



## **DRB-HICOM BERHAD**

Registration No. 199001011860 (203430-W)  
(Incorporated in Malaysia)

Interim Financial Report for the Financial Period  
Ended 30 September 2021

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

The Board of Directors hereby announces the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/period ended 30 September 2021.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2021 RM'000	30.09.2020 (Restated) RM'000	30.09.2021 RM'000	30.09.2020 (Restated) RM'000
Revenue		2,119,955	3,563,735	8,253,942	8,305,478
Cost of sales and operating expenses		(2,215,152)	(3,384,097)	(8,468,318)	(8,348,704)
Other income		61,291	73,814	229,450	197,109
Other expenses		(37,262)	(19,097)	(168,786)	(182,632)
(Loss)/profit from operations		(71,168)	234,355	(153,712)	(28,749)
Finance costs		(128,738)	(121,430)	(362,618)	(360,936)
Share of results of joint ventures (net of tax)		18,631	14,760	65,895	(5,487)
Share of results of associated companies (net of tax)		(20,145)	14,739	5,797	(13,511)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	14	<b>(201,420)</b>	142,424	<b>(444,638)</b>	(408,683)
Taxation	19	(44,025)	(31,826)	(87,586)	(73,576)
<b>NET (LOSS)/PROFIT FOR THE FINANCIAL QUARTER/PERIOD</b>		<b>(245,445)</b>	110,598	<b>(532,224)</b>	(482,259)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
<u>Item that will not be reclassified subsequently to profit or loss:</u>					
Net (loss)/gain on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		(866)	1,145	(10,588)	(1,776)
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net (loss)/gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income		(13,697)	15,598	(23,570)	66,602
Currency translation differences of foreign operations		4,076	(1,419)	6,869	2,922

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

	Note	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
		30.09.2021 RM'000	30.09.2020 (Restated) RM'000	30.09.2021 RM'000	30.09.2020 (Restated) RM'000
<b>OTHER COMPREHENSIVE (LOSS)/INCOME (Continued)</b>					
<u>Reclassification adjustments:</u>					
Transfer of realised gain on fair value changes of investment securities: financial assets at fair value through other comprehensive income upon disposal		(1,852)	(11,463)	(1,859)	(48,896)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss		-	1,084	-	1,084
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)</b>		<b>(12,339)</b>	<b>4,945</b>	<b>(29,148)</b>	<b>19,936</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL QUARTER/PERIOD</b>		<b>(257,784)</b>	<b>115,543</b>	<b>(561,372)</b>	<b>(462,323)</b>
Net (loss)/profit for the financial quarter/period attributable to:					
Owners of the Company		(179,438)	47,498	(413,894)	(431,857)
Holders of Perpetual Sukuk		6,050	6,707	17,951	26,224
Non-controlling interest		(72,057)	56,393	(136,281)	(76,626)
		<b>(245,445)</b>	<b>110,598</b>	<b>(532,224)</b>	<b>(482,259)</b>
Total comprehensive (loss)/income for the financial quarter/period attributable to:					
Owners of the Company		(188,992)	50,724	(434,883)	(418,595)
Holders of Perpetual Sukuk		6,050	6,707	17,951	26,224
Non-controlling interest		(74,842)	58,112	(144,440)	(69,952)
		<b>(257,784)</b>	<b>115,543</b>	<b>(561,372)</b>	<b>(462,323)</b>
Basic and diluted (loss)/earnings per share (sen):	25	<b>(9.28)</b>	<b>2.46</b>	<b>(21.41)</b>	<b>(22.34)</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 December 2020 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,922,045	6,182,082
Investment properties		363,012	362,505
Inventories		2,134,664	2,122,024
Joint ventures		457,880	420,253
Associated companies		901,742	954,001
Intangible assets		1,453,482	1,410,723
Deferred tax assets		217,759	178,950
Investment securities: financial assets at fair value through profit or loss			
- Banking		205,533	303,649
- Non-banking		6,379	9,796
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		3,438,898	2,757,750
- Non-banking		44,748	44,748
Investment securities: financial assets at amortised cost			
- Banking		107,442	105,544
- Non-banking		4,000	4,000
Trade and other receivables		1,636,416	1,589,641
Other assets		2,681	2,707
Banking related assets			
- Financing of customers		14,444,685	13,084,317
- Statutory deposit with Bank Negara Malaysia		130,530	95,255
		<b>31,471,896</b>	<b>29,627,945</b>
<b>CURRENT ASSETS</b>			
Assets and disposal group held for sale		13,417	15,358
Inventories		1,969,477	1,924,846
Trade and other receivables		2,911,513	3,077,145
Investment securities: financial assets at fair value through profit or loss			
- Banking		115,691	9,688
- Non-banking		28,843	72,816
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,160,064	1,041,215
Banking related assets			
- Cash and short-term funds		1,383,555	2,963,589
- Financing of customers		4,567,502	4,407,993
Bank balances and cash deposits		2,195,402	2,406,122
Derivative assets	22(a)	18,927	49,473
		<b>14,364,391</b>	<b>15,968,245</b>
<b>TOTAL ASSETS</b>		<b>45,836,287</b>	<b>45,596,190</b>

