



DRB-HICOM BERHAD

(203430-W)

(Incorporated in Malaysia)

Interim Financial Report for the Financial Year
Ended 31 March 2019

INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the quarter/financial year ended 31 March 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.03.2019 RM'000	31.03.2018 (Restated) RM'000	31.03.2019 RM'000	31.03.2018 (Restated) RM'000
Revenue		3,466,699	2,978,904	12,477,049	12,250,565
Cost of sales and operating expenses		(3,132,824)	(3,054,754)	(12,163,079)	(12,710,920)
Other income		84,563	156,048	282,944	1,736,204
Other expenses		(30,508)	(301,818)	(155,700)	(870,670)
Profit/(loss) from operations		387,930	(221,620)	441,214	405,179
Finance costs		(98,062)	(92,329)	(379,941)	(360,267)
Share of results of joint ventures (net of tax)		8,362	(4,525)	40,877	(4,459)
Share of results of associated companies (net of tax)		30,564	77,454	179,706	243,349
PROFIT/(LOSS) BEFORE TAXATION	14	328,794	(241,020)	281,856	283,802
Taxation	19	(109,479)	52,422	(230,665)	(91,583)
NET PROFIT/(LOSS) FOR THE QUARTER/ FINANCIAL YEAR		219,315	(188,598)	51,191	192,219
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified to profit or loss:</u>					
Fair value gain on investment properties		39,490	2,320	39,490	2,320
Net loss on valuation of post-employment benefit obligations		(87)	(172)	(87)	(172)
Net loss on fair value changes of equity instrument: fair value through other comprehensive income		(15,418)	-	(15,418)	-
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain on fair value changes of investment securities: fair value through other comprehensive income		52,492	14,947	46,800	6,537
Currency translation differences of foreign subsidiary companies		(2,101)	651	1,181	(9,527)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Note	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
		31.03.2019 RM'000	31.03.2018 (Restated) RM'000	31.03.2019 RM'000	31.03.2018 (Restated) RM'000
OTHER COMPREHENSIVE INCOME (Continued)					
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: fair value through other comprehensive income upon disposal		(14,720)	(16,331)	(17,533)	(23,071)
Transfer of reserve of a foreign subsidiary company to profit or loss upon disposal		-	3,410	-	86,592
OTHER COMPREHENSIVE INCOME FOR THE QUARTER/ FINANCIAL YEAR (NET OF TAX)		59,656	4,825	54,433	62,679
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE QUARTER/ FINANCIAL YEAR		278,971	(183,773)	105,624	254,898
Net profit/(loss) for the quarter/ financial year attributable to:					
Owners of the Company		127,862	(59,405)	122,866	430,372
Holder of Perpetual Sukuk		19,592	19,592	79,453	79,453
Non-controlling interest		71,861	(148,785)	(151,128)	(317,606)
		219,315	(188,598)	51,191	192,219
Total comprehensive income/(loss) for the quarter/ financial year attributable to:					
Owners of the Company		177,246	(59,322)	168,430	495,023
Holder of Perpetual Sukuk		19,592	19,592	79,453	79,453
Non-controlling interest		82,133	(144,043)	(142,259)	(319,578)
		278,971	(183,773)	105,624	254,898
Basic and diluted earnings/(loss) per share (sen):	25	6.61	(3.07)	6.36	22.26

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 31.03.2019 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		6,100,951	5,908,765	6,453,357
Concession assets		-	209,102	217,152
Prepaid lease properties		51,495	53,208	50,813
Investment properties		294,857	248,193	246,889
Inventories		234,589	232,451	1,079,673
Joint ventures		317,415	292,805	407,343
Associated companies		805,843	885,404	756,543
Intangible assets		1,563,114	1,613,166	1,898,543
Deferred tax assets		147,213	204,902	171,722
Investment securities: fair value through profit or loss				
- Banking		156,456	290,433	310,982
Investment securities: fair value through other comprehensive income				
- Banking		4,635,531	5,540,505	5,035,771
- Non-banking		44,898	45,498	46,153
Investment securities: amortised cost				
- Banking		102,596	102,941	101,875
Trade and other receivables		1,288,562	923,219	262,717
Other assets		504	544	516
Banking related assets				
- Financing of customers		11,269,467	10,097,292	10,661,756
- Statutory deposits with Bank Negara Malaysia		699,275	674,500	698,636
		27,712,766	27,322,928	28,400,441

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.03.2019 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
ASSETS (Continued)				
CURRENT ASSETS				
Assets and disposal groups held for sale		1,275,893	458,020	4,500
Inventories		2,550,799	2,388,600	2,426,275
Trade and other receivables		3,040,005	3,277,693	4,062,969
Investment securities: fair value through profit or loss				
- Banking		504,344	-	-
- Non-banking		164,076	175,962	221,573
Investment securities: fair value through other comprehensive income				
- Banking		300,501	766,249	1,090,487
Investment securities: amortised cost				
- Banking		714	-	-
- Non-banking		-	8,000	8,000
Banking related assets				
- Cash and short-term funds		842,508	1,587,681	1,049,925
- Financing of customers		3,749,776	4,147,550	3,902,864
Bank balances and cash deposits		2,510,409	2,524,790	2,429,080
Derivative assets	22(a)	25,035	72,968	61,494
		14,964,060	15,407,513	15,257,167
TOTAL ASSETS		42,676,826	42,730,441	43,657,608

