



# **DRB-HICOM BERHAD**

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 June 2018

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

The Board of Directors hereby announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/financial period ended 30 June 2018.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Financial Quarter 3 Months Ended		Financial Period 3 Months Ended	
		30.06.2018 RM'000	30.06.2017 (Restated) RM'000	30.06.2018 RM'000	30.06.2017 (Restated) RM'000
Revenue		2,654,411	3,129,024	2,654,411	3,129,024
Cost of sales and operating expenses		(2,759,805)	(3,207,870)	(2,759,805)	(3,207,870)
Other income		75,688	84,059	75,688	84,059
Other expenses		(47,505)	(59,102)	(47,505)	(59,102)
Loss from operations		(77,211)	(53,889)	(77,211)	(53,889)
Finance costs		(82,592)	(84,173)	(82,592)	(84,173)
Share of results of joint ventures (net of tax)		1,560	(146)	1,560	(146)
Share of results of associated companies (net of tax)		63,844	48,180	63,844	48,180
<b>LOSS BEFORE TAXATION</b>	14	<b>(94,399)</b>	(90,028)	<b>(94,399)</b>	(90,028)
Taxation	19	<b>(50,359)</b>	(30,524)	<b>(50,359)</b>	(30,524)
<b>NET LOSS FOR THE FINANCIAL QUARTER/PERIOD</b>		<b>(144,758)</b>	(120,552)	<b>(144,758)</b>	(120,552)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
<u>Items that will be subsequently reclassified to profit or loss:</u>					
Net (loss)/gain on fair value changes of investment securities: fair value through other comprehensive income		(35,357)	5,966	(35,357)	5,966
Currency translation differences of foreign subsidiaries		1,028	(8,928)	1,028	(8,928)
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal		(31)	(6,740)	(31)	(6,740)

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

	Note	Financial Quarter 3 Months Ended		Financial Period 3 Months Ended	
		30.06.2018 RM'000	30.06.2017 (Restated) RM'000	30.06.2018 RM'000	30.06.2017 (Restated) RM'000
<b>OTHER COMPREHENSIVE LOSS FOR THE FINANCIAL QUARTER/ PERIOD (NET OF TAX)</b>		<b>(34,360)</b>	<b>(9,702)</b>	<b>(34,360)</b>	<b>(9,702)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL QUARTER/ PERIOD</b>		<b>(179,118)</b>	<b>(130,254)</b>	<b>(179,118)</b>	<b>(130,254)</b>
Net (loss)/profit for the financial quarter/period attributable to:					
Owners of the Company		<b>(66,599)</b>	(182,791)	<b>(66,599)</b>	(182,791)
Holders of Perpetual Sukuk		<b>19,809</b>	20,416	<b>19,809</b>	20,416
Holders of Redeemable Convertible Cumulative Preference Shares		-	12,712	-	12,712
Non-controlling interest		<b>(97,968)</b>	29,111	<b>(97,968)</b>	29,111
		<b>(144,758)</b>	<b>(120,552)</b>	<b>(144,758)</b>	<b>(120,552)</b>
Total comprehensive (loss)/income for the financial quarter/period attributable to:					
Owners of the Company		<b>(90,457)</b>	(191,753)	<b>(90,457)</b>	(191,753)
Holders of Perpetual Sukuk		<b>19,809</b>	20,416	<b>19,809</b>	20,416
Holders of Redeemable Convertible Cumulative Preference Shares		-	12,712	-	12,712
Non-controlling interest		<b>(108,470)</b>	28,371	<b>(108,470)</b>	28,371
		<b>(179,118)</b>	<b>(130,254)</b>	<b>(179,118)</b>	<b>(130,254)</b>
Basic and diluted loss per share (sen):	25	<b>(3.44)</b>	<b>(9.46)</b>	<b>(3.44)</b>	<b>(9.46)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.06.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		5,864,633	5,901,065	6,453,357
Concession assets		205,711	209,102	217,152
Prepaid lease properties		52,782	53,208	50,813
Investment properties		248,071	248,193	246,889
Inventories		232,510	231,855	1,079,673
Joint ventures		298,300	298,075	413,826
Associated companies		773,129	885,404	756,543
Intangible assets		1,583,080	1,613,166	1,898,543
Deferred tax assets		141,227	146,057	149,371
Investment securities: fair value through profit or loss				
- Banking		298,674	287,988	310,982
Investment securities: fair value through other comprehensive income				
- Banking		5,499,995	5,542,950	5,035,771
- Non-banking		45,498	45,498	46,153
Investment securities: amortised cost				
- Banking		102,087	102,941	101,875
Trade and other receivables		1,036,113	923,218	262,717
Other assets		544	544	516
Banking related assets				
- Financing of customers		10,633,512	10,097,312	10,661,756
- Statutory deposits with Bank Negara Malaysia		687,430	674,500	698,636
		<b>27,703,296</b>	<b>27,261,076</b>	<b>28,384,573</b>