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

	Note	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,740,302	1,740,302
Reserves		5,364,610	5,839,418
<b>Equity attributable to Owners of the Company</b>		<b>7,104,912</b>	<b>7,579,720</b>
<b>Perpetual Sukuk</b>		<b>298,086</b>	<b>292,102</b>
<b>Redeemable Convertible Cumulative Preference Shares</b>		<b>669,266</b>	<b>669,266</b>
<b>Non-controlling interest</b>		<b>1,172,750</b>	<b>1,316,030</b>
<b>TOTAL EQUITY</b>		<b>9,245,014</b>	<b>9,857,118</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		3,228	9,655
Trade and other payables		338,275	275,589
Lease liabilities		352,781	362,773
Long-term borrowings	21(c)	5,452,692	4,509,667
Redeemable Convertible Cumulative Preference Shares		672,189	642,762
Provision for liabilities and charges		3,153	3,413
Post-employment benefit obligations		5,840	6,366
Deferred tax liabilities		291,525	290,387
Banking related liabilities			
- Deposits from customers		1,208,279	475,742
- Deposits and placements of banks and other financial institutions		285,640	97,525
- Recourse obligation on financing sold to Cagamas		431,698	444,141
		<b>9,045,300</b>	<b>7,118,020</b>
<b>CURRENT LIABILITIES</b>			
Liabilities related to disposal group held for sale		3,880	6,732
Deferred income		5,855	842
Trade and other payables		3,794,116	4,432,683
Lease liabilities		82,738	83,599
Provision for liabilities and charges		330,626	273,620
Post-employment benefit obligations		573	411
Bank borrowings			
- Bank overdrafts	21(a)	4,529	4,539
- Others	21(b)	3,257,483	2,845,190
Banking related liabilities			
- Deposits from customers		19,814,974	20,758,441
- Deposits and placements of banks and other financial institutions		159,057	821
- Bills and acceptances payable		13,129	6,310
Derivative liabilities	22(a)	79,013	207,864
		<b>27,545,973</b>	<b>28,621,052</b>
<b>TOTAL LIABILITIES</b>		<b>36,591,273</b>	<b>35,739,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,836,287</b>	<b>45,596,190</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)</b>		<b>3.68</b>	<b>3.92</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 December 2020 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital		Non-distributable				Retained Earnings RM'000	Equity attributable to Owners of the Company RM'000	Perpetual Sukuk RM'000	Redeemable Convertible Cumulative Preference Shares ("RCCPS") RM'000	Non-controlling Interest RM'000	Total RM'000
	Number of shares '000	Monetary value RM'000	Merger Reserve RM'000	Currency Translation Differences RM'000	Fair Value through Other Comprehensive Income ("FVOCI") Reserve RM'000	Other Reserves RM'000						
At 1 January 2021	1,933,237	1,740,302	1,214,085	(978)	(1,992)	172,972	4,455,331	7,579,720	292,102	669,266	1,316,030	9,857,118
Net (loss)/profit for the financial period	-	-	-	-	-	-	(413,894)	(413,894)	17,951	-	(136,281)	(532,224)
Other comprehensive (loss)/income for the financial period, net of tax	-	-	-	4,223	(25,212)	-	-	(20,989)	-	-	(8,159)	(29,148)
Total comprehensive (loss)/income for the financial period	-	-	-	4,223	(25,212)	-	(413,894)	(434,883)	17,951	-	(144,440)	(561,372)
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	718	-	(718)	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	(7,143)	7,143	-	-	-	-	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(1,260)	(1,260)	-	-	1,160	(100)
<u>Transactions with Owners</u>												
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(11,967)	-	-	(11,967)
First and final dividend in respect of financial year ended 31 December 2020	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
At 30 September 2021	1,933,237	1,740,302	1,214,085	3,245	(26,486)	165,829	4,007,937	7,104,912	298,086	669,266	1,172,750	9,245,014

**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 Reserve RM'000	Currency Translation Differences RM'000	FVOCI Reserve RM'000	Other Reserves RM'000						
At 1 January 2020	1,933,237	1,740,302	1,214,085	(8,608)	(6,672)	134,619	3,922,186	6,995,912	623,887	669,266	1,553,849	9,842,914
Net (loss)/profit for the financial period	-	-	-	-	-	-	(431,857)	(431,857)	26,224	-	(76,626)	(482,259)
Other comprehensive income for the financial period, net of tax	-	-	-	2,111	11,151	-	-	13,262	-	-	6,674	19,936
Total comprehensive (loss)/income for the financial period	-	-	-	2,111	11,151	-	(431,857)	(418,595)	26,224	-	(69,952)	(462,323)
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	(6,329)	-	6,329	-	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	(297)	297	-	-	-	-	-
Effect of changes in shareholding in subsidiary companies	-	-	-	7,364	-	485	(1,710)	6,139	-	-	(6,139)	-
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(632)	(632)	-	-	(99,368)	(100,000)
Effect of deconsolidation of a subsidiary company	-	-	-	-	-	-	-	-	-	-	(3,478)	(3,478)
Sub-total carried forward	1,933,237	1,740,302	1,214,085	867	(1,850)	134,807	3,494,613	6,582,824	650,111	669,266	1,374,912	9,277,113