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.03.2019 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital		1,740,302	1,740,302	1,740,302
Reserves		4,970,161	4,862,943	4,270,195
Equity attributable to Owners of the Company		6,710,463	6,603,245	6,010,497
Perpetual Sukuk		1,051,745	1,052,026	1,051,839
Redeemable Convertible Cumulative Preference Shares		669,266	669,266	1,289,550
Non-controlling interest		1,584,420	1,773,587	1,817,766
TOTAL EQUITY		10,015,894	10,098,124	10,169,652
NON-CURRENT LIABILITIES				
Deferred income		26,585	26,691	40,949
Trade and other payables		64,489	82,905	120,825
Long term borrowings	21(c)	3,548,020	3,465,291	4,105,407
Redeemable Convertible Cumulative Preference Shares		578,728	545,107	-
Provision for liabilities and charges		11,057	116,727	90,556
Provision for concession assets		-	179,938	138,809
Post-employment benefit obligations		6,116	8,199	37,741
Deferred tax liabilities		291,804	251,433	209,043
Banking related liabilities				
- Deposits from customers		313,445	617,221	418,615
- Recourse obligation on financing sold to Cagamas		471,102	485,851	-
		5,311,346	5,779,363	5,161,945

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	Note	As at 31.03.2019 RM'000	As at 31.03.2018 (Restated) RM'000	As at 1.04.2017 (Restated) RM'000
CURRENT LIABILITIES				
Liabilities relating to disposal groups held for sale		718,926	127,811	-
Deferred income		6,406	8,809	12,998
Trade and other payables		5,129,151	5,343,895	6,441,868
Provision for liabilities and charges		301,046	321,215	274,993
Provision for concession assets		-	1,740	6,146
Post-employment benefit obligations		430	593	495
Bank borrowings				
- Bank overdrafts	21(a)	12,959	9,062	6,511
- Others	21(b)	2,757,732	2,315,346	2,186,391
Banking related liabilities				
- Deposits from customers		18,347,717	18,617,151	18,760,895
- Deposits and placements of banks and other financial institutions		6,747	8,854	561,654
- Bills and acceptances payable		15,678	9,618	9,196
Derivative liabilities	22(a)	52,794	88,860	64,864
		27,349,586	26,852,954	28,326,011
TOTAL LIABILITIES		32,660,932	32,632,317	33,487,956
TOTAL EQUITY AND LIABILITIES		42,676,826	42,730,441	43,657,608
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)		3.47	3.42	3.11

* 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 years' adjustments	-	-	-	-	(1,008)	27,345	(156,799)	(130,462)	-	-	(57,286)	(187,748)
As restated	1,933,237	1,740,302	1,212,210	(7,291)	(14,005)	83,529	3,588,500	6,603,245	1,052,026	669,266	1,773,587	10,098,124
Net profit for the financial year	-	-	-	-	-	-	122,866	122,866	79,453	-	(151,128)	51,191
Other comprehensive income for the financial year, net of tax	-	-	-	894	20,764	23,906	-	45,564	-	-	8,869	54,433
Total comprehensive income for the financial year	-	-	-	894	20,764	23,906	122,866	168,430	79,453	-	(142,259)	105,624
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(1,484)	-	1,484	-	-	-	-	-
Net gain from equity investment (elected as FVOCI) upon derecognition	-	-	-	-	-	-	148	148	-	-	64	212
Effect of changes in RPGT rate	-	-	-	-	-	(76)	-	(76)	-	-	-	(76)
Transfer of a subsidiary company's reserves	-	-	-	-	-	16,094	(16,094)	-	-	-	-	-
Sub-total carried forward	1,933,237	1,740,302	1,212,210	(6,397)	5,275	123,453	3,696,904	6,771,747	1,131,479	669,266	1,631,392	10,203,884

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	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						
Sub-total brought forward	1,933,237	1,740,302	1,212,210	(6,397)	5,275	123,453	3,696,904	6,771,747	1,131,479	669,266	1,631,392	10,203,884
Realisation of revaluation reserves upon disposal of investment properties	-	-	-	-	-	(467)	467	-	-	-	-	-
<u>Transactions with Owners</u>												
Acquisitions of additional interest in subsidiary companies	-	-	-	-	-	-	(3,287)	(3,287)	-	-	(12,116)	(15,403)
Effect of deconsolidation of a subsidiary company under members' voluntary winding up	-	-	(450)	-	-	-	450	-	-	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(79,734)	-	-	(79,734)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(34,856)	(34,856)
First and final dividend in respect of financial year ended 31 March 2018	-	-	-	-	-	-	(57,997)	(57,997)	-	-	-	(57,997)
At 31 March 2019	1,933,237	1,740,302	1,211,760	(6,397)	5,275	122,986	3,636,537	6,710,463	1,051,745	669,266	1,584,420	10,015,894