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

	Note	As at 30.06.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
<b>ASSETS (Continued)</b>				
<b>CURRENT ASSETS</b>				
Assets and disposal groups held for sale		481,681	518,307	4,500
Inventories		2,159,404	2,368,955	2,424,153
Trade and other receivables		3,140,827	3,295,163	4,060,610
Investment securities: fair value through profit or loss				
- Non-banking		292	292	175
Investment securities: fair value through other comprehensive income				
- Banking		796,841	766,249	1,090,487
Investment securities: amortised cost				
- Banking		962	-	-
Banking related assets				
- Cash and short-term funds		542,100	1,587,681	1,049,925
- Financing of customers		3,893,537	4,194,268	3,902,864
Other investments		136,710	175,670	221,398
Bank balances and cash deposits		2,755,293	2,634,358	2,622,464
Derivative assets	22(a)	34,488	72,968	61,494
		<b>13,942,135</b>	<b>15,613,911</b>	<b>15,438,070</b>
<b>TOTAL ASSETS</b>		<b>41,645,431</b>	<b>42,874,987</b>	<b>43,822,643</b>

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

	Note	As at 30.06.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		1,740,302	1,740,302	1,740,302
Reserves		4,819,454	4,909,911	4,284,861
<b>Equity attributable to Owners of the Company</b>		<b>6,559,756</b>	<b>6,650,213</b>	<b>6,025,163</b>
<b>Perpetual Sukuk</b>		1,038,754	1,052,026	1,051,839
<b>Redeemable Convertible Cumulative Preference Shares</b>		669,266	669,266	1,289,550
<b>Non-controlling interest</b>		1,670,167	1,779,206	1,814,757
<b>TOTAL EQUITY</b>		<b>9,937,943</b>	<b>10,150,711</b>	<b>10,181,309</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income		23,378	23,212	27,130
Trade and other payables		97,783	86,384	123,760
Long term borrowings	21(c)	3,777,796	3,465,291	4,105,407
Redeemable Convertible Cumulative Preference Shares		553,302	545,107	-
Provision for liabilities and charges		116,592	116,727	90,556
Provision for concession assets		191,273	179,938	138,809
Post-employment benefit obligations		8,174	8,199	37,741
Deferred tax liabilities		271,461	250,824	209,750
Banking related liabilities				
- Deposits from customers		613,216	617,221	418,615
- Recourse obligation on financing sold to Cagamas		482,227	485,851	-
		<b>6,135,202</b>	<b>5,778,754</b>	<b>5,151,768</b>

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

	Note	As at 30.06.2018 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
<b>CURRENT LIABILITIES</b>				
Liabilities relating to disposal groups held for sale		113,708	135,683	-
Deferred income		8,262	8,810	12,998
Trade and other payables		4,924,372	5,291,680	6,420,039
Provision for liabilities and charges		320,977	321,215	274,993
Provision for concession assets		860	1,740	6,146
Post-employment benefit obligations		456	593	495
Bank borrowings				
- Bank overdrafts	21(a)	12,575	9,062	6,511
- Others	21(b)	2,175,538	2,315,346	2,186,391
Banking related liabilities				
- Deposits from customers		17,343,310	18,754,061	18,946,279
- Deposits and placements of banks and other financial institutions		609,434	8,854	561,654
- Bills and acceptances payable		20,872	9,618	9,196
Derivative liabilities	22(a)	41,922	88,860	64,864
		<b>25,572,286</b>	<b>26,945,522</b>	<b>28,489,566</b>
<b>TOTAL LIABILITIES</b>		<b>31,707,488</b>	<b>32,724,276</b>	<b>33,641,334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>41,645,431</b>	<b>42,874,987</b>	<b>43,822,643</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)</b>		<b>3.39</b>	<b>3.44</b>	<b>3.12</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 Audited Financial Statements for the financial year ended 31 March 2018 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 Reserves RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
At 1 April 2018	1,933,237	1,740,302	1,212,210	(7,291)	(12,997)	56,184	3,745,299	6,733,707	1,052,026	669,266	1,830,873	10,285,872
Prior year's adjustments	-	-	-	-	(1,419)	36,006	(118,081)	(83,494)	-	-	(51,667)	(135,161)
As restated	1,933,237	1,740,302	1,212,210	(7,291)	(14,416)	92,190	3,627,218	6,650,213	1,052,026	669,266	1,779,206	10,150,711
Net profit/(loss) for the financial period	-	-	-	-	-	-	(66,599)	(66,599)	19,809	-	(97,968)	(144,758)
Other comprehensive income/(loss) for the financial period, net of tax	-	-	-	912	(24,770)	-	-	(23,858)	-	-	(10,502)	(34,360)
Total comprehensive income/(loss) for the financial period	-	-	-	912	(24,770)	-	(66,599)	(90,457)	19,809	-	(108,470)	(179,118)
Transfer of a subsidiary company's reserves	-	-	-	-	-	5,614	(5,614)	-	-	-	-	-
<u>Transactions with Owners</u>												
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(33,081)	-	-	(33,081)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(569)	(569)
At 30 June 2018	1,933,237	1,740,302	1,212,210	(6,379)	(39,186)	97,804	3,555,005	6,559,756	1,038,754	669,266	1,670,167	9,937,943



