



## **DRB-HICOM BERHAD**

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

Interim Financial Report for the Financial Period  
Ended 30 June 2022

**INTERIM FINANCIAL REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

The Board of Directors is pleased to announce the unaudited consolidated financial results of DRB-HICOM Group (“the Group”) for the financial quarter/period ended 30 June 2022.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Revenue		<b>3,554,047</b>	2,622,488	<b>6,623,605</b>	6,133,987
Cost of sales and operating expenses		<b>(3,447,108)</b>	(2,823,453)	<b>(6,505,064)</b>	(6,253,166)
Other income		<b>212,917</b>	67,528	<b>285,946</b>	168,159
Other expenses		<b>(72,666)</b>	(68,640)	<b>(105,116)</b>	(131,524)
Profit/(loss) from operations		<b>247,190</b>	(202,077)	<b>299,371</b>	(82,544)
Finance costs		<b>(120,078)</b>	(117,695)	<b>(238,155)</b>	(233,880)
Share of results of joint ventures (net of tax)		<b>71,293</b>	25,582	<b>107,484</b>	47,264
Share of results of associated companies (net of tax)		<b>30,750</b>	14,661	<b>64,457</b>	25,942
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	14	<b>229,155</b>	(279,529)	<b>233,157</b>	(243,218)
Taxation	19	<b>(36,558)</b>	(21,245)	<b>(84,358)</b>	(43,561)
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD</b>		<b>192,597</b>	(300,774)	<b>148,799</b>	(286,779)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>					
<u>Items that will not be reclassified subsequently to profit or loss:</u>					
Fair value loss on investment properties		-	-	<b>(808)</b>	-
Net loss on fair value changes of equity instruments: financial assets at fair value through other comprehensive income		<b>(7,564)</b>	(7,813)	<b>(9,924)</b>	(9,722)
<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		<b>(31,476)</b>	9,137	<b>(34,136)</b>	(9,873)
Currency translation differences of foreign operations		<b>5,017</b>	(937)	<b>5,314</b>	2,793

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

	Note	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
		30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 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		-	(7)	(339)	(7)
Transfer of currency translation differences of a foreign subsidiary company to profit or loss upon disposal		-	-	9	-
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL QUARTER/PERIOD (NET OF TAX)</b>		<b>(34,023)</b>	<b>380</b>	<b>(39,884)</b>	<b>(16,809)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL QUARTER/PERIOD</b>		<b>158,574</b>	<b>(300,394)</b>	<b>108,915</b>	<b>(303,588)</b>
Net profit/(loss) for the financial quarter/period attributable to:					
Owners of the Company		169,561	(217,496)	143,821	(234,456)
Holder of Perpetual Sukuk		-	5,983	-	11,901
Non-controlling interest		23,036	(89,261)	4,978	(64,224)
		<b>192,597</b>	<b>(300,774)</b>	<b>148,799</b>	<b>(286,779)</b>
Total comprehensive income/(loss) for the financial quarter/period attributable to:					
Owners of the Company		145,232	(217,001)	115,121	(245,891)
Holder of Perpetual Sukuk		-	5,983	-	11,901
Non-controlling interest		13,342	(89,376)	(6,206)	(69,598)
		<b>158,574</b>	<b>(300,394)</b>	<b>108,915</b>	<b>(303,588)</b>
Basic and diluted earnings/(loss) per share (sen):	25	<b>8.77</b>	<b>(11.25)</b>	<b>7.44</b>	<b>(12.13)</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 2021 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,532,279	5,678,014
Investment properties		374,047	375,261
Inventories		2,131,304	2,130,876
Joint ventures		512,584	490,884
Associated companies		973,532	933,563
Intangible assets		1,480,970	1,504,490
Deferred tax assets		253,576	251,638
Investment securities: financial assets at fair value through profit or loss			
- Banking		11,184	147,840
- Non-banking		6,379	6,379
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		3,543,429	3,694,457
- Non-banking		67,086	65,916
Investment securities: financial assets at amortised cost			
- Banking		112,982	107,109
Trade and other receivables		1,674,585	1,690,104
Other assets		2,570	2,578
Banking related assets			
- Financing of customers		16,582,508	15,138,319
- Statutory deposit with Bank Negara Malaysia		158,858	130,148
		<b>33,417,873</b>	<b>32,347,576</b>
<b>CURRENT ASSETS</b>			
Assets and disposal group held for sale		13,895	14,241
Inventories		2,108,831	1,586,244
Trade and other receivables		3,109,455	2,819,690
Investment securities: financial assets at fair value through profit or loss			
- Banking		320,696	174,817
- Non-banking		34,084	38,889
Investment securities: financial assets at fair value through other comprehensive income			
- Banking		1,006,256	1,172,313
Investment securities: financial assets at amortised cost			
- Non-banking		4,000	4,000
Banking related assets			
- Cash and short-term funds		631,327	1,173,475
- Financing of customers		4,983,733	4,972,233
Bank balances and cash deposits		3,107,026	2,804,473
Derivative assets	22(a)	72,568	10,700
		<b>15,391,871</b>	<b>14,771,075</b>
<b>TOTAL ASSETS</b>		<b>48,809,744</b>	<b>47,118,651</b>

