-
		<b>6,196,330</b>	<b>5,162,061</b>
<b>CURRENT LIABILITIES</b>			
Deferred income		50,875	48,410
Trade and other payables		5,432,489	6,499,271
Provision for liabilities and charges		342,767	274,993
Provision for concession assets		2,347	6,146
Post-employment benefit obligations		252	495
Bank borrowings			
- Bank overdrafts	22(a)	8,803	6,511
- Others	22(b)	2,288,763	2,186,391
Banking related liabilities			
- Deposits from customers		17,755,871	18,979,279
- Deposits and placements of banks and other financial institutions		258,404	561,654
- Bills and acceptances payable		10,306	9,196
- Recourse obligation on financing sold to Cagamas		187	-
Derivative liabilities	23(a)	80,393	64,864
		<b>26,231,457</b>	<b>28,637,210</b>
<b>TOTAL LIABILITIES</b>		<b>32,427,787</b>	<b>33,799,271</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>42,859,280</b>	<b>44,067,979</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)</b>		<b>3.50</b>	<b>3.14</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 2017 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves RM'000						
At 1 April 2017	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,707,010	6,074,029	1,051,839	1,289,550	1,723,097	10,138,515
Prior year's adjustments (Note 3)	-	-	-	-	-	-	(2,242)	(2,242)	-	-	132,435	130,193
As restated	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,704,768	6,071,787	1,051,839	1,289,550	1,855,532	10,268,708
Net profit for the financial period	-	-	-	-	-	-	508,708	508,708	59,861	-	(149,940)	418,629
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	75,173	(10,605)	-	-	64,568	-	-	(6,714)	57,854
Total comprehensive income/(loss) for the financial period	-	-	-	75,173	(10,605)	-	508,708	573,276	59,861	-	(156,654)	476,483
<b>Transactions with Owners</b>												
Net issuance of RCCPS	-	-	-	-	-	-	-	-	-	250,000	-	250,000
RCCPS Purchase	-	-	-	-	-	-	(9,315)	(9,315)	-	(340,685)	-	(350,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(72,719)	-	-	(72,719)
Reclassification of RCCPS (Note 5(d))	-	-	-	-	-	-	-	-	-	(529,599)	-	(529,599)
Disposal of a subsidiary company	-	-	-	-	-	33,123	(33,123)	-	-	-	-	-
Effect of change in shareholding in subsidiary companies	-	-	-	-	-	-	153,593	153,593	-	-	306,707	460,300
Transfer of subsidiary companies reserves	-	-	-	-	-	39,820	(39,820)	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(52,348)	(52,348)
First and final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	-	(19,332)	(19,332)	-	-	-	(19,332)
At 31 December 2017	1,933,237	1,740,302	1,212,275	(9,158)	(11,963)	573,074	3,265,479	6,770,009	1,038,981	669,266	1,953,237	10,431,493

**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	RCCPS RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary 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 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
Prior year's adjustments	-	-	-	-	-	-	-	(863)	(863)	-	-	17	(846)
As restated	1,933,237	1,719,601	20,701	1,000,039	(43,631)	6,749	367,638	3,471,128	6,542,225	1,051,859	-	908,359	8,502,443
Net (loss)/profit for the financial period	-	-	-	-	-	-	-	(127,071)	(127,071)	59,861	28,356	38,624	(230)
Other comprehensive loss for the financial period, net of tax	-	-	-	-	(55,559)	(30,272)	-	-	(85,831)	-	-	(10,054)	(95,885)
Total comprehensive (loss)/income for the financial period	-	-	-	-	(55,559)	(30,272)	-	(127,071)	(212,902)	59,861	28,356	28,570	(96,115)
<u>Transactions with Owners</u>													
Net issuance of RCCPS	-	-	-	-	-	-	-	-	-	-	1,248,865	-	1,248,865
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	(73,103)	-	-	(73,103)
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	(26,518)	(26,518)
Effect of changes in shareholding/assets in subsidiary companies	-	-	-	-	1,591	-	-	74,003	75,594	-	-	429,814	505,408
Effect of change of an associated company to a subsidiary company	-	-	-	-	-	-	(368)	368	-	-	-	507,426	507,426
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	28,295	(28,295)	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(19,252)	(19,252)
First and final dividend in respect of financial year ended 31 March 2016	-	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 31 December 2016	1,933,237	1,719,601	20,701	1,000,039	(97,599)	(23,523)	395,565	3,351,468	6,366,252	1,038,617	1,277,221	1,828,399	10,510,489