**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 Reserve 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	1,214,085	867	(1,850)	134,807	3,494,613	6,582,824	650,111	669,266	1,374,912	9,277,113
<u>Transactions with Owners</u>												
Redemption of Perpetual Sukuk	-	-	-	-	-	-	-	-	(325,000)	-	-	(325,000)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	(27,026)	-	-	(27,026)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(629)	(629)
First and final dividend in respect of financial year ended 31 December 2019	-	-	-	-	-	-	(38,665)	(38,665)	-	-	-	(38,665)
<b>At 30 September 2020</b>	<b>1,933,237</b>	<b>1,740,302</b>	<b>1,214,085</b>	<b>867</b>	<b>(1,850)</b>	<b>134,807</b>	<b>3,455,948</b>	<b>6,544,159</b>	<b>298,085</b>	<b>669,266</b>	<b>1,374,283</b>	<b>8,885,793</b>

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 December 2020 and the explanatory notes attached to the interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Financial Period 9 Months Ended 30.09.2021</b>	<b>Financial Period 9 Months Ended 30.09.2020 (Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the financial period	(532,224)	(482,259)
Adjustments:		
- Depreciation of property, plant and equipment	550,891	549,572
- Finance costs	362,618	360,936
- Taxation	87,586	73,576
- Share of results of joint ventures (net of tax)	(65,895)	5,487
- Share of results of associated companies (net of tax)	(5,797)	13,511
- Others	196,266	313,068
Operating profit before working capital changes	593,445	833,891
Changes in working capital:		
Net increase in banking related assets	(1,629,423)	(985,403)
Net increase banking related liabilities	142,240	1,370,687
Net decrease/(increase) in current assets	226,585	(164,792)
Net (decrease)/increase in current liabilities	(827,347)	69,920
Net cash (used)/generated in operations	(1,494,500)	1,124,303
Interest received	40,469	58,688
Tax paid, net of refund	(68,721)	(91,272)
Finance costs paid	(102,123)	(104,571)
Provision for liabilities and charges paid	(18,639)	(38,205)
Post-employment benefit obligations paid	(503)	(297)
Net cash (outflow)/inflow from operating activities	<b>(1,644,017)</b>	<b>948,646</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment securities by a banking subsidiary company (net)	(801,967)	(50,428)
Acquisition of additional shares in a subsidiary company	(100)	(100,000)
Acquisitions of investment securities	(25,000)	(4,000)
Additional investment in a joint venture	-	(11,956)
Dividends received from joint ventures	3,140	25,000
Dividends received from an associated company	38,250	480
Dividends received from other investments	-	125
Movement in fixed deposits placement with maturity profile more than 3 months	24	25,480
Net cash outflow from partial disposal of equity interest in a former subsidiary company	-	(1,929)
Proceeds from disposal of an associated company	9,922	-
Proceeds from disposal of property, plant and equipment	3,986	3,825
Proceeds from redemption of other investments	73,565	88,285
Proceed received from liquidation of an associated company	8,700	-
Purchases of property, plant and equipment/intangible assets/investment properties	(470,016)	(527,922)
Settlement of advance from a former subsidiary company	28,000	-
Net cash outflow from investing activities	<b>(1,131,496)</b>	<b>(553,040)</b>

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

	<b>Financial Period 9 Months Ended 30.09.2021 RM'000</b>	<b>Financial Period 9 Months Ended 30.09.2020 (Restated) RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution to holders of Perpetual Sukuk	(11,967)	(27,026)
Dividends paid to non-controlling interest	-	(629)
Dividends paid to shareholders	(38,665)	(38,665)
Finance costs paid	(174,594)	(171,563)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	(3,714)	(5,126)
Payment of the principal portion of lease liabilities	(64,944)	(59,193)
Proceeds from bank borrowings	4,481,150	3,459,577
Redemption of Perpetual Sukuk	-	(325,000)
Repayment of bank borrowings	(3,189,866)	(2,853,911)
Repayment of principal for recourse obligation on financing sold to Cagamas	(12,389)	(11,523)
Net cash inflow/(outflow) from financing activities	<b>985,011</b>	<b>(33,059)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,790,502)</b>	<b>362,547</b>
Effects of foreign currency translation	(2,587)	(14,047)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	4,520,520	2,772,261
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>2,727,431</b>	<b>3,120,761</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	2,195,402	2,566,620
Banking related assets - cash and short-term funds	1,383,555	1,309,005
Bank overdrafts	(4,529)	(3,807)
	3,574,428	3,871,818
Less: Bank balances and fixed deposits held as security/sinking fund	(820,328)	(792,054)
Less: Fixed deposits with maturity profile more than 3 months	(463)	(487)
Less: Bank balances in respect of Automotive Development Fund liabilities	(5,210)	(7,277)
Less: Collections held by a postal subsidiary company on behalf of third parties	(21,717)	(24,505)
Add: Cash and cash equivalents attributable to the disposal group held for sale	721	73,266
	<b>2,727,431</b>	<b>3,120,761</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 December 2020 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 December 2020 and all the financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

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

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2020.

During the financial period, the Group has adopted the Amendment to MFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* issued by MASB in April 2021, in response to on-going COVID-19 pandemic.

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

#### **Agenda Decision on MFRS 123 *Borrowing Costs* relating to over time transfer of constructed good**

In March 2019, the International Financial Reporting Standards Interpretation Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

Prior to the adoption of the Agenda Decision, the entity shall capitalise the finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset until the completion of the construction of the asset. The finance costs capitalised in the inventories were then recognised as cost of sales in profit or loss by reference to the progress towards the satisfaction of the performance obligation.

On 20 March 2019, the Malaysian Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to the financial statements of annual periods beginning on or after 1 July 2020.