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 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	2,704,768	6,071,787	1,051,839	1,289,550	1,841,137	10,254,313
Prior years' adjustments	-	-	-	-	-	-	(61,290)	(61,290)	-	-	(23,371)	(84,661)
As restated	1,933,237	1,740,302	1,212,275	(84,331)	(1,358)	500,131	2,643,478	6,010,497	1,051,839	1,289,550	1,817,766	10,169,652
Net profit for the financial year	-	-	-	-	-	-	430,372	430,372	79,453	-	(317,606)	192,219
Other comprehensive income/(loss) for the financial year, net of tax	-	-	-	74,296	(11,639)	1,994	-	64,651	-	-	(1,972)	62,679
Total comprehensive income/(loss) for the financial year	-	-	-	74,296	(11,639)	1,994	430,372	495,023	79,453	-	(319,578)	254,898
Transfer of revaluation gain on disposal of investment properties	-	-	-	-	-	(774)	774	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	(1,008)	(369,661)	370,669	-	-	-	-	-
<u>Transactions with Owners</u>												
Disposal of a subsidiary company	-	-	-	-	-	32,916	(32,916)	-	-	-	-	-
Effect of change in shareholding in subsidiary companies	-	-	-	2,744	-	103	123,525	126,372	-	-	333,928	460,300
Reclassification of reserves arising from dilution of interest in a subsidiary company	-	-	-	-	-	(81,180)	81,180	-	-	-	-	-
Net issuance of RCCPS	-	-	-	-	-	-	-	-	-	250,000	-	250,000
RCCPS Purchase	-	-	-	-	-	-	(9,315)	(9,315)	-	(340,685)	-	(350,000)
Sub-total carried forward	1,933,237	1,740,302	1,212,275	(7,291)	(14,005)	83,529	3,607,767	6,622,577	1,131,292	1,198,865	1,832,116	10,784,850

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 Reserve RM'000	Other Reserves RM'000						
Sub-total brought forward	1,933,237	1,740,302	1,212,275	(7,291)	(14,005)	83,529	3,607,767	6,622,577	1,131,292	1,198,865	1,832,116	10,784,850
Effect on deconsolidation of a subsidiary company under members' voluntary winding up	-	-	(65)	-	-	-	65	-	-	-	-	-
Reclassification of RCCPS	-	-	-	-	-	-	-	-	-	(529,599)	-	(529,599)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(79,266)	-	-	(79,266)
Dividend paid/payable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(58,529)	(58,529)
First and final dividend in respect of financial year ended 31 March 2017	-	-	-	-	-	-	(19,332)	(19,332)	-	-	-	(19,332)
At 31 March 2018	1,933,237	1,740,302	1,212,210	(7,291)	(14,005)	83,529	3,588,500	6,603,245	1,052,026	669,266	1,773,587	10,098,124

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

	Financial Year 12 Months Ended 31.03.2019 RM'000	Financial Year 12 Months Ended 31.03.2018 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the financial year	51,191	192,219
Adjustments:		
- Depreciation and amortisation of property, plant and equipment/prepaid lease properties	713,152	706,379
- Finance costs	379,941	360,267
- Taxation	230,665	91,583
- Share of results of joint ventures (net of tax)	(40,877)	4,459
- Share of results of associated companies (net of tax)	(179,706)	(243,349)
- Others	341,168	328,405
Operating profit before working capital changes	1,495,534	1,439,963
Changes in working capital:		
Net (increase)/decrease in banking related assets	(810,924)	260,508
Net decrease banking related liabilities	(584,854)	(438,174)
Net (increase)/decrease in current assets	(483,053)	440,690
Net decrease in current liabilities	(93,700)	(231,820)
Net cash (used)/generated in operations	(476,997)	1,471,167
Interest received	73,935	66,659
Tax paid, net of refunds	(123,037)	(56,522)
Finance costs paid	(324,446)	(336,889)
Provision for liabilities and charges paid	(86,240)	(96,956)
Post-employment benefit obligations paid	(2,797)	(561)
Provision for concession assets paid	(2,378)	(4,406)
Net cash (outflow)/inflow from operating activities	(941,960)	1,042,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment securities by a banking subsidiary company (net proceeds from disposals)	182,350	(1,057,181)
Acquisitions of investment securities/additional shares in subsidiary companies	(13,150)	-
Dividends received from joint ventures	6,853	19,418
Dividends received from associated companies	243,884	115,141
Dividends received from other investments	113	202
Movement in fixed deposits placement with maturity profile more than 3 months	13,311	(14,071)
Net cash inflow from disposals of subsidiary companies	-	428,870
Proceeds from disposals of property, plant and equipment/investment properties	13,837	54,008
Proceeds from liquidation of an associated company	3,158	-
Redemption/maturity of investment securities by a banking subsidiary company	962,759	910,720
Purchases of property, plant and equipment/concession assets/intangible assets	(1,100,487)	(806,913)
Redemption of preference shares by a joint venture	-	5,000
Share of subscription in a subsidiary company by a non-controlling shareholder	-	170,300
Withdrawal of investment securities	15,748	54,728
Net cash inflow/(outflow) from investing activities	328,376	(119,778)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Financial Year 12 Months Ended 31.03.2019 RM'000	Financial Year 12 Months Ended 31.03.2018 (Restated) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to holders of Perpetual Sukuk	(79,734)	(79,266)
Dividends paid to non-controlling interest	(34,856)	(52,662)
Dividends paid to shareholders	(57,997)	(19,332)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	124,921	(163,396)
Movement in bank balances in Escrow account arising from Redeemable Convertible Cumulative Preference Shares ("RCCPS")	21	2,998
Net proceeds from issuance of RCCPS	-	250,000
Proceeds from bank borrowings	4,272,942	3,990,448
Proceeds from recourse obligation on sold to Cagamas by a banking subsidiary company	-	500,185
RCCPS Purchase	-	(350,000)
Repayment of bank borrowing/hire purchase and finance leases	(3,776,488)	(4,464,308)
Repayment of principal for recourse obligation on financing sold to Cagamas	(14,799)	(14,334)
Net cash inflow/(outflow) from financing activities	434,010	(399,667)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(179,574)	523,047
Effects of foreign currency translation	897	(9,980)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	3,091,181	2,578,114
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR	2,912,504	3,091,181
Cash and cash equivalents as at end of the financial year comprise the followings:		
Bank balances and cash deposits	2,510,409	2,524,790
Banking related assets - cash and short-term funds	842,508	1,587,681
Bank overdrafts	(12,959)	(9,062)
	3,339,958	4,103,409
Less: Bank balances and fixed deposits held as security/sinking fund	(866,209)	(991,130)
Less: Fixed deposits with maturity profile more than 3 months	(12,002)	(25,313)
Less: Bank balances in respect of Automotive Development Fund liabilities	(21,190)	(20,486)
Less: Collections held by a postal subsidiary company on behalf of third parties	(35,479)	(48,555)
Less: Bank balances in Escrow account arising from RCCPS	-	(21)
Add: Cash and cash equivalents attributable to the disposal groups held for sale	507,426	73,277
	2,912,504	3,091,181

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 year ended 31 March 2019, is 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:

- (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) 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.