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

	Share Capital		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	Merger Reserves RM'000	Currency Translation Differences RM'000	FVOCI Reserves 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	2,704,768	6,071,787	1,051,839	1,289,550	1,841,137	10,254,313
Prior year's adjustments	-	-	-	-	-	-	(46,624)	(46,624)	-	-	(26,380)	(73,004)
As restated	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,658,144	6,025,163	1,051,839	1,289,550	1,814,757	10,181,309
Net (loss)/profit for the financial period	-	-	-	-	-	-	(182,791)	(182,791)	20,416	12,712	29,111	(120,552)
Other comprehensive loss for the financial period, net of tax	-	-	-	(8,420)	(542)	-	-	(8,962)	-	-	(740)	(9,702)
Total comprehensive (loss)/income for the financial period	-	-	-	(8,420)	(542)	-	(182,791)	(191,753)	20,416	12,712	28,371	(130,254)
Transfer of a subsidiary company's reserves	-	-	-	-	-	12,516	(12,516)	-	-	-	-	-
<u>Transactions with Owners</u>												
Effect of change in shareholding in subsidiary companies	-	-	-	-	-	-	907	907	-	-	(907)	-
Net issuance of RCCPS	-	-	-	-	-	-	-	-	-	250,000	-	250,000
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(33,081)	-	-	(33,081)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(318)	(318)
At 30 June 2017	1,933,237	1,740,302	1,212,275	(92,751)	(1,900)	512,647	2,463,744	5,834,317	1,039,174	1,552,262	1,841,903	10,267,656

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Financial Period 3 Months Ended 30.06.2018  RM'000</b>	<b>Financial Period 3 Months Ended 30.06.2017 (Restated) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the financial period	(144,758)	(120,552)
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	165,084	174,178
- Finance costs	82,592	84,173
- Taxation	50,359	30,524
- Share of results of joint ventures (net of tax)	(1,560)	146
- Share of results of associated companies (net of tax)	(63,844)	(48,180)
- Others	90,859	106,449
Operating profit before working capital changes	178,732	226,738
Changes in working capital:		
Net (increase)/decrease in banking related assets	(262,310)	294,325
Net decrease in banking related liabilities	(802,922)	(1,784,844)
Net decrease in current assets	269,395	632,131
Net decrease in current liabilities	(438,703)	(651,533)
Net cash used in operations	(1,055,808)	(1,283,183)
Interest received	16,381	13,946
Tax paid, net of refunds	(15,230)	(8,669)
Finance costs paid	(72,338)	(83,191)
Provision for liabilities and charges paid	(17,075)	(23,714)
Post-employment benefit obligations paid	(224)	(77)
Provision for concession assets paid	(881)	(431)
Net cash outflow from operating activities	<b>(1,145,175)</b>	<b>(1,385,319)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of investment securities by a banking subsidiary company (net proceeds from disposals)	(111,475)	(36,471)
Dividends received from joint ventures	-	5,221
Dividends received from associated companies	176,120	55,930
Dividends received from other investment	-	90
Movement in fixed deposits placement with maturity profile more than 3 months	2,811	(10,410)
Movement in other investments	38,960	(2,634)
Proceeds from disposals of property, plant and equipment/investment properties	2,582	11,021
Redemption of investment securities by a banking subsidiary company	105,000	275,000
Purchases of property, plant and equipment/prepaid lease properties/intangible assets/investment properties	(138,365)	(175,165)
Redemption of preference shares by a joint venture	-	2,500
Net cash inflow from investing activities	<b>75,633</b>	<b>125,082</b>

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

	<b>Financial Period 3 Months Ended 30.06.2018 RM'000</b>	<b>Financial Period 3 Months Ended 30.06.2017 (Restated) RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution to holders of Perpetual Sukuk	(33,081)	(33,081)
Dividends paid to non-controlling interest	(569)	(318)
Movement in fixed deposits held as security/maintained as sinking fund	(249,670)	21,465
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	-	2,660
Net proceeds from issuance of RCCPS	-	250,000
Proceeds from bank borrowings	1,032,555	1,756,960
Proceeds from recourse obligation on sold to Cagamas by a banking subsidiary company	-	497,780
Repayment of bank borrowing/hire purchase and finance leases	(882,225)	(1,785,372)
Repayment of principal for recourse obligation on financing sold to Cagamas	(5,632)	-
Net cash (outflow)/inflow from financing activities	<b>(138,622)</b>	<b>710,094</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,208,164)</b>	<b>(550,143)</b>
Effects of foreign currency translation	877	(18,521)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	3,572,630	2,801,567
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>2,365,343</b>	<b>2,232,903</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,755,293	2,835,198
Banking related assets - cash and short-term funds	542,100	277,809
Bank overdrafts	(12,575)	(11,223)
	<b>3,284,818</b>	<b>3,101,784</b>
Less: Fixed deposits held as security/sinking fund	(868,919)	(809,200)
Less: Fixed deposits with maturity profile more than 3 months	(22,502)	(21,652)
Less: Bank balances in respect of Automotive Development Fund liabilities	(20,657)	(19,981)
Less: Bank balances in Escrow account arising from RCCPS	(21)	(359)
Less: Collections held by a postal subsidiary company on behalf of third parties	(55,230)	(39,606)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	47,854	21,917
	<b>2,365,343</b>	<b>2,232,903</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 March 2018 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 unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 March 2018 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### **2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)**

For the years up to and including the financial year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) in Malaysia whereas, the interim financial report of the Group, for the current financial period ended 30 June 2018, is the Group’s first interim financial report prepared in accordance with MFRS Framework, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. Except for certain differences, the requirements under FRS and MFRS are similar. Accordingly, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all periods presented except as discussed below:

(i) Classification and measurement of financial instruments

Under MFRS, the classification for all financial assets, except equity instruments and derivatives, shall be assessed based on a combination of the Group’s business model for managing the assets and the financial assets’ contractual cash flow characteristics.