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 2017 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Financial Period 9 Months Ended 31.12.2017 RM'000</b>	<b>Financial Period 9 Months Ended 31.12.2016 (Restated) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial period	418,629	(230)
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	516,882	513,467
- Finance costs	267,938	283,593
- Taxation	139,142	30,917
- Share of results of joint ventures (net of tax)	(66)	(24,011)
- Share of results of associated companies (net of tax)	(165,895)	(186,733)
- Others	241,800	49,578
Operating profit before working capital changes	1,418,430	666,581
Changes in working capital:		
Net decrease/(increase) in banking related assets	292,433	(264,525)
Net decrease in banking related liabilities	(1,325,343)	(450,649)
Net decrease/(increase) in current assets	389,784	(732,347)
Net (decrease)/increase in current liabilities	(444,081)	63,070
Net cash generated from /(used in) operations	331,223	(717,870)
Interest received	52,812	38,298
Dividends received from joint ventures	19,418	29,681
Dividends received from associated companies	114,869	134,457
Dividends received from other investment	202	1,329
Taxation (paid)/refunds, (net)	(35,571)	40,808
Finance costs paid	(251,503)	(260,659)
Provision for liabilities and charges paid	(68,946)	(56,678)
Post-employment benefit obligations paid	(288)	(511)
Provision for concession assets paid	(3,799)	(20,219)
Net cash inflow/(outflow) from operating activities	<b>158,417</b>	<b>(811,364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in a subsidiary company	-	(35)
Acquisitions of investment securities by a banking subsidiary company (net proceeds from disposals)	(928,866)	(629,977)
Additional investment in an associated company	-	(30,292)
Maturity from investment securities: held-to-maturity	-	84,000
Movement in fixed deposits placement with maturity profile more than 3 months	(25,556)	(79,745)
Net cash inflow from acquisition of a subsidiary company	-	608,226
Net cash inflow from disposal of a subsidiary company	428,870	497,985
Proceeds from disposals of property, plant and equipment/investment properties	37,386	81,869
Redemption of investment securities by a banking subsidiary company	826,246	488,718
Purchases of property, plant and equipment/prepaid lease properties/intangible assets/investment properties	(577,355)	(646,578)
Redemption of preference shares by a joint venture	5,000	5,000
Share subscription in a subsidiary company by a non-controlling shareholder	170,300	-
Net cash (outflow)/inflow from investing activities	<b>(63,975)</b>	<b>379,171</b>



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

	<b>Financial Period 9 Months Ended 31.12.2017 RM'000</b>	<b>Financial Period 9 Months Ended 31.12.2016 (Restated) RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution to holders of Perpetual Sukuk	(72,719)	(73,103)
Dividends paid to non-controlling interest	(52,348)	(19,252)
Dividends paid to shareholders	(19,332)	(38,665)
Movement in fixed deposits held as security/maintained as sinking fund	162,261	339,428
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	2,998	(252,421)
Net proceeds from issuance of RCCPS	250,000	1,248,865
Proceeds from recourse obligation on sold to Cagamas by a banking subsidiary company	490,157	-
Proceeds from bank borrowings	3,272,598	3,741,829
RCCPS Purchase	(350,000)	-
Repayment of bank borrowing/hire purchase and finance leases	(3,481,935)	(3,513,715)
<b>Net cash inflow from financing activities</b>	<b>201,680</b>	<b>1,432,966</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>296,122</b>	<b>1,000,773</b>
Effects of foreign currency translation	(16,858)	1,116
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>3,022,965</b>	<b>1,945,062</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>3,302,229</b>	<b>2,946,951</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	3,261,598	3,668,765
Banking related assets – cash and short-term funds	843,728	407,080
Bank overdrafts	(8,803)	(16,895)
	4,096,523	4,058,950
Less: Fixed deposits held as security/sinking fund	(668,404)	(679,130)
Less: Fixed deposits with maturity profile more than 3 months	(36,798)	(116,141)
Less: Bank balances in respect of Automotive Development Fund liabilities	(20,314)	(19,663)
Less: Bank balances in Escrow account arising from RCCPS	(21)	(252,421)
Less: Collections held by a postal subsidiary company on behalf of third parties	(68,757)	(44,644)
	<b>3,302,229</b>	<b>2,946,951</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 2017 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 2017.