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

**Agenda Decision on MFRS 123 *Borrowing Costs* relating to over time transfer of constructed good (Continued)**

With effect from 1 January 2021, the Group adopted the Agenda Decision retrospectively where when control is transferred over time, the relevant borrowing costs on the construction development project incurred which were previously recognised under cost of sales is reclassified to finance costs accordingly. There is no restatement required on the condensed consolidated statement of financial position as at 1 January 2020 and throughout all comparative interim periods presented, as if these policies had always been in effect, except for the reclassification of cost of sales to finance costs in the condensed consolidated statement of comprehensive income as shown as below:

	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As restated RM'000
<b><u>For the financial quarter ended 30 September 2020</u></b>			
Cost of sales and operating expenses	(3,390,112)	6,015	(3,384,097)
Finance costs	(115,415)	(6,015)	(121,430)
<b><u>For the financial period ended 30 September 2020</u></b>			
Cost of sales and operating expenses	(8,370,669)	21,965	(8,348,704)
Finance costs	(338,971)	(21,965)	(360,936)

**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 September 2021.

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

There was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2021.

**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

Other than as disclosed in Note 21(d) on page 21, there was no issuance or 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 September 2021.

## 7. DIVIDEND PAID

The shareholders approved a single tier first and final dividend of 2.0 sen per share at the last Annual General Meeting held on 23 June 2021 in respect of the financial year ended 31 December 2020. The dividend of RM38,664,741 was paid on 23 July 2021.

## 8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 September 2021 is as follows:

	<b>Automotive</b> <b>RM'000</b>	<b>Services</b> <b>RM'000</b>	<b>Properties</b> <b>RM'000</b>	<b>Investment</b> <b>Holding</b> <b>RM'000</b>	<b>Group</b> <b>RM'000</b>
<b>Revenue</b>					
Total revenue	5,647,504	2,595,062	137,411	22,373	8,402,350
Inter-segment revenue	(21,669)	(104,366)	-	(22,373)	(148,408)
External revenue	5,625,835	2,490,696	137,411	-	8,253,942
<b>Results</b>					
Segment (loss)/profit	(195,039)	40,290	22,436	25,447	(106,866)
Unallocated expenses					(70,225)
Interest income on short-term deposits					23,379
Finance costs					(362,618)
Share of results of joint ventures (net of tax)	65,895	-	-	-	65,895
Share of results of associated companies (net of tax)	1,891	3,906	-	-	5,797
Loss before taxation					(444,638)

**8. SEGMENTAL INFORMATION (Continued)**

	<b>Automotive</b> RM'000	<b>Services</b> RM'000	<b>Properties</b> RM'000	<b>Investment</b> <b>Holding</b> RM'000	<b>Group</b> RM'000
<b>Results (Continued)</b>					
Taxation					(87,586)
Net loss for the financial period					(532,224)
Attributable to: Owners of the Company					(413,894)
Holder of Perpetual Sukuk					17,951
Non-controlling interest					(136,281)

**9. PROPERTY, PLANT AND EQUIPMENT**

There is no revaluation of property, plant and equipment brought forward from the previous annual audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

**10. SUBSEQUENT EVENT**

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 SEPTEMBER 2021**

Save as disclosed below, there is no change in the composition of the Group during the current period under review.

- (a) On 24 March 2021, EON Properties Sdn. Bhd. changed its name to HICOM Hartanah Sdn. Bhd.
- (b) On 31 March 2021, Proton Properties Sdn. Bhd. changed its name to DHB Properties Sdn. Bhd.
- (c) On 31 March 2021, Proton Hartanah Sdn. Bhd. changed its name to DHB Hartanah Sdn. Bhd.
- (d) On 10 May 2021, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, completed the disposal of its entire equity interest of 40% in SRT-EON Security Services Sdn. Bhd. ("SRT-EON") to Rafiq Haji Rahmat for a cash consideration of RM10 million. As a result, SRT-EON ceased to be an indirect associated company of the Group.
- (e) On 4 August 2021, CEN Sdn. Bhd. ("CEN"), an inactive direct 42.50% associated company of Pos Malaysia Berhad has commenced the dissolution exercise via members' voluntary winding up. Upon completion of the dissolution, CEN will cease to be an indirect associated company of the Group.
- (f) On 24 September 2021, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect 50.10% owned subsidiary company of the Group, acquired the remaining 34% equity interest in Miyazu (Malaysia) Sdn. Bhd. ("Miyazu") from Fuji Technica & Miyazu Inc. for a cash consideration of RM100,000. Upon completion of the acquisition, PONSB increased its ownership from 66% to 100% in Miyazu. As a result, Miyazu became an indirect 50.10% 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.