(v) 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.

(vi) Estimates

MFRS 1 requires the estimates at 1 April 2017 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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows:

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
As at 31 March 2018			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	5,939,520	(30,755)	5,908,765
Land held for development	274,171	(274,171)	-
Inventories	-	232,451	232,451
Joint Ventures	298,075	(5,270)	292,805
Deferred tax assets	152,308	52,594	204,902
Investment securities: fair value through profit or loss - Banking	161,274	129,159	290,433
Investment securities: fair value through other comprehensive income			
- Banking	-	5,540,505	5,540,505
- 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	(12,633)	923,219
Banking related assets - Financing of customers	10,216,425	(119,133)	10,097,292
<u>Current assets</u>			
Assets and disposal groups held for sale	518,307	(60,287)	458,020
Inventories	1,640,454	748,146	2,388,600
Property development costs	797,798	(797,798)	-
Trade and other receivables	3,271,976	5,717	3,277,693
Investment securities: available-for-sale - Banking	766,249	(766,249)	-
Investment securities: fair value through other comprehensive income - Banking	-	766,249	766,249
Investment securities: fair value through profit or loss			
- Non-banking	292	175,670	175,962
Investment securities: amortised cost			
- Non-banking	-	8,000	8,000
Banking related assets - Financing of customers	4,301,547	(153,997)	4,147,550
Bank balances and cash deposits	2,834,028	(309,238)	2,524,790

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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
As at 31 March 2018			
Consolidated Statement of Financial Position (Continued)			
<u>Non-current liabilities</u>			
Deferred income	109,596	(82,905)	26,691
Trade and other payables	-	82,905	82,905
Deferred tax liabilities	254,309	(2,876)	251,433
<u>Current liabilities</u>			
Liabilities relating to disposal groups held for sale	135,683	(7,872)	127,811
Deferred income	45,439	(36,630)	8,809
Trade and other payables	5,412,851	(68,956)	5,343,895
Banking related liabilities - Deposits from customers	18,778,061	(160,910)	18,617,151
Equity			
Reserves	4,993,405	(130,462)	4,862,943
Non-controlling interest	1,830,873	(57,286)	1,773,587
Consolidated Statement of Changes in Equity			
Available-for-sale reserve	(12,997)	12,997	-
Fair Value through Other Comprehensive Income Reserve	-	(14,005)	(14,005)
Other reserves	56,184	27,345	83,529
Retained earnings	3,745,299	(156,799)	3,588,500
Net assets per share attributable to Owners of the Company	3.48	(0.06)	3.42

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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM’000	Effects of adoption of MFRS RM’000	As restated RM’000
As at 1 April 2017			
Consolidated Statement of Financial Position			
<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
Joint Ventures	413,826	(6,483)	407,343
Deferred tax assets	147,192	24,530	171,722
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	140,823	2,426,275
Property development costs	140,186	(140,186)	-
Trade and other receivables	4,057,560	5,409	4,062,969
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
Investment securities: fair value through profit or loss			
- Non-banking	175	221,398	221,573
Investment securities: amortised cost			
- Non-banking	-	8,000	8,000
Banking related assets - Financing of customers	3,939,713	(36,849)	3,902,864
Bank balances and cash deposits	2,876,862	(447,782)	2,429,080

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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM’000	Effects of adoption of MFRS RM’000	As restated RM’000
As at 1 April 2017			
Consolidated Statement of Financial Position (Continued)			
<u>Non-current liabilities</u>			
Deferred income	151,621	(110,672)	40,949
Trade and other payables	-	120,825	120,825
Deferred tax liabilities	210,270	(1,227)	209,043
<u>Current liabilities</u>			
Deferred income	48,410	(35,412)	12,998
Trade and other payables	6,499,555	(57,687)	6,441,868
Banking related liabilities - Deposits from customers	18,979,279	(218,384)	18,760,895
Equity			
Reserves	4,331,485	(61,290)	4,270,195
Non-controlling interest	1,841,137	(23,371)	1,817,766
Consolidated Statement of Changes in Equity			
Available-for-sale reserve	(1,358)	1,358	-
Fair Value through Other Comprehensive Income Reserve	-	(1,358)	(1,358)
Retained earnings	2,704,768	(61,290)	2,643,478
Net assets per share attributable to Owners of the Company	3.14	(0.03)	3.11