### **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 2017 except for the adoption of the following new/amended standards which are applicable to the Group with effect from 1 April 2017:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 – 2016 Cycle	

The adoption and application of the above standards did not have any material impact to the financial statements of the Group.

### **3. COMPLETION OF PURCHASE PRICE ALLOCATION**

During the current financial period, the Group completed the purchase price allocation (“PPA”) exercise to determine the fair values of the net assets of Pos Malaysia Berhad (“Pos Malaysia”), a direct 53.50% owned subsidiary company, within the stipulated time period, i.e. twelve months from the acquisition date of 13 September 2016, in accordance with FRS 3 ‘*Business Combinations*’. Based on the fair values of the net assets of Pos Malaysia, the goodwill amount has reduced from RM355.84 million to RM201.23 million. The adjusted fair values of the Pos Malaysia have been reflected in the Group’s Consolidated Statement of Financial Position as at previous financial year ended 31 March 2017.

**3. COMPLETION OF PURCHASE PRICE ALLOCATION (Continued)**

Below are the effects of the final PPA adjustments in accordance with FRS 3:

	<b>As previously stated RM'000</b>	<b>Adjustments RM'000</b>	<b>As restated RM'000</b>
<b>As at 31 March 2017</b>			
<b>Consolidated Statement of Financial Position</b>			
<u>Non-current assets</u>			
Property, plant and equipment	6,352,474	110,957	6,463,431
Intangible assets	1,812,523	109,173	1,921,696
<u>Non-current liabilities</u>			
Deferred tax liabilities	129,375	89,937	219,312
<b>Consolidated Statement of Changes in Equity</b>			
Retained earnings	2,707,010	(2,242)	2,704,768
Non-controlling interest	1,723,097	132,435	1,855,532
<b>For the financial quarter/period ended 31 December 2016</b>			
<b>Consolidated Statement of Comprehensive Income</b>			
<u>Quarter</u>			
Cost of sales and operating expenses	(3,434,587)	(2,757)	(3,437,344)
Taxation	(11,610)	662	(10,948)
Net profit for the quarter attributable to:			
- Owners of the Company	352,985	(1,121)	351,864
- Non-controlling interest	25,107	(974)	24,133
Total comprehensive income for the quarter attributable to:			
- Owners of the Company	262,813	(1,121)	261,692
- Non-controlling interest	3,576	(974)	2,602
<u>Financial Period</u>			
Cost of sales and operating expenses	(8,770,964)	(2,757)	(8,773,721)
Taxation	(31,579)	662	(30,917)
Net loss/(profit) for the financial period attributable to:			
- Owners of the Company	(125,950)	(1,121)	(127,071)
- Non-controlling interest	39,598	(974)	38,624
Total comprehensive (loss)/income for the financial period attributable to:			
- Owners of the Company	(211,781)	(1,121)	(212,902)
- Non-controlling interest	29,544	(974)	28,570

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

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 31 December 2017.

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

Save as 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 period ended 31 December 2017.