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

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

	As at 30.09.2021		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
<b>Contingent liabilities</b>			
Direct credit substitutes	298,613	298,613	277,182
Trade-related contingencies	45,925	9,185	988
Transaction related contingencies	454,417	227,208	216,644
<b>Commitments</b>			
Credit extension commitment:			
- Maturity within one year	981,038	196,208	194,989
- Maturity exceeding one year	679,600	339,800	271,230
Other miscellaneous commitments & contingencies	25,504	15	11
<b>Islamic derivative financial Instruments</b>			
Foreign exchange related contracts	1,977,958	31,165	19,820
Profit rate related contracts	1,200,000	52,000	10,400
	<b>5,663,055</b>	<b>1,154,194</b>	<b>991,264</b>

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

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

	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
	30.09.2021 RM'000	30.09.2020 (Restated) RM'000	30.09.2021 RM'000	30.09.2020 (Restated) RM'000
Allowance for financing of customers (net of write-back)	4,764	4,947	48,421	39,907
Amortisation of intangible assets	60,526	46,662	156,944	133,761
Depreciation of property, plant and equipment	174,554	180,778	550,891	549,572
Finance costs	128,738	121,430	362,618	360,936
Loss on disposal of an associated company	-	-	4,549	-



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

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

	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
	30.09.2021 RM'000	30.09.2020 (Restated) RM'000	30.09.2021 RM'000	30.09.2020 (Restated) RM'000
Modification loss arising from financing moratorium from:				
- a subsidiary company	9,510	-	9,510	46,214
- share of a joint venture	1,950	-	1,950	14,370
Unrealised foreign exchange differences (net)	8,859	(31,889)	65,195	20,428
Write-down of inventories (net)	5,441	3,691	7,317	16,347
(Gain)/loss on fair value adjustment of investment securities (net)	(2,931)	178	(2,376)	40,080
(Gain)/loss on disposal of:				
- investment securities	(1,957)	(11,681)	(2,060)	(49,336)
- partial equity interest in a former subsidiary company	-	(15,938)	-	(15,938)
- property, plant and equipment	(126)	3,024	(2,634)	(1,151)
Interest income on short-term deposits	(8,168)	(5,307)	(23,379)	(24,667)
Marked to market (gain)/loss on derivatives	(15,558)	31,334	(98,305)	70,784
(Reversal of impairment loss)/impairment loss of property, plant and equipment	(994)	(1,688)	41,702	52,921
(Write-back of)/allowance for expected credit losses	(2,777)	20,411	11,793	40,161

## 15. REVIEW OF PERFORMANCE

### 15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Period 9 Months Ended		Variance	
		30.09.2021	30.09.2020		%	30.09.2021	30.09.2020		%
		RM'000	RM'000	RM'000	+/-	RM'000	RM'000	RM'000	+/-
(i)	Automotive	1,271,904	2,540,748	(1,268,844)	-49.9	5,625,835	5,408,350	217,485	+4.0
(ii)	Services	835,207	918,666	(83,459)	-9.1	2,490,696	2,620,564	(129,868)	-5.0
(iii)	Properties	12,844	104,321	(91,477)	-87.7	137,411	276,564	(139,153)	-50.3
	<b>Total</b>	<b>2,119,955</b>	<b>3,563,735</b>	<b>(1,443,780)</b>	<b>-40.5</b>	<b>8,253,942</b>	<b>8,305,478</b>	<b>(51,536)</b>	<b>-0.6</b>

For the current quarter ended 30 September 2021, the Group's revenue declined by 40.5% to RM2.12 billion compared with RM3.56 billion in the corresponding quarter ended 30 September 2020. The revenue for July and August was significantly affected by the lockdown and restriction of business activities under the Phases 1 and 2 of the National Recovery Plan. The business operations were resumed after the re-opening of economic activities as announced by Government in mid-August 2021.

In respect of the nine months ended 30 September 2021, the Group's revenue slightly reduced by 0.6% to RM8.25 billion compared with RM8.31 billion in the corresponding period ended 30 September 2020.

#### (i) Automotive Sector

The Automotive sector recorded higher revenue mainly from PROTON, automotive distribution companies, and also from manufacturing & engineering companies.

#### (ii) Services Sector

The Services sector recorded lower revenue, attributable mainly from Pos Malaysia group.

#### (iii) Properties Sector

The reduction is mainly due to lower revenue recognised from property development projects.

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

### **15.2 (Loss)/Profit Before Tax**

For the current quarter, the Group registered pre-tax loss of RM201.42 million compared with the pre-tax profit of RM142.42 million in the corresponding financial quarter ended 30 September 2020. The pre-tax loss in the current quarter was mainly attributable to the following:

- (i) weaker financial performance from all business sectors which were badly affected by lockdown and restriction of business activities in July and August 2021;
- (ii) recognition of modification loss of RM11.46 million arising from the financing moratorium offered to individuals, small medium enterprises and microenterprises for deferment of payment for 6 months in the current quarter; and
- (iii) gain of RM15.94 million on disposal of partial equity interest in a former subsidiary company which was recognised in the corresponding quarter.

Compared with the pre-tax loss of RM408.68 million in the corresponding period ended 30 September 2020, the Group posted a pre-tax loss of RM444.64 million for the current period ended 30 September 2021.

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

Compared with a pre-tax loss of RM279.53 million in the preceding quarter ended 30 June 2021, the Group recorded a lower pre-tax loss of RM201.42 million in the current quarter ended 30 September 2021. The postal subsidiary company has narrowed down its loss in the current quarter and thus reduced the Group's loss.

## **17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

The Malaysian economy is expected to gradually improve in the fourth quarter of 2021, supported by the relaxation of COVID-19 containment measures and the resumption of economic activities. The Overnight Policy Rate ("OPR") remains unchanged at a record low of 1.75%, reflecting the Government's continued deployment of fiscal and financial measures to cushion the economic impact on businesses given the uncertainties surrounding the pandemic.