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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM'000	Effects of adoption of MFRS RM'000	As restated RM'000
For the financial quarter ended 31 March 2018			
Consolidated Statement of Comprehensive Income			
Revenue	3,062,011	(83,107)	2,978,904
Cost of sales and operating expenses	(3,049,342)	(5,412)	(3,054,754)
Other income	157,704	(1,656)	156,048
Other expense	(298,475)	(3,343)	(301,818)
Loss from operations	(128,102)	(93,518)	(221,620)
Share of results of joint ventures (net of tax)	336	(4,861)	(4,525)
Loss before taxation	(142,641)	(98,379)	(241,020)
Taxation	19,318	33,104	52,422
Net loss for the financial quarter	(123,323)	(65,275)	(188,598)
Total comprehensive loss for the financial quarter			
<u>Items that will be reclassified subsequently to profit or loss:</u>			
Net gain on fair value changes of investment securities: available-for-sale	14,947	(14,947)	-
Net gain on fair value changes of investment securities: fair value through other comprehensive income	-	14,947	14,947
Net loss for the financial quarter attributable to:			
Owners of the Company	(10,267)	(49,138)	(59,405)
Non-controlling interest	(132,648)	(16,137)	(148,785)
Total comprehensive loss for the financial quarter attributable to:			
Owners of the Company	(10,184)	(49,138)	(59,322)
Non-controlling interest	(127,906)	(16,137)	(144,043)
Basic and diluted earnings per share (sen)	(0.53)	(2.54)	(3.07)

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 and the reconciliation of the financial performance for the quarter/year ended 31 March 2018, reported under FRS to those reported under MFRS are as follows: (Continued)

	As previously stated RM’000	Effects of adoption of MFRS RM’000	As restated RM’000
For the financial year ended 31 March 2018			
Consolidated Statement of Comprehensive Income			
Revenue	12,789,677	(539,112)	12,250,565
Cost of sales and operating expenses	(13,140,331)	429,411	(12,710,920)
Other income	1,739,738	(3,534)	1,736,204
Other expense	(857,438)	(13,232)	(870,670)
Profit from operations	531,646	(126,467)	405,179
Share of results of joint ventures (net of tax)	402	(4,861)	(4,459)
Profit before taxation	415,130	(131,328)	283,802
Taxation	(119,824)	28,241	(91,583)
Net profit for the financial year	295,306	(103,087)	192,219
Total comprehensive loss for the financial year			
<u>Items that will be reclassified subsequently 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
Net profit for the financial year attributable to:			
Owners of the Company	498,441	(68,069)	430,372
Non-controlling interest	(282,588)	(35,018)	(317,606)
Total comprehensive income for the financial year attributable to:			
Owners of the Company	563,092	(68,069)	495,023
Non-controlling interest	(284,560)	(35,018)	(319,578)
Basic and diluted earnings per share (sen)	25.78	(3.52)	22.26

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial year ended 31 March 2019.

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 year ended 31 March 2019.

Included in the Consolidated Statement of Comprehensive Income in the previous year ended 31 March 2018 was the R&D reimbursement grant received from the Government of RM1.10 billion. The effect of PROTON restructuring costs have been recognised in the corresponding quarter and previous financial year ended 31 March 2018 amounting to RM74.20 million and RM595.51 million respectively.

5. CHANGES IN ESTIMATES

There was no material change in the estimate of amounts reported in prior financial years that has a material effect to this interim financial report.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31 March 2019.

7. DIVIDEND PAID

The shareholders approved a single tier first and final dividend of 3.0 sen per share at the last Annual General Meeting held on 30 August 2018 in respect of the financial year ended 31 March 2018. The dividend of RM57,997,112 was paid on 1 October 2018.

8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial year ended 31 March 2019 is as follows:

	Automotive RM'000	Services RM'000	Property RM'000	Investment Holding RM'000	Group RM'000
Revenue					
Total revenue	7,855,116	4,705,505	588,767	41,183	13,190,571
Inter-segment revenue	(497,790)	(126,698)	(47,851)	(41,183)	(713,522)
External revenue	7,357,326	4,578,807	540,916	-	12,477,049
Results					
Segment (loss)/profit	(76,519)	280,721	264,272	(16,484)	451,990
Unallocated expenses					(83,728)
Interest income on short term deposits					72,952
Finance costs					(379,941)
Share of results of joint ventures (net of tax)	32,651	-	8,226	-	40,877
Share of results of associated companies (net of tax)	179,130	576	-	-	179,706
Profit before taxation					281,856
Taxation					(230,665)
Net profit for the financial year					51,191
Attributable to:					
Owners of the Company					122,866
Holder of Perpetual Sukuk					79,453
Non-controlling interest					(151,128)

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 year and the date of this announcement, any item, transaction or event of a material and unusual nature that would likely affect substantially the results of the operations of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019

- (a) 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.
- (b) On 6 August 2018, Proton Singapore Pte. Ltd. ("PSPL"), an indirect 50.10% owned dormant subsidiary company of the Group has commenced the dissolution exercise via members' voluntary winding up. Upon the dissolution, PSPL will cease to be an indirect 50.10% owned subsidiary company of the Group.
- (c) On 18 September 2018, PNSL Berhad an indirect 53.50% owned subsidiary company of the Group, acquired the remaining 49% equity interest in Parcel Tankers Malaysia Sdn. Bhd. ("PTM") previously held by Yuma Shipping Pte. Ltd. for consideration of RM2.403 million, thus increasing its ownership from 51% to 100% in PTM. As a result, PTM became an indirect 53.50% owned subsidiary company of the Group.
- (d) On 1 November 2018, PSH Investment Holding (BVI) Ltd. ("PSHI"), an indirect 53.50% owned dormant subsidiary company of the Group was struck off from the British Virgin Islands Registry of Corporate Affairs. As a result, PSHI ceased to be an indirect subsidiary company of the Group.
- (e) On 7 December 2018, DRB-HICOM Defence Technologies Sdn. Bhd., a direct wholly-owned subsidiary company of the Group, acquired the remaining 3.13% equity interest in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") from Petroliam Nasional Berhad for a total cash consideration of RM13 million, thus increasing its ownership from 96.87% to 100% in CTRM. As a result, CTRM is an indirect wholly-owned subsidiary company of the Group.