- (a) On 29 September 2017, the Group completed the following proposals:
- (i) Share subscription of 547,020,534 ordinary shares, representing 49.9% of the enlarged ordinary share capital in PROTON Holdings Berhad (“PROTON”) by Zhejiang Geely Holding Group Co., Ltd. (“ZGH”) for a total subscription price of RM460.3 million via RM170.30 million in cash and the grant of the licence of Boyue model by ZGH to PROTON at an ascribed value of RM290 million.
  - (ii) Disposal of 100% indirect equity interest in Lotus Advance Technologies Sdn. Bhd. (“Lotus Advance”), a wholly-owned subsidiary company of PROTON comprising 51% equity interest to ZGH and 49% equity interest to Etika Automotive Sdn. Bhd.

As a result, the Group’s equity interest in PROTON reduced to 50.1% and the remaining 49.9% equity interest is held by ZGH’s nominated subsidiary company, Geely International (Hong Kong) Limited. The Group’s gain on dilution of equity interest in PROTON of RM152.69 million has been reflected in the Consolidated Statement of Changes in Equity as at 31 December 2017. In addition, Lotus Advance ceased to be an indirect wholly-owned subsidiary company of the Group. Consequently, the Group had realised a loss on disposal of Lotus Advance of RM97.64 million which has been included under other expense in the Consolidated Statement of Comprehensive Income for the nine months ended 31 December 2017.

- (b) The Group had also recorded the R&D reimbursement grant from the Government of RM1.10 billion under other income in the Consolidated Statement of Comprehensive Income for the nine months ended 31 December 2017.
- (c) On 5 October 2017, the Company signed the definitive agreement with GOVCO Holdings Berhad (“GOVCO”), a 99.99% company owned by Minister of Finance Incorporated, for the purchase of the first principal tranche of RM300 million redeemable convertible cumulative preference shares (“RCCPS”) issued by PROTON due on 6 June 2023 and the RCCPS dividend entitlement for the period ended 6 June 2017 amounting to RM50 million from GOVCO (collectively known as “RCCPS Purchase”). The RCCPS Purchase was completed on 6 October 2017.

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

- (d) On 5 October 2017, the Company also executed an Asset Exchange Agreement with GOVCO for the creation of an asset pool comprising landed properties, designated shares or cash ("Asset Pool"), whereby GOVCO has the option to:
- (i) require the Company to transfer the Asset Pool to GOVCO in consideration for GOVCO transferring the PROTON ordinary shares to be received from the conversion of GOVCO's unredeemed principal amount of the RCCPS at the tenure expiry date of 6 June 2031, or
  - (ii) terminate the Asset Exchange Agreement and keep the new PROTON ordinary shares to be received.

Effectively, the Company had issued a put option to GOVCO in relation to new PROTON ordinary shares to be received from the conversion of the unredeemed principal of the RCCPS of RM1.2 billion. The put option will give rise to a financial liability at the Group under FRS 132 *Financial Instruments: Presentation*.

As at 5 October 2017, the unredeemed principal amount of the RCCPS is RM1.2 billion. The initial carrying amount of the RCCPS liability will be RM529.60 million being the net present value of the redemption value of the RCCPS of RM1.2 billion discounted at the Company's borrowing rate of 6% per annum. Accordingly, the Group has reclassified RM529.60 million from RCCPS equity to RCCPS liability.

**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 period ended 31 December 2017.

Issuance of RCCPS by PROTON

On 22 June 2017, GOVCO Holdings Berhad ("GOVCO") completed the subscription of the 250,000,000 redeemable convertible cumulative preference shares ("RCCPS") at an issue price of RM1.00 each in PROTON.

**8. DIVIDEND PAID**

The shareholders have approved a single tier first and final dividend of 1.0 sen per share at the last Annual General Meeting held on 30 August 2017 in respect of the financial year ended 31 March 2017. The dividend of RM19,332,371 was paid on 3 October 2017.