**17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 (Continued)**

The automotive sector remains the key contributor to DRB-HICOM's businesses. The Government's decision to extend the sales tax exemption for passenger vehicles until 30 June 2022 will induce strong demand for cars. With operations running at full capacity governed by strict SOPs, PROTON and other marques within the Group are committed to ramping up production and accelerating delivery, alongside various promotion programmes to spur sales growth.

With the resumption of economic activity, national carmaker PROTON delivered 10,380 units in September compared to 2,741 units in August and 1,904 units in July during the lockdown. Both Proton X50 and X70 continued to garner strong demand and become leaders in their respective segments with overall 27,312 units sold year-to-date, which accounts for 37.4% of PROTON's overall YTD sales. The Saga too has continued its leadership of the A-segment sedan market and remains the best-selling PROTON model.

In addition, the lifting of the interstate travel ban and gradual re-opening of borders is expected to boost the Group's other businesses in the logistics, defence, aerospace, banking and services segments. However, as economic uncertainties may still persist, the Group will continue to remain vigilant and cautious in managing its businesses.

Notwithstanding the above, the Group does not expect the economic recovery in Quarter 4 2021 to reverse the cumulative negative impact brought about by the COVID-19 pandemic for the financial period ended 30 September 2021.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**19. TAXATION**

Taxation comprises the following:

	Financial Quarter 3 Months Ended		Financial Period 9 Months Ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Current taxation	41,723	12,376	114,279	38,752
Deferred taxation	2,302	19,450	(26,693)	34,824
<b>Total</b>	<b>44,025</b>	<b>31,826</b>	<b>87,586</b>	<b>73,576</b>

For the financial period ended 30 September 2021, the taxation charge arose mainly from certain profit-making subsidiary companies and certain expenses which were not deductible for income tax purposes.

**20. STATUS OF CORPORATE PROPOSALS**

On 13 February 2020, Pos Aviation Sdn. Bhd. entered into a Share Purchase Agreement (“SPA”) and a Shareholders Agreement with SIA Engineering Company Limited for the proposed divestment of its 49% equity interest in Pos Aviation Engineering Services Sdn. Bhd., for an indicative cash consideration of RM10.09 million. The final consideration will be determined based on the latest available management financial statements prior to the completion date. The completion of the divestment is subject to the fulfilment of the Conditions Precedent in the SPA, which was recently agreed to be extended for 6 months from 13 November 2021.

**21. BORROWINGS**

Total Group borrowings are as follows:

	<b>As at 30.09.2021 RM'000</b>
<b>Short-Term Borrowings</b>	
<b>(a) Bank overdrafts</b>	
- Unsecured	4,529
<b>Total</b>	<b>4,529</b>
<b>(b) Others</b>	
<u>Secured</u>	
Bankers acceptances	832,108
Revolving credits	509,717
Short-term loans under Islamic financing	44,984
Hire purchase - portion repayable within 12 months	29,572
Long-term loans - portion repayable within 12 months	392,099
Long-term loans under Islamic financing - portion repayable within 12 months	234,330
Sub-total	2,042,810
<u>Unsecured</u>	
Bankers acceptances	499,293
Revolving credits	183,400
Short-term loans	14,990
Long-term loans - portion repayable within 12 months	733
Long-term loans under Islamic financing - portion repayable within 12 months	516,257
Sub-total	1,214,673
<b>Total</b>	<b>3,257,483</b>

**21. BORROWINGS (Continued)**

Total Group borrowings are as follows: (Continued)

	<b>As at 30.09.2021 RM'000</b>
<b>(c) Long-Term Borrowings</b>	
<u>Secured</u>	
Hire purchase	81,740
- portion repayable within 12 months	(29,572)
	52,168
Long-term loans	896,682
- portion repayable within 12 months	(392,099)
	504,583
Long-term loans under Islamic financing	4,631,365
- portion repayable within 12 months	(234,330)
	4,397,035
<u>Unsecured</u>	
Long-term loans	880
- portion repayable within 12 months	(733)
	147
Long-term loans under Islamic financing	1,015,016
- portion repayable within 12 months	(516,257)
	498,759
<b>Total</b>	<b>5,452,692</b>
<b>Grand Total</b>	<b>8,714,704</b>

- (d) The Company had issued RM390 million from its Sukuk Wakalah programme during the financial quarter. The Sukuk Wakalah is classified as secured long-term loans under Islamic financing.

**21. BORROWINGS (Continued)**

(e) Apart from the following Ringgit Malaysia (“RM”) equivalent of foreign currency borrowings, the rest of the borrowings 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 September 2021</b>									
<b>Secured</b>									
Short-term loans under	GBP	1,252	7,045	-	-	-	GBP	1,252	7,045
Islamic financing	USD	9,064	37,939	-	-	-	USD	9,064	37,939
Short-term loans	USD	1,459	6,106	-	-	-	USD	1,459	6,106
Revolving credits	USD	38,000	159,049	-	-	-	USD	38,000	159,049
Term loans under Islamic financing	USD	3,787	15,849	USD	12,908	54,024	USD	16,695	69,873
Term loans	USD	89,250	373,556	USD	52,025	217,751	USD	141,275	591,307
<b>Total</b>			<b>599,544</b>			<b>271,775</b>			<b>871,319</b>

## 22. OUTSTANDING DERIVATIVES

- (a) Derivatives outstanding as at 30 September 2021 consist mainly of currency forward foreign exchange contracts, currency swaps foreign exchange contracts, Islamic profit rate swap and share put option which are measured at their fair values together with their corresponding contract/notional amounts as below:

	<b>Contract/ Notional Value RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Currency forward foreign exchange contracts	1,183,527	8,029	3,013
Currency swaps foreign exchange contracts	1,788,334	9,272	5,286
Islamic profit rate swap	1,200,000	-	70,714
Share put option	1,626	1,626	-
	<b>4,173,487</b>	<b>18,927</b>	<b>79,013</b>

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2020:

- (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 September 2021, the Group recognised a total net gain of RM98.31 million arising from the fair value changes on the currency forward foreign exchange contracts, currency swaps foreign exchange contracts, Islamic profit rate swap and share put option which are marked to market as at 30 September 2021.