11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL YEAR ENDED 31 MARCH 2019 (Continued)

- (f) On 24 December 2018, Indungan Jaya Sdn. Bhd. (“IJSB”) was incorporated by HICOM Indungan Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group. As a result, IJSB became an indirect wholly-owned subsidiary company of the Group.
- (g) On 1 February 2019, the following direct and indirect dormant/inactive companies of the Group were voluntarily wound up and as a result, ceased to be subsidiary companies of the Group.

Companies under members’ voluntary winding up

1. HICOM Power Sdn. Bhd.
2. HICOM United Leasing Sdn. Bhd.
3. Jubli Premis Sdn. Bhd.
4. Glenmarie Asset Management Sdn. Bhd.
5. HICOM Megah Sdn. Bhd.
6. Comtrac Development Sdn. Bhd.
7. Pos Takaful Agency Sdn. Bhd.
8. PSH Allied Berhad
9. Maya Perkasa (M) Sdn. Bhd.
10. Kaypi Logistics Depot Sdn. Bhd.
11. Asia Pacific Freight System Sdn. Bhd.
12. Diperdana Selatan Sdn. Bhd.

Companies under creditors’ voluntary winding up

1. EON Technologies Sdn. Bhd.
2. HICOM Premier Malaysia Sdn. Bhd.
3. Glenmarie Management Corporation Sdn. Bhd.
4. Diperdana Terminal Services Sdn. Bhd.

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.

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

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

	As at 31.03.2019		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
Direct credit substitutes	203,424	203,424	169,198
Trade-related contingencies	83,279	16,656	7,763
Transaction related contingencies	425,159	212,580	199,194
Credit extension commitment:			
- maturity within one year	624,707	124,941	123,594
- maturity exceeding one year	2,232,408	1,116,204	350,760
Profit rate related contracts	2,150,000	85,938	17,188
Foreign exchange related contracts	3,545,493	63,942	39,235
	9,264,470	1,823,685	906,932

14. PROFIT/(LOSS) BEFORE TAXATION

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

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.03.2019 RM'000	31.03.2018 (Restated) RM'000	31.03.2019 RM'000	31.03.2018 (Restated) RM'000
Allowance for slow moving inventories	3,961	30,977	36,619	61,584
Amortisation of:				
- intangible assets	54,232	40,450	169,948	185,202
- concession assets	-	2,831	4,448	11,905
Depreciation and amortisation of property, plant and equipment/prepaid lease properties	175,209	182,221	713,152	699,103
Finance costs	98,062	92,329	379,941	360,267

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

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

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.03.2019 RM'000	31.03.2018 (Restated) RM'000	31.03.2019 RM'000	31.03.2018 (Restated) RM'000
Impairment loss of				
- goodwill	60,109	-	60,109	-
- inventories (land held for property development)	-	40,440	-	40,440
- property, plant and equipment/prepaid lease properties	14,965	4,100	17,922	19,786
Gain on fair value adjustment of investment properties	(1,844)	(17,316)	(2,313)	(16,990)
Marked to market loss/(gain) on derivatives (net)	13,795	(14,106)	11,867	12,522
Write off of property, plant and equipment	1,539	807	3,120	4,982
Effect of PROTON's restructuring	-	74,201	-	595,513
Gain on disposal of:				
- investment securities	(15,051)	(5,255)	(18,194)	(35,069)
- property, plant and equipment	(1,658)	(2,760)	(6,692)	(16,742)
- investment properties	(100)	(86)	(573)	(712)
Gain on fair value adjustment of investment securities	(4,861)	(6,997)	(41,523)	(18,754)
Grant income	-	-	-	(1,100,000)
Interest income on short term deposits	(20,684)	(20,617)	(72,952)	(71,243)
Net foreign exchange differences	(20,379)	(42,255)	24,464	(148,884)
(Write back of)/allowance for financing of customers	(3,768)	48,732	9,156	81,084
(Write back of)/allowance for doubtful debts	(17,955)	(3,318)	26,659	9,551
(Write back of)/write off of financing	(11,657)	3,506	2,592	6,684

15. REVIEW OF PERFORMANCE

15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended			Financial Year 12 Months Ended		
		31.03.2019	31.03.2018	Variance RM'000	31.03.2019	31.03.2018	Variance RM'000
		RM'000	(Restated) RM'000		RM'000	(Restated) RM'000	
(i)	Automotive	2,077,402	1,590,925	486,477	7,357,326	6,895,479	461,847
(ii)	Services	1,212,730	1,217,757	(5,027)	4,578,807	4,492,488	86,319
(iii)	Property	176,567	170,222	6,345	540,916	862,598	(321,682)
	Total	3,466,699	2,978,904	487,795	12,477,049	12,250,565	226,484

↑ 1.8%

For the three months ended 31 March 2019, the Group's revenue increased to RM3.47 billion compared with RM2.98 billion in the corresponding quarter ended 31 March 2018, an improvement of 16.4%. The higher revenue was contributed by the better performance of the automotive companies particularly the sale of X70 SUV by PROTON.

In respect of the financial year ended 31 March 2019, the Group's revenue marginally increased by 1.8% to RM12.48 billion compared with RM12.25 billion in the previous year ended 31 March 2018.

(i) Automotive Sector

Higher sales volume was recorded by the automotive companies including PROTON.