**9. SEGMENTAL INFORMATION**

The information on each of the Group's business segments for the financial period ended 31 December 2017 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	6,104,699	3,396,942	668,388	33,034	10,203,063
Inter-segment revenue	(292,146)	(120,595)	(29,622)	(33,034)	(475,397)
External revenue	5,812,553	3,276,347	638,766	-	9,727,666
<b>Results</b>					
Segment profit/(loss)	221,455	322,602	111,776	(11,977)	643,856
Unallocated expenses					(34,734)
Interest income on short term deposits					50,626
Finance costs					(267,938)
Share of results of joint ventures (net of tax)	(2,346)	-	2,412	-	66
Share of results of associated companies (net of tax)	165,391	504	-	-	165,895
Profit before taxation					557,771
Taxation					(139,142)
Net profit for the financial period					418,629
Attributable to:					
Owners of the Company					508,708
Holder of Perpetual Sukuk					59,861
Non-controlling interest					(149,940)

**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 EVENTS**

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 that would likely affect substantially the results of the operations of the Group.

## **12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

- (a) On 10 March 2017, DRB-HICOM Defence Technologies Sdn. Bhd. (“DEFTECH”), a wholly-owned subsidiary company of the Group, entered into a share sale agreement with its 96.87% owned subsidiary company, Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”) for the proposed acquisitions of the entire equity interests in the three wholly-owned subsidiary companies of CTRM namely, CTRM Systems Integration Sdn. Bhd., CTRM Aviation Sdn. Bhd. and Unmanned Systems Technology Sdn. Bhd. for a total cash consideration of RM1.05 million. The transaction was completed on 30 June 2017. As a result, the above three companies have become direct subsidiary companies of DEFTECH.
- (b) On 18 September 2017, Proton Motor Pars Co. (Private Joint Stock), an indirect wholly-owned subsidiary company of PROTON, was dissolved and ceased to be an indirect subsidiary company of the Group.
- (c) On 29 September 2017, following the completion of PROTON corporate exercise set out in Note 5(a), the Group’s equity interest in PROTON reduced from 100% to 50.1% and Lotus Advance Technologies Sdn. Bhd. ceased to be an indirect wholly-owned subsidiary company of the Group. Further, the Group has undertaken the following transactions via internal re-organisation:
- (i) Acquisition of the following investments by HICOM Holdings Berhad, a direct wholly-owned subsidiary company of the Group:
- 45% equity interest in Exedy (Malaysia) Sdn. Bhd., a joint venture of PROTON for a nominal value of RM1.
  - 37.5% equity interest in PHN Industry Sdn. Bhd., an associated company of PROTON for a nominal value of RM1.
  - 25% equity interest in Marutech Elastomer Industries Sdn. Bhd., an associated company of PROTON for a nominal value of RM1.
  - 49.99% equity interest in Proton Finance Limited, an associated company of Proton Cars (UK) Limited, an indirect wholly-owned subsidiary company of PROTON for a nominal value of RM1.
- (ii) HICOM Berhad, an indirect wholly-owned subsidiary company of the Group, acquired 100% equity interest in EON Properties Sdn. Bhd. from Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary company of PROTON for a nominal value of RM1.

**12. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (Continued)**

(c) (Continued)

(iii) Glenmarie Properties Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, acquired 100% equity interest in Proton Hartanah Sdn. Bhd. (“PHSB”) from PROTON for a nominal value of RM1. PHSB owns 100% equity interest in Proton Properties Sdn. Bhd. and 40% equity interest in Proton City Development Corporation Sdn. Bhd.

(d) On 5 October 2017, Pos Malaysia Berhad, a 53.50% owned subsidiary company of the Group, announced the proposed winding-up of its direct and indirect dormant/inactive subsidiary companies via members’ voluntary winding up (“MVL”) and creditors’ voluntary winding up (“CVL”) and the companies involved in the exercise are as follows:

Companies under MVL

1. Pos Takaful Agency Sdn. Bhd.
2. PSH Allied Berhad
3. Maya Perkasa (M) Sdn. Bhd.
4. Kaypi Logistics Depot Sdn. Bhd.
5. Asia Pacific Freight System Sdn. Bhd.
6. Diperdana Selatan Sdn. Bhd.

Companies under CVL

1. Diperdana Terminal Services Sdn. Bhd.

Upon the completion of the liquidation exercise, the above companies will cease to be subsidiary companies of the Group.