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

	Note	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,740,302	1,740,302
Reserves		5,538,870	5,462,414
<b>Equity attributable to Owners of the Company</b>		<b>7,279,172</b>	<b>7,202,716</b>
<b>Redeemable Convertible Cumulative Preference Shares</b>		<b>669,266</b>	<b>669,266</b>
<b>Non-controlling interest</b>		<b>1,219,638</b>	<b>1,225,844</b>
<b>TOTAL EQUITY</b>		<b>9,168,076</b>	<b>9,097,826</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		5,879	6,044
Trade and other payables		340,114	339,308
Lease liabilities		193,463	209,643
Long-term borrowings	21(c)	5,979,462	5,503,870
Redeemable Convertible Cumulative Preference Shares		702,963	682,406
Post-employment benefit obligations		3,418	3,803
Deferred tax liabilities		267,527	264,927
Banking related liabilities			
- Deposits from customers		985,958	1,222,466
- Deposits and placements of banks and other financial institutions		295,517	291,569
- Recourse obligation on financing sold to Cagamas		595,852	427,466
		<b>9,370,153</b>	<b>8,951,502</b>
<b>CURRENT LIABILITIES</b>			
Liabilities related to disposal group held for sale		4,110	3,707
Deferred income		12,311	1,673
Trade and other payables		4,362,861	4,280,881
Lease liabilities		84,385	104,995
Provision for liabilities and charges		320,558	321,518
Post-employment benefit obligations		807	437
Bank borrowings			
- Bank overdrafts	21(a)	2,690	4,203
- Others	21(b)	2,868,135	2,530,992
Banking related liabilities			
- Deposits from customers		22,488,380	21,748,564
- Deposits and placements of banks and other financial institutions		75,750	297
- Bills and acceptances payable		19,317	7,755
Derivative liabilities	22(a)	32,211	64,301
		<b>30,271,515</b>	<b>29,069,323</b>
<b>TOTAL LIABILITIES</b>		<b>39,641,668</b>	<b>38,020,825</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,809,744</b>	<b>47,118,651</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY * (RM)</b>		<b>3.77</b>	<b>3.73</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 2021 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	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					
<b>At 1 January 2022</b>	<b>1,933,237</b>	<b>1,740,302</b>	<b>1,214,085</b>	<b>3,079</b>	<b>(43,138)</b>	<b>157,473</b>	<b>4,130,915</b>	<b>7,202,716</b>	<b>669,266</b>	<b>1,225,844</b>	<b>9,097,826</b>
Net profit for the financial period	-	-	-	-	-	-	143,821	143,821	-	4,978	148,799
Other comprehensive (loss)/income for the financial period, net of tax	-	-	-	3,188	(31,080)	(808)	-	(28,700)	-	(11,184)	(39,884)
Total comprehensive income/(loss) for the financial period	-	-	-	3,188	(31,080)	(808)	143,821	115,121	-	(6,206)	108,915
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	330	-	(330)	-	-	-	-
Transfer of a subsidiary company's reserves	-	-	-	-	-	22,509	(22,509)	-	-	-	-
<u>Transactions with Owners</u>											
First and final dividend in respect of financial year ended 31 December 2021	-	-	-	-	-	-	(38,665)	(38,665)	-	-	(38,665)
<b>At 30 June 2022</b>	<b>1,933,237</b>	<b>1,740,302</b>	<b>1,214,085</b>	<b>6,267</b>	<b>(73,888)</b>	<b>179,174</b>	<b>4,213,232</b>	<b>7,279,172</b>	<b>669,266</b>	<b>1,219,638</b>	<b>9,168,076</b>