(ii) Services Sector

The banking and waste management businesses of the Group achieved higher revenue for the current financial year.

(iii) Property Sector

The reduction of revenue for the financial year was mainly due to lower revenue recognised from construction related projects.

15. REVIEW OF PERFORMANCE (Continued)

15.2 Profit/(Loss) Before Tax

The Group registered a pre-tax profit of RM328.79 million for the financial quarter ended 31 March 2019 compared with pre-tax loss of RM241.02 million in the corresponding quarter ended 31 March 2018. For the financial year ended 31 March 2019, the Group achieved a pre-tax profit of RM281.86 million compared with pre-tax profit of RM283.80 million in the previous financial year ended 31 March 2018.

All the key operating companies in the Group except for Pos Malaysia Berhad achieved good financial performance for the current quarter and financial year. PROTON was the key contributor with improved operating results compared to the previous year.

16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved a pre-tax profit of RM328.79 million in the current quarter ended 31 March 2019 compared with pre-tax profit of RM96.70 million in the preceding quarter ended 31 December 2018. The better financial performance of all the business sectors of the Group (except Pos Malaysia Berhad) contributed to the profits for the current quarter.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020

The Malaysian economy charted a moderate growth of 4.5% in 1Q2019. Domestic demand supported by firm private consumption growth will remain as a key factor towards the economy expansion amidst the uncertainties poised by external market conditions. To stimulate the economy and stabilise the outlook for domestic growth, Bank Negara Malaysia reduced the Overnight Policy Rate to 3.00 percent recently.

The Group's automotive businesses, which encompasses the full spectrum of the sector's ecosystem from research & development, engineering, manufacturing, assembly as well as retail distribution, will continue its growth via launches of new models by marques within the Group. Positively, PROTON has continued its upward momentum following the launch of the first-ever Sports Utility Vehicle ("SUV") X70 which has led to a strong sales performance at the national carmaker. This reflects the return of consumer confidence towards the brand, on the back of the quality improvements and is expected to be sustained with the recent launch of Iriz and Persona and the coming launch of Saga and Exora facelifts models together with the roll-out of the locally-assembled version of X70 during the current financial year. The on-going retail outlet revamp to grow the number of PROTON 3S/4S centres nationwide will also help to ensure customers will enjoy a higher level of customer service experience with the brand.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2020 (Continued)

The Group's other businesses in aerospace, defence, banking, postal and logistics, concession and property will continue to expand and broaden their customer bases in order to remain competitive in the current challenging market conditions. At Pos Malaysia, the contraction of traditional mail continues to put pressure on earnings, while in the parcel delivery business, Pos Laju faces constant pressure from new entrants including e-hailing parcel services. However, Pos Laju remains as the market player in this segment. Pos Malaysia continues to engage regulators to seek a tariff revision for regulated services, given that the growth of postal service areas places immense pressure on the operating costs. To improve operational efficiencies and cost optimisation, investments are being undertaken towards automation of the operations, as well as using digital technology.

As it has been continuously done, DRB-HICOM Group will strive towards cost optimisation through prudent management practices across its various businesses. The Group expects to deliver satisfactory performance for the financial year ending 31 March 2020.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. TAXATION

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Year 12 Months Ended	
	31.03.2019 RM'000	31.03.2018 (Restated) RM'000	31.03.2019 RM'000	31.03.2018 (Restated) RM'000
Current taxation	41,792	15,683	141,862	66,516
Deferred taxation	67,687	(68,105)	88,803	25,067
Total	109,479	(52,422)	230,665	91,583

For the financial year ended 31 March 2019, 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 had been approved by DRB-HICOM Berhad shareholders at the Extraordinary General Meeting (“EGM”) held on 15 October 2018. On 7 March 2019, the respective parties to the Disposal Agreements had mutually agreed to extend the period for fulfillment of the Conditions Precedent (“CPs”) until 8 September 2019.
- (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. (“TPSB”), 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 had been approved by DRB-HICOM Berhad shareholders at the EGM held on 15 October 2018. On 31 January 2019, HHB and TPSB had mutually agreed to extend the Conditions Precedent period until 31 July 2019 for the fulfillment of the other CPs as set out in the SSA.
- (c) On 29 January 2019, HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (“HTS”), an indirect 51% owned subsidiary company of the Group had entered into a Shareholders Agreement (“SA”) with Jiangsu Xinquan Automotive Trim Co. Ltd. (“XQ”) to form a joint venture company incorporated in Malaysia named as XINQUAN HICOM Malaysia Sdn. Bhd. (“XQ-HICOM”) to design, develop and manufacture instrument panel, floor consoles and door trims and related components for vehicles (“Proposed Joint Venture”). Upon receipt of relevant approvals from the Chinese government for overseas investment, XQ will assign its rights and obligations under the SA to Xinquan Development Hong Kong Limited (“XQ HK”), a wholly-owned subsidiary company of XQ incorporated in Hong Kong. XQ-HICOM was incorporated on 7 May 2019, under the Companies Act 2016. The shareholdings of HTS and XQ HK in XQ-HICOM are 49% and 51% respectively.
- (d) On 26 April 2019, DRB-HICOM Berhad and its 81% owned subsidiary company, Motosikal dan Enjin Nasional Sdn. Bhd. (“MODENAS”) have entered into a conditional share sale cum subscription agreement (“SSSA”) with Kawasaki Heavy Industries, Ltd. (“Kawasaki”) for the proposed disposal of DRB-HICOM’s 11% equity interest involving 14,300,000 ordinary shares in MODENAS to Kawasaki for a cash consideration of RM40.3 million (“Proposed Disposal”). On completion date, Kawasaki will also subscribe for 52,000,000 convertible preference shares (“CPS”) to be issued by MODENAS for a total cash consideration of RM52,000. The CPS will only be convertible upon MODENAS achieving certain strategic milestones as set out in the SSSA. The Proposed Disposal is pending the fulfillment of the conditions precedent.