(e) On 29 November 2017, PT Proton Cikarang Indonesia, an indirect dormant wholly-owned subsidiary company of PROTON was dissolved and ceased to be an indirect 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 the 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:

	<b>As at 31.12.2017</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Total Risk Weighted Amount RM'000</b>
Direct credit substitutes	249,114	249,114	220,718
Trade-related contingencies	50,469	10,094	10,042
Transaction related contingencies	343,164	171,582	166,949
Credit extension commitment:			
- maturity within one year	973,626	194,725	176,339
- maturity exceeding one year	881,630	440,815	387,009
Profit rate related contracts	2,000,000	13,550	2,710
Foreign exchange related contracts	1,843,722	82,276	29,208
	<b>6,341,725</b>	<b>1,162,156</b>	<b>992,975</b>

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

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

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>31.12.2017 RM'000</b>	<b>31.12.2016 (Restated) RM'000</b>	<b>31.12.2017 RM'000</b>	<b>31.12.2016 (Restated) RM'000</b>
Allowance for financing of customers (net)	(54,375)	40,085	(19,270)	83,307
Allowance for/(write back of) doubtful debts (net)	(6,048)	(7,948)	(3,499)	(18,436)
Amortisation of:				
- intangible assets	38,147	56,069	136,073	157,621
- concession assets	3,007	2,973	9,074	8,983

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

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

	3 Months Ended		9 Months Ended	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Depreciation/amortisation of property, plant and equipment/prepaid lease properties	181,358	242,190	509,606	513,467
Effect of PROTON restructuring	(32,901)	-	122,727	-
Finance costs	97,269	95,023	267,938	283,593
Financing written off	149	205	3,178	1,645
Impairment loss of:				
- intangible assets	121,179	267	121,411	267
- property, plant and equipment /prepaid lease properties	5,141	-	15,686	-
Inventories written off/down (net of write backs)	13,953	(4,889)	30,607	6,442
Loss on fair value adjustment of investment properties	109	275	326	828
Loss on re-measurement of the previously held equity interest in an associated company at its acquisition-date fair value	-	130,221	-	130,221
Net foreign exchange differences	(58,865)	21,399	(106,629)	119,690
Write off of property, plant and equipment	3,227	2,698	4,175	3,027
Dividend income	-	(1,329)	(202)	(1,329)
(Gain)/loss on disposal of:				
- assets held for sale	-	(1,102)	-	(3,734)
- investment securities	(5,366)	(1,525)	(29,814)	(9,965)
- property, plant and equipment	(11,253)	(47,423)	(13,982)	(50,014)
- investment properties	(1,391)	-	(626)	-
- subsidiary company	-	(398,106)	-	(398,106)
Interest income on short term deposits	(20,542)	(16,817)	(50,626)	(38,900)
Marked to market loss/(gain) on derivatives (net)	7,071	(34,756)	26,628	(60,874)
R&D grant income	-	-	(1,100,000)	-

## 16. REVIEW OF PERFORMANCE

### 16.1 Revenue

	Group Business Sectors	3 Months Ended			9 Months Ended		
		31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000
(i)	Automotive	1,746,631	2,274,887	(528,256)	5,812,553	5,967,375	(154,822)
(ii)	Services	1,075,827	1,119,550	(43,723)	3,276,347	2,428,960	847,387
(iii)	Property, Asset & Construction (PAC)	224,968	37,490	187,478	638,766	180,403	458,363
	<b>Total</b>	<b>3,047,426</b>	<b>3,431,927</b>	<b>(384,501)</b>	<b>9,727,666</b>	<b>8,576,738</b>	<b>1,150,928</b>

↑ 13.4%

For the three months ended 31 December 2017, the Group recorded a lower revenue of RM3.05 billion compared with RM3.43 billion in the corresponding quarter ended 31 December 2016 mainly due to lower sales revenue from automotive companies and a banking subsidiary company.