The categories of financial assets under MFRS are as follows:

- Amortised cost
- Fair value through other comprehensive income (“FVOCI”), with gains or losses recycled to profit or loss on derecognition
- FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Fair value through profit or loss (“FVTPL”)

The Group reclassified financial assets previously recognised as available for sale and held to maturity to the appropriate MFRS categories noted above.

The accounting for financial liabilities remains largely the same as it was under FRS, except for the treatment of gains or losses arising from an entity’s own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the profit or loss.

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

(ii) Impairment of financial assets

Upon transition to MFRS, the Group’s accounting for impairment of financial assets, has been replaced from the incurred loss approach to the forward-looking expected credit loss (“ECL”) approach. ECL approach is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For the banking subsidiary company, the Group applied the MFRS’s general approach to record an allowance for ECL for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECL associated with the probability of default in the next twelve months, unless there has been a significant increase in credit risk since origination.

Other than the banking subsidiary company, the Group has applied the MFRS’s simplified approach for contract assets and trade and other receivables, and has calculated ECL based on lifetime expected credit losses. The simplified approach excludes tracking of changes in credit risk.

(iii) Revenue recognition

Upon adoption of MFRS, revenue arising from contracts with customers are accounted for using the five-step model. Under MFRS, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected to apply certain practical expedients allowed under MFRS whereby the Group did not restate any contracts that are completed as at date of transition, 1 April 2017.

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

(iii) Revenue recognition (Continued)

The key effects of MFRS are as follows: (Continued)

- (a) Under FRS, for the sale of certain motor vehicles, the Group concluded that it is a principal as it has an exposure to significant risks and rewards, based on the existence of credit risk. Pursuant to the adoption of MFRS, the Group reassessed its position and has determined that it is an agent, as it does not control the motor vehicles before they are transferred to the customer. There is no impact on the profits of the Group but will result in the decrease of revenue and cost of sales previously recognised.
- (b) MFRS requires revenue to be recognised at selling price less any variable considerations, including rebates and incentives, given to customers. Prior to MFRS, the Group estimated the rebates and incentives and accrued related provision. Upon adoption of MFRS, the Group has reclassified the variable considerations previously recognised in cost of sales and selling and distribution costs arising from the sale of motor vehicles as deduction from revenue.
- (c) The Group is required to identify and separately account for performance obligations arising from contracts with customers under MFRS. Under FRS, a single performance obligation was identified for certain supply of automotive parts agreements, vehicle leasing agreements and construction contracts. Upon transition to MFRS, the Group has reassessed and identified these contracts to have two separate performance obligations where revenue shall be recognised separately based on the progress of the respective performance obligations.
- (d) Under FRS, revenue for property development activities are recognised based on percentage of completion method. However, under MFRS, this method shall be conditional upon the Group having no alternative use for the property and an enforceable right to payment for work completed to date. FRSIC Consensus 23 Application of MFRS 15 *Revenue from Contracts with Customers on Sale of Residential Properties* issued by the Malaysian Institute of Accountants (“MIA”), allows sales of residential properties in Malaysia, to be recognised based on percentage of completion method. In respect of sales of non-residential properties, the Group has concluded that based on the existing agreements, it does not have an enforceable right to payment for work completed to date. Accordingly, revenue and property development cost on non-residential properties shall be recognised to profit or loss only upon completion.

The presentation of property development cost capitalised under FRS has now been classified as inventories under MFRS.

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

(iv) Provision for affordable housing

Under FRS, the Group recognised upfront provisions for the foreseeable losses arising from mandatory affordable housing for residential development as required by FRSIC Consensus 17, *Development of Affordable Housing* issued by the MIA. Under MFRS, losses arising from development of affordable housing shall be recognised based on stage of completion, conditional upon available profits from future profitable housing projects of the residential development. Given there is future profits of the Group’s residential development, the Group has made a reversal of the provision recognised previously.

(v) Business combinations

MFRS 1 provides the option to apply MFRS 3 *Business Combinations*, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(a) The classification of former business combinations under FRS is maintained.

(b) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(c) The carrying amount of goodwill recognised under FRS is maintained.

(vi) Assets and liabilities of subsidiary companies, joint ventures and associated companies

Under MFRS 1, the assets and liabilities of subsidiary companies, joint ventures and associated companies which have adopted the MFRS Framework earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiary companies, joint ventures and associated companies, after adjusting for consolidation adjustments.

(vii) Estimates

MFRS 1 requires the estimates at 1 April and at 31 March 2018 to be consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS, reflect conditions at 1 April 2017, the date of transition to MFRS and as of 31 March 2018.