**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						
<b>At 1 January 2021</b>	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 profit/(loss) for the financial period	-	-	-	-	-	-	(234,456)	(234,456)	11,901	-	(64,224)	(286,779)
Other comprehensive (loss)/income for the financial period, net of tax	-	-	-	2,286	(13,721)	-	-	(11,435)	-	-	(5,374)	(16,809)
Total comprehensive (loss)/income for the financial period	-	-	-	2,286	(13,721)	-	(234,456)	(245,891)	11,901	-	(69,598)	(303,588)
Transfer of fair value changes recognised for equity instrument (elected as FVOCI) upon derecognition	-	-	-	-	718	-	(718)	-	-	-	-	-
<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)
<b>At 30 June 2021</b>	1,933,237	1,740,302	1,214,085	1,308	(14,995)	172,972	4,181,492	7,295,164	292,036	669,266	1,246,432	9,502,898

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 2021 and the explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Financial Period 6 Months Ended 30.06.2022 RM'000</b>	<b>Financial Period 6 Months Ended 30.06.2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) for the financial period	148,799	(286,779)
Adjustments:		
- Amortisation of intangible assets	109,953	96,418
- Depreciation of property, plant and equipment	340,135	376,337
- Finance costs	238,155	233,880
- Income from disposal of a former subsidiary company	(119,512)	-
- Taxation	84,358	43,561
- Share of results of joint ventures (net of tax)	(107,484)	(47,264)
- Share of results of associated companies (net of tax)	(64,457)	(25,942)
- Others	7,742	28,903
Operating profit before working capital changes	637,689	419,114
Changes in working capital:		
Net increase in banking related assets	(1,521,410)	(1,323,423)
Net increase/(decrease) banking related liabilities	594,271	(210,993)
Net increase in assets	(631,827)	(36,119)
Net increase/(decrease) in liabilities	66,485	(538,321)
Net cash used in operations	(854,792)	(1,689,742)
Interest received	15,664	27,088
Tax paid, net of refund	(57,895)	(59,519)
Finance costs paid	(68,225)	(72,422)
Provision for liabilities and charges paid	(22,086)	(16,952)
Post-employment benefit obligations paid	(125)	(419)
Net cash outflow from operating activities	<b>(987,459)</b>	<b>(1,811,966)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption/(acquisition) of investment securities by a banking subsidiary company (net)	223,803	(937,644)
Acquisitions of investment securities	(18,005)	(4,000)
Dividends received from an associated company	24,460	-
Dividends received from other investments	150	-
Movement in fixed deposits placement with maturity profile more than 3 months	(4,172)	24
Proceeds from disposal of a former subsidiary company	119,512	-
Proceeds from disposal of an associated company	-	9,922
Proceeds from disposal of property, plant and equipment	671	2,643
Proceeds from redemption of other investments	22,978	45,510
Purchases of property, plant and equipment/intangible assets	(355,419)	(290,740)
Proceed received from liquidation of an associated company	-	8,700
Settlement of advance from a former subsidiary company	-	28,000
Net cash inflow/(outflow) from investing activities	<b>13,978</b>	<b>(1,137,585)</b>