In respect of the nine months ended 31 December 2017, the Group's revenue improved by 13.4% to RM9.73 billion compared with RM8.58 billion in the corresponding period ended 31 December 2016 mainly contributed by the increased sales revenue from the Services and PAC sectors of the Group.

#### (i) Automotive Sector

The decrease in the revenue for the nine months period was largely due to lower percentage of completion of AV 8X8 project by DEFTECH .

#### (ii) Services Sector

The improved performance was mainly derived from the courier and logistics businesses of Pos Malaysia group.

#### (iii) PAC Sector

The increase was mainly attributed to revenue recognised from construction related projects.

### 16.2 (Loss)/profit Before Tax

16.2.1 The Group incurred a pre-tax loss of RM259.89 million for the financial quarter ended 31 December 2017 compared with pre-tax profit of RM419.57 million in the corresponding quarter ended 31 December 2016. The operating results for the quarter under review was adversely affected by one-off impairment charges of certain intangible assets and potential claims thereon relating to PROTON. Included in the corresponding quarter's financial result was the gain on disposal of Corwin Holding Pte. Ltd. of RM398.11 million.

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

**16.2 (Loss)/Profit Before Tax (Continued)**

16.2.2 The Group achieved a pre-tax profit of RM557.77 million for the financial period ended 31 December 2017 compared with pre-tax profit of RM30.69 million in the corresponding period ended 31 December 2016. The improvement in the financial results was mainly attributable to the recognition of R&D grant and better financial performance of operating companies. However, the one-off impairment charges of certain intangible assets and potential claims thereon relating to PROTON and also the loss on disposal of Lotus Advance Technologies Sdn. Bhd. reduced the overall profits.

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

The Group incurred a pre-tax loss of RM259.89 million in the current quarter ended 31 December 2017 compared with pre-tax profit of RM890.38 million in the preceding quarter ended 30 September 2017. The adverse results for the current quarter is mainly due to one-off impairment charges of certain intangible assets and potential claims thereon relating to PROTON and also weaker financial performance of certain companies in the automotive sector. In the preceding quarter, the pre-tax profit included the recognition of R&D grant, offset against the loss on disposal of Lotus Advance Technologies Sdn. Bhd.

**18. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018**

With the improving economy, the Group will continue to strengthen its core businesses and pursue various opportunities to expand its business activities with a key focus on growth in logistics, e-commerce, aviation and banking.

Nevertheless, stiff market competition, stringent hire purchase approvals, higher interest rates, among others, remain as challenges in the various businesses and the Group will remain steadfast in ensuring effective cost and financial management across all its companies.

The Group's financial performance for the full year ending 31 March 2018 is expected to be better than the previous year's results.

**19. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee for the financial period ended 31 December 2017 in a public document.

**20. TAXATION**

Taxation comprises the following:

	3 Months Ended		9 Months Ended	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016 (Restated)
	RM'000	RM'000	RM'000	RM'000
Current taxation	16,857	30,637	50,833	60,849
Deferred taxation	14,200	(19,689)	88,309	(29,932)
<b>Total</b>	<b>31,057</b>	<b>10,948</b>	<b>139,142</b>	<b>30,917</b>

For the nine months ended 31 December 2017, the Group's effective tax rate is higher than the statutory rate mainly due to certain expenses which were not deductible for tax purposes.

**21. STATUS OF CORPORATE PROPOSALS**

There is no outstanding corporate proposal as at the reporting date.

**22. BORROWINGS AND DEFERRED LIABILITIES**

Total Group borrowings are as follows:

		As at 31.12.2017 RM'000
	<b>Short Term Borrowings</b>	
(a)	<b>Bank overdrafts</b>	
	- Secured	3,694
	- Unsecured	5,109
	<b>Total</b>	<b>8,803</b>

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

Total Group borrowings are as follows: (Continued)