21. BORROWINGS AND DEFERRED LIABILITIES

Total Group borrowings are as follows:

	As at 31.03.2019 RM'000
(a) Short Term Borrowings	
Bank overdrafts	
- Secured	6,923
- Unsecured	6,036
Total	12,959
(b) Others	
<u>Secured</u>	
Bankers acceptances	550,448
Revolving credits	263,503
Short term loans	6,726
Short term loans under Islamic financing	137,506
Hire purchase and finance lease liabilities - portion repayable within 12 months	21,182
Long term loans - portion repayable within 12 months	166,843
Long term loans under Islamic financing - portion repayable within 12 months	821,320
Sub-total	1,967,528
<u>Unsecured</u>	
Bankers acceptances	493,844
Revolving credits	269,600
Short term loans under Islamic financing	25,000
Long term loans - portion repayable within 12 months	1,760
Sub-total	790,204
Total	2,757,732
(c) Long Term Borrowings	
<u>Secured</u>	
Hire purchase and finance lease liabilities - portion repayable within 12 months	77,804 (21,182)
	56,622
Long term loans - portion repayable within 12 months	618,172 (166,843)
	451,329

21. BORROWINGS AND DEFERRED LIABILITIES (Continued)

	As at 31.03.2019 RM'000
(c) Long Term Borrowings (Continued)	
<u>Secured</u> (Continued)	
Long term loans under Islamic financing - portion repayable within 12 months	3,095,403 (821,320)
	2,274,083
<u>Unsecured</u>	
Long term loans - portion repayable within 12 months	4,547 (1,760)
	2,787
Long term loans under Islamic financing	763,199
Total	3,548,020
Grand Total	6,318,711

(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
As at 31 March 2019									
Secured									
Short term loans	GBP	317	1,719				GBP	317	1,719
Short term loans under Islamic financing	GBP	704	3,749				GBP	704	3,749
	USD	32,787	133,757				USD	32,787	133,757
Term loans	USD	28,276	116,977	USD	28,367	117,356	USD	56,643	234,333
Term loans under Islamic financing	USD	7,939	32,645	USD	26,593	108,746	USD	34,532	141,391
Total			288,847			226,102			514,949

22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 31 March 2019 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
Financial instruments at fair value through profit or loss			
Currency forward foreign exchange contracts	2,019,108	16,200	11,213
Currency swap foreign exchange contracts	1,858,525	8,835	12,946
Islamic profit rate swap	2,150,000	-	26,545
Capped cross currency interest rate swap	289,733	-	2,090
	6,317,366	25,035	52,794

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 year ended 31 March 2019, the Group recognised a total net loss of RM11.87 million 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 March 2019.

23. MATERIAL LITIGATION

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

On 14 January 2019, PROTON Automobile (China) Ltd. ("PACL") has been served with a Civil Complaint by Goldstar Heavy Industrial Co., Ltd. ("Goldstar"), involving PACL and Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") as Defendants. PACL is a wholly-owned subsidiary company of PONSB and PONSB is wholly-owned subsidiary company of PROTON Holdings Berhad ("PHB") which in turn is a 50.10% owned subsidiary company of DRB-HICOM Berhad ("The Company").

Goldstar is claiming, inter alia, the sum of Renminbi (RMB) 860,613,418 (equivalent to RM522,908,713 based on Bank Negara Exchange Rate as at 17 January 2019 of RMB1 : MYR0.6076). The claims arose as a result of the Equity Joint Venture Contract ("EJVC") dated 17 April 2015, entered into between PHB, Lotus Group International Limited and Goldstar on the establishment of a joint venture company named as Goldstar Lotus Automobile Co., Ltd. ("GLAC"); and its termination on 22 January 2018, amongst others. The said termination had been announced to Bursa Malaysia Securities Berhad on 23 January 2018.

The purpose of the EJVC was to form a joint venture company to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories and to provide after-sales services (including spare parts) in connection with its products in People's Republic of China.

GLAC has not yet commenced its business operations due to GLAC not having obtained the required manufacturing licence. The deadline to obtain the manufacturing licence pursuant to the EJVC was originally 25 September 2017. This was subsequently extended to 31 December 2017. Pursuant to the EJVC, failure to obtain the said manufacturing licence within the agreed timeframe entitles either party to terminate the EJVC.

The Company has appointed its lawyers to review the aforesaid claims and will take all necessary steps to defend against the claims and ensure the rights of the Group are protected. The appearance date stated in the Civil Complaint is on 9 July 2019.

24. DIVIDEND

An announcement of the dividend payment for the financial year ended 31 March 2019 will be made upon the finalisation of the audited financial statements in July 2019.

25. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) attributable to Owners of the Company by the number of ordinary shares in issue during the financial year:

	Financial Quarter Ended 3 Months Ended		Financial Year Ended 12 Months Ended	
	31.03.2019	31.03.2018 (Restated)	31.03.2019	31.03.2018 (Restated)
Net profit/(loss) attributable to Owners of the Company (RM'000)	127,862	(59,405)	122,866	430,372
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted earnings/(loss) per share (sen)	6.61	(3.07)	6.36	22.26

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
30 May 2019