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

	<b>Financial Period 6 Months Ended 30.06.2022 RM'000</b>	<b>Financial Period 6 Months Ended 30.06.2021 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution to holders of Perpetual Sukuk	-	(11,967)
Finance costs paid	(136,422)	(130,032)
Movement in bank balances and fixed deposits held as security/maintained as sinking fund	96,289	(11,428)
Payment of the principal portion of lease liabilities	(51,838)	(42,812)
Proceeds from bank borrowings	3,455,451	3,391,811
Proceed from recourse obligation on financing sold to Cagamas	600,000	-
Repayment of bank borrowings	(2,691,502)	(2,191,312)
Repayment of principal for recourse obligation on financing sold to Cagamas	(431,538)	(8,161)
Net cash inflow from financing activities	<b>840,440</b>	<b>996,099</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(133,041)</b>	<b>(1,953,452)</b>
Effects of foreign currency translation	(3,856)	(1,728)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL YEAR	3,320,938	4,520,520
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD</b>	<b>3,184,041</b>	<b>2,565,340</b>
Cash and cash equivalents as at end of the financial period comprise the followings:		
Bank balances and cash deposits	3,107,026	2,574,899
Banking related assets - cash and short-term funds	631,327	842,793
Bank overdrafts	(2,690)	(4,122)
	3,735,663	3,413,570
Less: Bank balances and fixed deposits held as security/sinking fund	(533,339)	(828,042)
Less: Fixed deposits with maturity profile of more than 3 months	(4,639)	(463)
Less: Bank balances in respect of Automotive Development Fund liabilities	(3,344)	(5,188)
Less: Collections held by a postal subsidiary company on behalf of third parties	(11,126)	(16,656)
Add: Cash and cash equivalents attributable to the disposal group held for sale	826	2,119
	<b>3,184,041</b>	<b>2,565,340</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 2021 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 2021 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 2021 except for the adoption of the following new/amended standards which are applicable to the Group with effect from 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

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

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

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 June 2022.

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

Save as below, there was no material item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2022.

During the current quarter, the Group received the remaining 20% proceeds amounting to RM119.51 million in relation to the disposal of a former subsidiary company, Lotus Advance Technologies Sdn. Bhd. which had been completed in 2017. The proceeds were previously withheld as contingent consideration in an escrow account subject to the termination of the Equity Joint Venture Contract (“EJVC”) entered into between PROTON Holdings Berhad, Lotus Group International Limited and Goldstar Heavy Industrial Co., Ltd.

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

The Group has received an arbitration award granting that the EJVC has been validly terminated as disclosed in Note 23 on page 22 and therefore, the proceeds were subsequently released by the escrow agent to DRB-HICOM and recognised as other income in the consolidated statement of comprehensive income for the current quarter ended 30 June 2022.

**5. CHANGES IN ESTIMATES**

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

**6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

Other than as disclosed in Note 21(d) on page 20, 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 30 June 2022.

**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 22 June 2022 in respect of the financial year ended 31 December 2021. The dividend of RM38,664,741 was paid on 18 July 2022.

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## 8. SEGMENTAL INFORMATION

The information on each of the Group's business segments for the financial period ended 30 June 2022 is as follows:

	<b>Automotive</b>	<b>Aerospace and Defence</b>	<b>Postal</b>	<b>Banking</b>	<b>Services</b>	<b>Properties</b>	<b>Group</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
Total revenue	4,611,755	309,383	658,028	598,548	462,996	115,761	6,756,471
Inter-segment revenue	(14,281)	(18)	(2,274)	(10,859)	(105,434)	-	(132,866)
External revenue	4,597,474	309,365	655,754	587,689	357,562	115,761	6,623,605
<b>Results</b>							
Segment profit/(loss)	39,461	(1,830)	(37,981)	157,869	164,592	5,308	327,419
Unallocated expenses							(43,464)
Interest income on short-term deposits							15,416
Finance costs							(238,155)
Share of results of joint ventures (net of tax)	107,484	-	-	-	-	-	107,484
Share of results of associated companies (net of tax)	64,878	-	-	-	(421)	-	64,457
Profit before taxation							233,157
Taxation							(84,358)
Net profit for the financial period							148,799
Attributable to:							
Owners of the Company							143,821
Non-controlling interest							4,978