	<b>As at 31.12.2017 RM'000</b>
<b>(b) Short Term Borrowings (Continued)</b>	
<b>Others</b>	
<u>Secured</u>	
Bankers acceptances	35,317
Revolving credits	236,687
Short term loans	362
Short term loans under Islamic financing	139,381
Hire purchase and finance lease liabilities - portion repayable within 12 months	15,341
Long term loans - portion repayable within 12 months	261,417
Long term loans under Islamic financing - portion repayable within 12 months	704,704
Sub-total	1,393,209
<u>Unsecured</u>	
Bankers acceptances	579,360
Revolving credits	286,620
Short term loans under Islamic financing	25,000
Deferred liability	4,574
Sub-total	895,554
<b>Total</b>	<b>2,288,763</b>
<b>(c) Long Term Borrowings</b>	
<u>Secured</u>	
Hire purchase and finance lease liabilities	48,974
- portion repayable within 12 months	(15,341)
	33,633
Long term loans	997,302
- portion repayable within 12 months	(261,417)
	735,885
Long term loans under Islamic financing	2,939,498
- portion repayable within 12 months	(704,704)
	2,234,794

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

Total Group borrowings are as follows: (Continued)

	<b>As at 31.12.2017 RM'000</b>
<b>(c) Long Term Borrowings (Continued)</b>	
<u>Unsecured</u>	
Long term loans under Islamic financing	752,613
<b>Total</b>	<b>3,756,925</b>
<b>Grand Total</b>	<b>6,054,491</b>

(d) Apart from the following Ringgit Malaysia ("RM") equivalent of foreign currency borrowings, the rest of the borrowings and deferred liabilities are denominated in RM.

	Short Term			Long Term			Total		
	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000	Foreign currency	Foreign '000	RM '000
<b>As at 31 December 2017</b>									
<b>Secured</b>									
Revolving credits	GBP	1,500	8,187				GBP	1,500	8,187
Short term loans	GBP	66	362				GBP	66	362
Short term loans under Islamic financing	GBP	1,024	5,587				GBP	1,024	5,587
	USD	32,966	133,794				USD	32,966	133,794
Long term loans	USD	28,275	116,633	USD	70,896	292,447	USD	99,171	409,080
Long term loans under Islamic financing	USD	4,508	18,594	USD	11,302	46,622	USD	15,810	65,216
<b>Total</b>			<b>283,157</b>			<b>339,069</b>			<b>622,226</b>

**23. OUTSTANDING DERIVATIVES**

- (a) Derivatives outstanding as at 31 December 2017 consist mainly of foreign exchange contracts, profit rate swap and capped cross currency interest rate swap which are measured at their fair value together with their corresponding contract/notional amounts as below:

	<b>Contract/ Notional Value RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Financial instruments at fair value through profit or loss</b>			
Currency forward foreign exchange contracts	1,114,285	3,048	57,257
Currency swap foreign exchange contracts	1,008,521	47,347	7,660
Islamic profit rate swap	2,000,000	-	7,184
Capped cross currency interest rate swap	507,033	-	8,292
	<b>4,629,839</b>	<b>50,395</b>	<b>80,393</b>

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2017:

- (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 financial period ended 31 December 2017, the Group recognised a total net loss of RM26.63 million in profit or loss arising from the fair value changes on the currency forward foreign exchange contracts, currency swap foreign exchange contracts, Islamic profit rate swap and capped cross currency interest rate swap which are marked to market as at 31 December 2017.



**24. MATERIAL LITIGATION**

There is no significant update of material litigation since the last audited financial statements.

**25. DIVIDEND**

No interim dividend has been declared for the financial period ended 31 December 2017.

**26. (LOSS)/EARNINGS PER SHARE**

The basic and diluted (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 period.

	3 Months Ended		9 Months Ended	
	31.12.2017	31.12.2016 (Restated)	31.12.2017	31.12.2016 (Restated)
Net (loss)/profit attributable to Owners of the Company (RM'000)	(58,152)	351,864	508,708	(127,071)
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted (loss)/earnings per share (sen)	<b>(3.01)</b>	<b>18.20</b>	<b>26.31</b>	<b>(6.57)</b>

**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

SABARINA LAILA BINTI MOHD HASHIM  
 Secretary

Shah Alam  
 28 February 2018