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows:

	<b>As previously stated RM’000</b>	<b>Effects of adoption of MFRS RM’000</b>	<b>As restated RM’000</b>
<b>As at 31 March 2018</b>			
<b>Consolidated Statement of Financial Position</b>			
<u>Non-current assets</u>			
Property, plant and equipment	5,939,520	(38,455)	5,901,065
Land held for development	274,171	(274,171)	-
Inventories	-	231,855	231,855
Deferred tax assets	152,308	(6,251)	146,057
Investment securities: fair value through profit or loss - Banking	161,274	126,714	287,988
Investment securities: fair value through other comprehensive income			
- Banking	-	5,542,950	5,542,950
- Non-Banking	-	45,498	45,498
Investment securities: amortised cost - Banking	-	102,941	102,941
Investment securities: available-for-sale			
- Banking	5,553,163	(5,553,163)	-
- Non-Banking	45,498	(45,498)	-
Investment securities: held-to-maturity - Banking	143,730	(143,730)	-
Trade and other receivables	935,852	(12,634)	923,218
Banking related assets - Financing of customers	10,216,425	(119,113)	10,097,312
<u>Current assets</u>			
Inventories	1,640,454	728,501	2,368,955
Property development costs	797,798	(797,798)	-
Trade and other receivables	3,271,976	23,187	3,295,163
Investment securities: available-for-sale - Banking	766,249	(766,249)	-
Investment securities: fair value through other comprehensive income - Banking	-	766,249	766,249
Banking related assets - Financing of customers	4,301,547	(107,279)	4,194,268
Other investments	-	175,670	175,670
Bank balances and cash deposits	2,834,028	(199,670)	2,634,358



**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	<b>As previously stated RM’000</b>	<b>Effects of adoption of MFRS RM’000</b>	<b>As restated RM’000</b>
<b>As at 31 March 2018</b>			
<b>Consolidated Statement of Financial Position (Continued)</b>			
<u>Non-current liabilities</u>			
Deferred income	109,596	(86,384)	23,212
Trade and other payables	-	86,384	86,384
Deferred tax liabilities	254,309	(3,485)	250,824
<u>Current liabilities</u>			
Deferred income	45,439	(36,629)	8,810
Trade and other payables	5,412,851	(121,171)	5,291,680
Banking related liabilities - Deposits from customers	18,778,061	(24,000)	18,754,061
<b>Equity</b>			
Reserves	4,993,405	(83,494)	4,909,911
Non-controlling interest	1,830,873	(51,667)	1,779,206
<b>Consolidated Statement of Changes in Equity</b>			
Available-for-sale reserve	(12,997)	12,997	-
Fair Value through Other Comprehensive Income Reserve	-	(14,416)	(14,416)
Other reserves	56,184	36,006	92,190
Retained earnings	3,745,299	(118,081)	3,627,218
<b>Net assets per share attributable to owners of the Company</b>	<b>3.48</b>	<b>(0.04)</b>	<b>3.44</b>

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	<b>As previously stated RM’000</b>	<b>Effects of adoption of MFRS RM’000</b>	<b>As restated RM’000</b>
<b>As at 1 April 2017</b>			
<b>Consolidated Statement of Financial Position</b>			
<u>Non-current assets</u>			
Property, plant and equipment	6,463,431	(10,074)	6,453,357
Land held for development	1,182,226	(1,182,226)	-
Inventories	-	1,079,673	1,079,673
Deferred tax assets	147,192	2,179	149,371
Investment securities: fair value through profit or loss - Banking	197,208	113,774	310,982
Investment securities: fair value through other comprehensive income			
- Banking	-	5,035,771	5,035,771
- Non-Banking	-	46,153	46,153
Investment securities: amortised cost - Banking	-	101,875	101,875
Investment securities: available-for-sale			
- Banking	5,040,929	(5,040,929)	-
- Non-Banking	46,153	(46,153)	-
Investment securities: held-to-maturity - Banking	142,168	(142,168)	-
Trade and other receivables	264,144	(1,427)	262,717
Banking related assets - Financing of customers	10,772,103	(110,347)	10,661,756
<u>Current assets</u>			
Inventories	2,285,452	138,701	2,424,153
Property development costs	140,186	(140,186)	-
Trade and other receivables	4,057,560	3,050	4,060,610
Investment securities: available-for-sale - Banking	1,090,487	(1,090,487)	-
Investment securities: fair value through other comprehensive income - Banking	-	1,090,487	1,090,487
Banking related assets - Financing of customers	3,939,713	(36,849)	3,902,864
Other investments	-	221,398	221,398
Bank balances and cash deposits	2,876,862	(254,398)	2,622,464

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	<b>As previously stated RM’000</b>	<b>Effects of adoption of MFRS RM’000</b>	<b>As restated RM’000</b>
<b>As at 1 April 2017</b>			
<b>Consolidated Statement of Financial Position (Continued)</b>			
<u>Non-current liabilities</u>			
Deferred income	151,621	(124,491)	27,130
Trade and other payables	-	123,760	123,760
Deferred tax liabilities	210,270	(520)	209,750
<u>Current liabilities</u>			
Deferred income	48,410	(35,412)	12,998
Trade and other payables	6,499,555	(79,516)	6,420,039
Banking related liabilities - Deposits from customers	18,979,279	(33,000)	18,946,279
<b>Equity</b>			
Reserves	4,331,485	(46,624)	4,284,861
Non-controlling interest	1,841,137	(26,380)	1,814,757
<b>Consolidated Statement of Changes in Equity</b>			
Available-for-sale reserve	(1,358)	1,358	-
Fair Value through Other Comprehensive Income Reserve	-	(1,358)	(1,358)
Retained earnings	2,704,768	(46,624)	2,658,144
<b>Net assets per share attributable to Owners of the Company</b>	<b>3.14</b>	<b>(0.02)</b>	<b>3.12</b>