## **23. MATERIAL LITIGATION**

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

- (a) On 14 January 2019, Proton Automobiles (China) Ltd. (“PACL”) was served with a Civil Complaint, filed at the Guangdong High People’s Court (“GHC”), 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 (“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: RM0.6076). 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 (“LGIL”) 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 Goldstar’s breach of its sole material obligation under the EJVC to obtain 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.

On the advice of appointed lawyers, as one of the steps to defend the claims and to ensure that the rights of the Company are protected, PONSB filed a Jurisdiction Opposition Notice (“JON”) on 4 April 2019 to oppose GHC’s jurisdiction to hear the Civil Complaint. The main reason for filing the JON is that the Joint Venture Contract entered into between Goldstar and PACL dated 17 June 2002 (“2002 JVC”) had been subsequently terminated by a termination agreement entered into by Goldstar, PACL and PONSB on 3 September 2013 (as supplemented and amended by a supplemental termination agreement dated 23 April 2014 and a second supplemental termination agreement dated 17 April 2015) (collectively the “TA”). The TA constitutes the full and final settlement of all previous disputes between the parties, and in this regard, the dispute resolution clause in the TA provides that all disputes relating to the TA should be submitted to arbitration in Hong Kong.

On 27 August 2019, GHC issued a ruling which held that it had jurisdiction over Goldstar’s claims (“Ruling”) and PONSB’s jurisdictional challenge was dismissed. On 26 September 2019, PONSB filed an appeal against the Ruling to the Supreme People’s Court in Beijing (“SPC”). The Hearing of the appeal was heard online on 7

## **23. MATERIAL LITIGATION (Continued)**

(a) (Continued)

July 2020 and both parties submitted their written submissions on 17 July 2020. On 5 November 2020, the Company had been notified by its appointed lawyers that the SPC had allowed PONSB's appeal, upheld PONSB's jurisdictional challenge and dismissed the earlier Ruling made by the GHC in favour of Goldstar. The SPC is of the view that the GHC has no jurisdiction to hear the case filed at the GHC. The proceedings at the GHC with respect to Goldstar's claims against PACL and PONSB for, 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: RM0.6076) will cease. As the matter has been decided by the SPC, the GHC legal suit is therefore dismissed with immediate effect.

The Company has taken the following steps to defend the claims as countermeasures:

(i) Arbitration Proceedings under the Termination Agreement ("TA") at the Hong Kong International Arbitration Centre ("HKIAC")

In order to exercise its rights under the TA and as a corollary of challenging the GHC proceedings and pursuant to the dispute resolution clause in the TA which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the TA constitutes a full and final settlement of all issues and disputes under the 2002 JVC and its related agreements;
- (b) all existing, future and accrued rights and obligations of the parties pertaining to the 2002 JVC and its related agreements have ceased; and
- (c) the TA was affirmed by Goldstar with the execution of the EJVC.

The hearings fixed on 22 February 2021 until 25 February 2021 in relation to the above Arbitration Proceedings before a single arbitrator had proceeded as scheduled and have been duly completed. On 11 August 2021, the Tribunal of the Arbitration Proceedings made its decision and granted an Award in favour of PONSB and PACL. The said Tribunal had granted the Award, consisting of inter alia, the following declarations:

- (a) That the TA is valid and is a full and final settlement of all issues and disputes under the 2002 JVC according to the terms of the TA;
- (b) That the 2002 JVC had been terminated upon execution of the TA, whereupon all existing, future and accrued rights and obligations of the parties pertaining thereto have ceased and have no further effect;
- (c) That the TA was affirmed by Goldstar with its entry into the EJVC.

**23. MATERIAL LITIGATION (Continued)**

(a) (Continued)

(ii) Arbitration Proceedings under the EJVC at the HKIAC

Pursuant to the dispute resolution clause in the EJVC which emphasised that disputes between parties should be settled by way of arbitration, the main reliefs sought are, declarations that:

- (a) the EJVC has been validly and effectively terminated; and
- (b) Goldstar has failed to perform its obligations under the EJVC, thus making it impossible for the EJVC to continue operation.

The hearings fixed on 3 March 2021 until 12 March 2021 in relation to the above Arbitration Proceedings before three arbitrators have proceeded as scheduled and have been duly completed. No date has been fixed for decision as of to date.