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	<b>As previously stated RM'000</b>	<b>Effects of adoption of MFRS RM'000</b>	<b>As restated RM'000</b>
<b>For the financial quarter/period ended 30 June 2017</b>			
<b>Consolidated Statement of Comprehensive Income</b>			
Revenue	3,336,612	(207,588)	3,129,024
Cost of sales and operating expenses	(3,401,264)	193,394	(3,207,870)
Other income	84,855	(796)	84,059
Other expense	(56,784)	(2,318)	(59,102)
Loss from operations	(36,581)	(17,308)	(53,889)
Loss before taxation	(72,720)	(17,308)	(90,028)
Taxation	(28,629)	(1,895)	(30,524)
Net loss for the financial quarter/period	(101,349)	(19,203)	(120,552)
Total comprehensive loss for the financial quarter/period	(111,051)	(19,203)	(130,254)
<u>Items that will be subsequently reclassified to profit or loss:</u>			
Net gain on fair value changes of investment securities: available-for-sale	5,966	(5,966)	-
Net gain on fair value changes of investment securities: fair value through other comprehensive income	-	5,966	5,966
<u>Reclassification adjustments:</u>			
Transfer of realised gain on fair value changes of investment securities: available-for-sale upon disposal	(6,740)	6,740	-
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal	-	(6,740)	(6,740)
Net (loss)/profit for the financial quarter/period attributable to:			
Owners of the Company	(169,707)	(13,084)	(182,791)
Non-controlling interest	35,230	(6,119)	29,111
Total comprehensive (loss)/income for the financial quarter/period attributable to:			
Owners of the Company	(178,669)	(13,084)	(191,753)
Non-controlling interest	34,490	(6,119)	28,371
<b>Basic and diluted loss per share (sen)</b>	<b>(8.78)</b>	<b>(0.68)</b>	<b>(9.46)</b>

**2. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) (Continued)**

The reconciliation of the financial position of the Group as at 31 March 2018 and 1 April 2017, the reconciliation of the financial performance for the quarter ended 30 June 2017 and for the financial year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	<b>As previously stated RM'000</b>	<b>Effects of adoption of MFRS RM'000</b>	<b>As restated RM'000</b>
<b>For the financial year ended 31 March 2018</b>			
<b>Consolidated Statement of Comprehensive Income</b>			
Revenue	12,789,677	(582,408)	12,207,269
Cost of sales and operating expenses	(13,140,331)	538,396	(12,601,935)
Other income	1,739,738	(2,332)	1,737,406
Other expense	(857,438)	(10,880)	(868,318)
Profit from operations	531,646	(57,224)	474,422
Profit before taxation	415,130	(57,224)	357,906
Taxation	(119,824)	(4,933)	(124,757)
Net profit for the financial year	295,306	(62,157)	233,149
Total comprehensive income for the financial year	357,985	(62,157)	295,828
<u>Items that will be subsequently reclassified to profit or loss:</u>			
Net gain on fair value changes of investment securities: available-for-sale	6,537	(6,537)	-
Net gain on fair value changes of investment securities: fair value through other comprehensive income	-	6,537	6,537
<u>Reclassification adjustments:</u>			
Transfer of realised gain on fair value changes of investment securities: available-for-sale upon disposal	(23,071)	23,071	-
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal	-	(23,071)	(23,071)
Net profit/(loss) for the financial year attributable to:			
Owners of the Company	498,441	(35,767)	462,674
Non-controlling interest	(282,588)	(26,390)	(308,978)
Total comprehensive income/(loss) for the financial year attributable to:			
Owners of the Company	563,092	(35,767)	527,325
Non-controlling interest	(284,560)	(26,390)	(310,950)
<b>Basic and diluted earnings per share (sen)</b>	<b>25.78</b>	<b>(1.85)</b>	<b>23.93</b>

**3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 June 2018.

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

Save as disclosed in Note 2, 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 30 June 2018.

**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 period ended 30 June 2018.

**7. PROPOSED DIVIDEND**

The Directors recommend the payment of a single tier first and final dividend of 3.0 sen per share amounting to RM57,997,112 in respect of the financial year ended 31 March 2018, subject to the approval of shareholders at the forthcoming Annual General Meeting of DRB-HICOM Berhad to be held on 30 August 2018.

**8. SEGMENTAL INFORMATION**

The information on each of the Group's business segments for the financial period ended 30 June 2018 is as follows:

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
Total revenue	1,461,633	1,136,949	154,498	10,275	2,763,355
Inter-segment revenue	(58,029)	(28,933)	(11,707)	(10,275)	(108,944)
External revenue	1,403,604	1,108,016	142,791	-	2,654,411

**8. SEGMENTAL INFORMATION (Continued)**

	<b>Automotive RM'000</b>	<b>Services RM'000</b>	<b>Property RM'000</b>	<b>Investment Holding RM'000</b>	<b>Group RM'000</b>
<b>Results</b>					
Segment (loss)/profit	(187,830)	73,830	30,656	10,376	(72,968)
Unallocated expenses					(20,506)
Interest income on short term deposits					16,263
Finance costs					(82,592)
Share of results of joint ventures (net of tax)	1,288	-	272	-	1,560
Share of results of associated companies (net of tax)	63,486	358	-	-	63,844
Loss before taxation					(94,399)
Taxation					(50,359)
Net loss for the financial period					(144,758)
Attributable to:					
Owners of the Company					(66,599)
Holder of Perpetual Sukuk					19,809
Non-controlling interest					(97,968)

**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 EVENTS**

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

**11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

On 10 April 2018, PROTON Holdings Berhad, a direct 50.10% owned subsidiary company of the Group, had via its wholly-owned subsidiary company, Proton Marketing Sdn. Bhd., incorporated a 90% owned new subsidiary company known as PROTON Motor Parsian Company (Ltd.) ("PMPC"), in Iran. As a result, PMPC is an indirect 45.09% owned subsidiary company of the Group.

**12. 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.

**13. 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 30.06.2018</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	129,739	129,739	119,677
Trade-related contingencies	40,404	8,081	3,589
Transaction related contingencies	442,990	221,495	216,319
Credit extension commitment:			
- maturity within one year	766,507	153,301	145,520
- maturity exceeding one year	2,223,626	1,111,813	323,920



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

	As at 30.06.2018		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Profit rate related contracts	1,900,000	80,875	16,175
Foreign exchange related contracts	2,132,092	62,528	36,374
	<b>7,635,358</b>	<b>1,767,832</b>	<b>861,574</b>

**14. LOSS BEFORE TAXATION**

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

	Financial Quarter/Period 3 Months Ended	
	30.06.2018 RM'000	30.06.2017 (Restated) RM'000
Allowance for doubtful debts	8,269	3,775
Allowance for financing of customers	9,843	48,865
Amortisation of:		
- intangible assets	42,870	53,547
- concession assets	3,391	2,877
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	165,084	174,178
Finance costs	82,592	84,173
Financing written off	4,068	2,968
Inventories written off/down (net of write backs)	3,858	6,858
Loss on fair value adjustment of investment properties	121	109
Write off of property, plant and equipment	538	27
(Gain)/loss on disposal of:		
- investment securities	(1,088)	(15,734)
- property, plant and equipment	(1,803)	(1,822)
- investment properties	-	1,090
Interest income on short term deposits	(16,263)	(14,761)
Marked to market (gain)/ loss on derivatives (net)	(8,458)	16,149
Reversal of impairment loss of property, plant and equipment	(9)	(356)
Net foreign exchange differences	26,218	(2,602)

## 15. REVIEW OF PERFORMANCE

### 15.1 Revenue

	Group Business Sectors	Financial Quarter/Period 3 Months Ended		Variance RM'000
		30.06.2018	30.06.2017 (Restated)	
		RM'000	RM'000	
(i)	Automotive	1,403,604	1,914,689	(511,085)
(ii)	Services	1,108,016	1,119,615	(11,599)
(iii)	Property	142,791	94,720	48,071
	<b>Total</b>	<b>2,654,411</b>	<b>3,129,024</b>	<b>(474,613)</b>

↓ 15.2%

For the financial quarter ended 30 June 2018, the Group's revenue declined by 15.2% to RM2.65 billion compared with RM3.13 billion in the corresponding quarter ended 30 June 2017. This was mainly due to lower sales recorded by automotive sector.

#### (i) Automotive Sector

The decrease was largely due to lower sales of vehicles by PROTON and certain other automotive companies.

#### (ii) Services Sector

The Services sector recorded marginally lower revenue from banking, postal and logistics businesses.

#### (iii) Property Sector

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

### 15.2 Loss Before Tax

The Group incurred a pre-tax loss of RM94.40 million for the current quarter ended 30 June 2018 compared with the pre-tax loss of RM90.03 million in the corresponding quarter ended 30 June 2017. The results for the current quarter were affected by the weak performance of certain subsidiary companies in the automotive and services sectors. However, the higher share of profits from associated companies and property sector mitigated the overall net loss.

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

The Group recorded a pre-tax loss of RM94.40 million in the current quarter ended 30 June 2018 compared with pre-tax loss of RM142.64 million in the preceding quarter ended 31 March 2018. The lower losses were mainly attributable to the reduction in losses by the automotive sector.

**17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2019**

The Group's Automotive sector is expected to pick up momentum with the impending PROTON SUV to be launched by the end of 2018. New product launches from other marques as well as promotional activities will act as catalysts to drive the sales volume further.

To better focus on capital management and flexibility to pursue growth strategies, the Group continues to find ways to unlock value from its assets. DRB-HICOM had on 1 August 2018 announced the proposed disposal of its 97.37% shareholding in Alam Flora Sdn. Bhd. for a cash consideration of RM944.6 million. Similarly, the proposed rationalisation of non-industrial property assets announced in March 2018 is in-line with the Group's strategic direction to have a leaner property portfolio focusing on industrial development. The required Extraordinary General Meeting will be convened to seek the shareholders' approvals for the above proposed exercises.

Amidst a business landscape that continues to be challenging, the Group will remain focused on driving operational efficiencies while maintaining capital discipline and operational excellence across all its businesses.

The Group's performance for the financial year ending 31 March 2019 is expected to be satisfactory.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee for the financial period ended 30 June 2018 in a public document.

## 19. TAXATION

Taxation comprises the following:

	<b>Financial Quarter/Period 3 Months Ended</b>	
	<b>30.06.2018</b>	<b>30.06.2017 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
Current taxation	13,055	23,083
Deferred taxation	37,304	7,441
<b>Total</b>	<b>50,359</b>	<b>30,524</b>

For the financial period ended 30 June 2018, despite the Group recording losses, the taxation charge arose mainly from certain profit making subsidiary companies.