(b) As announced to Bursa Malaysia Securities Berhad on 13 March 2020, China State Construction Engineering (M) Sdn. Bhd. (“CSCE”), a sub-contractor of Media City Development Sdn. Bhd. (“MCDSB”) [a wholly-owned subsidiary company of Media City Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary company of Media City Ventures Sdn. Bhd. which in turn is a wholly-owned subsidiary company of the Group] for the project, “Cadangan Membina, Melengkap Dan Menyiapkan Kerja-Kerja Bangunan Dan Infrastruktur Bagi Bandar Media Angkasapuri Di Atas Sebahagian Lot PT23, 8354, 47446 Dan 47447 Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur - Main Building Package”, has initiated arbitration proceedings at the Asian International Arbitration Centre against MCDSB, in relation to disputes and/or differences arising from and/or related to the Letter of Award dated 6 December 2016 and the PAM Contract 2006 (with Quantities) dated 6 July 2017 (collectively referred to as “Contracts”), and the determination of the Contracts by MCDSB on 29 July 2019 (“Arbitration Proceedings”). CSCE has filed a Statement of Claim in the Arbitration Proceedings on 9 March 2020 wherein the total estimation of the claim is around the sum of RM129,700,000 (excluding interests and the costs of arbitration).

Meantime, on 13 January 2020, CSCE served its Adjudication Claim on MCDSB pursuant to the Construction Industry Payment and Adjudication Act 2012 for the non-payment of certified sums due amounting to RM22,191,443. On 22 April 2020, Adjudicator has given his award and ordered that MCDSB pays the sum of RM22,191,443, excluding interests and costs.

MCDSB’s legal advisors have advised that the Adjudication Award is not binding on the Arbitration Proceedings and that all issues will be finally determined in the Arbitration Proceedings. In relation thereto and pursuant to the advice of MCDSB’s legal advisors, MCDSB filed applications to Stay and to Set Aside the Adjudication Award at the High Court.

**23. MATERIAL LITIGATION (Continued)**

(b) (Continued)

With regards to the Stay application of the Adjudication Award, CSCE's solicitors had on 9 July 2020 served a Notice of Application to strike out the amended originating summons of the Stay application filed by MCDSB. On 5 October 2020, the High Court heard both parties' submissions in relation to the Notice of Application. On 11 December 2020, the High Court made the decision to allow CSCE's application to strike out MCDSB's amended originating summons of the Stay application.

In relation to the Setting Aside application of the Adjudication Award filed by MCDSB, the High Court had on 30 July 2020 dismissed the said application.

In respect of the Arbitration Proceedings, the Arbitrator has vacated the hearing dates for the Arbitration Proceedings fixed between 16 August 2021 to 20 August 2021, 23 August 2021 to 27 August 2021 and 6 September 2021 to 10 September 2021. In relation thereto, the Arbitrator has fixed new hearing dates for the Arbitration Proceedings between 18 April 2022 to 22 April 2022, 25 April 2022 to 29 April 2022 and 30 May 2022 to 3 June 2022.

(c) On 28 September 2020, Gading Sari Aviation Services Limited, a Labuan based company ("Gading Sari") and World Cargo Airline Sdn. Bhd. (formerly known as Pos Asia Cargo Express Sdn. Bhd.) ("World Cargo Airline") (collectively referred to as "the Defendants") were served with a Writ of Summons and Statement of Claim, filed at the Kuala Lumpur High Court by the Bank of Utah ("the Plaintiff"). The Bank of Utah is a corporation organised under the laws of State of Utah, United States of America.

Gading Sari is a wholly-owned subsidiary company of World Cargo Airline, and World Cargo Airline is an associate company of Pos Aviation Sdn. Bhd., which in turn is an indirect associate company of the Group.

The Plaintiff is claiming for, inter alia, the sum of USD8,782,964.00 (equivalent to RM36,422,951.70) being the losses, damages, expenses, costs and/or liabilities sustained by the Plaintiff, as of 23 July 2020, from the Defendants as a result of alleged breaches and/or defaults under relevant contracts, which include amongst others, a Lease Agreement dated 13 February 2013, executed between the Plaintiff and Gading Sari, for the lease of an aircraft by the Plaintiff to Gading Sari ("Lease Agreement") and a Sublease Agreement dated 15 March 2013, executed between Gading Sari and World Cargo Airline, for the sublease of the same aircraft by Gading Sari to World Cargo Airline ("Sublease Agreement"). Contractually, the Plaintiff is the Lessor, while Gading Sari and World Cargo Airline are the Lessee and Sub-Lessee respectively.

The Defendants and its legal advisors have reviewed the aforesaid claims; and will take all the necessary steps to defend against the claims and ensure the rights of the Defendants are protected. The Defendants have filed their Statement of Defence and Counterclaim on 25 November 2020.

The Kuala Lumpur High Court has set the matter for hearing of the Plaintiff's application for Summary Judgment on 8 December 2021 and also fixed the trial dates from 25 to 28 October 2022 and from 1 to 4 November 2022.

**24. DIVIDEND**

No interim dividend has been declared in the financial period ended 30 September 2021.

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

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

	<b>Financial Quarter 3 Months Ended</b>		<b>Financial Period 9 Months Ended</b>	
	<b>30.09.2021</b>	<b>30.09.2020</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
Net (loss)/profit attributable to Owners of the Company (RM'000)	(179,438)	47,498	(413,894)	(431,857)
Number of ordinary shares in issue ('000)	1,933,237	1,933,237	1,933,237	1,933,237
Basic and diluted (loss)/earnings per share (sen)	<b>(9.28)</b>	<b>2.46</b>	<b>(21.41)</b>	<b>(22.34)</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  
 18 November 2021