## 20. STATUS OF CORPORATE PROPOSALS

- (a) On 8 March and 11 July 2018, DRB-HICOM Group had entered into various agreements and supplemental agreements respectively for the proposed disposals of certain property assets and investments to Prisma Dimensi Sdn. Bhd. and Kelana Ventures Sdn. Bhd. The Proposed Disposals are pending fulfilment of the conditions precedent.
- (b) On 1 August 2018, HICOM Holdings Berhad (“HHB”), a direct wholly-owned subsidiary company of the Group, had entered into a conditional share sale agreement (“SSA”) with Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary company of Malakoff Corporation Berhad, for the proposed disposal of HHB’s entire equity interest of 97.37% in Alam Flora Sdn. Bhd. (“AFSB”) involving 74 million ordinary shares in AFSB, for a total cash consideration of RM944.6 million, subject to the terms and conditions of the SSA (“Proposed Disposal”). The Proposed Disposal is pending fulfilment of the conditions precedent.
- (c) On 18 August 2018, PROTON Holdings Berhad (“PROTON”), a 50.10% owned subsidiary company of the Group and Zhejiang Geely Holding Group (“Geely”) signed a Heads of Agreement to set up a joint venture that will pave the way for PROTON to assemble and market their cars in China. Both companies will take up equal equity in a joint venture company. The joint venture company will set up a production facility in China which will assemble vehicles and the development of a network of dealers to market the PROTON range in China.

**21. BORROWINGS AND DEFERRED LIABILITIES**

Total Group borrowings are as follows:

	<b>As at 30.06.2018 RM'000</b>
<b>(a) Short Term Borrowings</b>	
<b>Bank overdrafts</b>	
- Secured	6,621
- Unsecured	5,954
<b>Total</b>	<b>12,575</b>
<b>(b) Others</b>	
<u>Secured</u>	
Bankers acceptances	27,528
Revolving credits	239,827
Short term loans	2,943
Short term loans under Islamic financing	153,558
Hire purchase and finance lease liabilities - portion repayable within 12 months	22,979
Long term loans - portion repayable within 12 months	236,743
Long term loans under Islamic financing - portion repayable within 12 months	716,057
Sub-total	1,399,635
<u>Unsecured</u>	
Bankers acceptances	503,756
Revolving credits	240,800
Short term loans under Islamic financing	25,000
Long term loans under Islamic financing - portion repayable within 12 months	1,760
Deferred liability	4,587
Sub-total	775,903
<b>Total</b>	<b>2,175,538</b>
<b>(c) Long Term Borrowings</b>	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	57,417
	(22,979)
	34,438
Long term loans - portion repayable within 12 months	865,283
	(236,743)
	628,540
Long term loans under Islamic financing - portion repayable within 12 months	3,074,044
	(716,057)
	2,357,987

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

	<b>As at 30.06.2018 RM'000</b>
<b>(c) Long Term Borrowings (Continued)</b>	
<u>Unsecured</u>	
Long term loans under Islamic financing - portion repayable within 12 months	758,591 (1,760)
	756,831
<b>Total</b>	<b>3,777,796</b>
<b>Grand Total</b>	<b>5,965,909</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 30 June 2018</b>									
<b>Secured</b>									
Revolving credits	GBP	1,500	7,943				GBP	1,500	7,943
Short term loans under Islamic financing	GBP	1,988	10,525				GBP	1,988	10,525
	USD	35,448	143,033				USD	35,448	143,033
Short term loans	GBP	117	623				GBP	117	623
	USD	77	317				USD	77	317
Long term loans	USD	30,463	124,058	USD	82,539	330,747	USD	113,002	454,805
Long term loans under Islamic financing	USD	4,507	18,442	USD	9,048	37,023	USD	13,555	55,465
<b>Total</b>			<b>304,941</b>			<b>367,770</b>			<b>672,711</b>

## 22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 June 2018 consist mainly of foreign exchange contracts, profit rate swap and capped cross currency interest rate swap which are measured at their fair values 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>			
Currency forward foreign exchange contracts	1,369,476	18,493	14,644
Currency swap foreign exchange contracts	1,016,848	15,995	14,547
Islamic profit rate swap	1,900,000	-	9,370
Capped cross currency interest rate swap	434,600	-	3,361
	<b>4,720,924</b>	<b>34,488</b>	<b>41,922</b>

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2018:

- (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 30 June 2018, the Group recognised a total net gain of RM8.46 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 30 June 2018.

## 23. MATERIAL LITIGATION

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

## 24. DIVIDEND

No interim dividend has been declared for the financial period ended 30 June 2018.

**25. LOSS PER SHARE**

The basic and diluted loss per share is calculated by dividing the Group's net loss attributable to Owners of the Company by the number of ordinary shares in issue during the financial period

	<b>Financial Quarter/ Period Ended</b>	
	<b>3 Months Ended</b>	
	<b>30.06.2018</b>	<b>30.06.2017 (Restated)</b>
Net loss attributable to Owners of the Company (RM'000)	(66,599)	(182,791)
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic and diluted loss per share (sen)	<b>(3.44)</b>	<b>(9.46)</b>

**26. 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 August 2018