**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 JUNE 2022**

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

- (a) On 16 February 2022, Proton Cars (UK) Limited (“PCUK”), an indirect wholly-owned subsidiary company of the Group, completed the divestment of its entire equity interest in Proton Finance Limited (“PFL”) comprising 9,999 ordinary shares representing approximately 49.995% equity interest in PFL, to Black Horse Group Limited, the 50% shareholder of PFL and a member of Lloyds Banking Group, at a cash consideration of £1.00 or approximately RM5.67 (based on the exchange rate as at 16 February 2022).
- (b) On 16 March 2022, the Group announced the proposed winding-up of its direct and indirect dormant subsidiary companies via members’ voluntary winding up and the companies involved in the exercise are as follows:
  - 1. Uni.Asia Capital Sdn. Bhd.
  - 2. HICOM Polymers Industry Sdn. Bhd.
  - 3. DRB-HICOM SPV (Labuan) Limited

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

- (c) On 16 March 2022, HICOM-HONDA Manufacturing Malaysia Sdn. Bhd. (“HHMM”), an indirect 48% owned dormant joint venture of the Group, has commenced the dissolution exercise via members’ voluntary winding up. Upon the dissolution, HHMM will cease to be an indirect joint venture of the Group.

**11. CHANGES IN THE COMPOSITION OF THE GROUP DURING THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (Continued)**

(d) On 10 June 2022, the following dormant/inactive companies of the Group were voluntarily wound up via members' voluntary winding up ("MVL") and creditors' voluntary winding up ("CVL") and as a result, ceased to be subsidiaries companies of the Group.

Companies under MVL

1. HICOM Trucks Sdn. Bhd.
2. Isti-Emas Sdn. Bhd.
3. Parcel Tankers Malaysia Sdn. Bhd.

Companies under CVL

1. Aman Freight Services Sdn. Bhd.
2. North Terminal 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**

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

	As at 30.06.2022		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Total Risk Weighted Amount RM'000
<b>Contingent liabilities</b>			
Direct credit substitutes	406,830	406,830	386,033
Trade-related contingencies	108,993	21,799	3,827
Transaction-related contingencies	545,406	272,703	262,496
<b>Commitments</b>			
Credit extension commitment:			
- Maturity within one year	507,339	101,468	101,679
- Maturity exceeding one year	1,483,238	741,619	559,424
Other miscellaneous commitments & contingencies	47,650	4,131	3,098
<b>Islamic derivative financial Instruments</b>			
Foreign exchange related contracts	1,735,900	53,585	45,307
	<b>4,835,356</b>	<b>1,602,135</b>	<b>1,361,864</b>

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.

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

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

	Financial Quarter 3 Months Ended		Financial Period 6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Allowance for expected credit losses (net of write-back)	1,704	6,581	1,099	14,570
Allowance for financing of customers (net of write-back)	4,357	18,007	8,617	43,657
Amortisation of intangible assets	55,252	48,483	109,953	96,418
Depreciation of property, plant and equipment	170,185	183,130	340,135	376,337
Finance costs	120,078	117,695	238,155	233,880
Impairment of property, plant and equipment (net of reversal of impairment)	205	46,699	30	42,696
Loss on disposal of an associated company	-	4,549	9	4,549
Loss/(gain) on fair value adjustment of investment securities (net)	3,690	(1,762)	2,104	555
Unrealised foreign exchange differences (net)	46,182	7,540	63,396	56,336
Write-down of inventories (net)	9,805	2,141	6,351	1,876
Gain on disposal of (net):				
- investment securities	(18)	(32)	(370)	(103)
- property, plant and equipment	(251)	(198)	(388)	(2,508)
Interest income on short-term deposits	(7,988)	(8,133)	(15,416)	(15,211)
Marked to market (gain)/loss on derivatives (net)	(65,990)	4,288	(93,958)	(82,747)
Income from disposal of a former subsidiary company	(119,512)	-	(119,512)	-
(Write-back)/write-off of property, plant and equipment	(143)	29	793	99

## 15. REVIEW OF PERFORMANCE

### 15.1 Revenue

	Group Business Sectors	Financial Quarter 3 Months Ended		Variance		Financial Period 6 Months Ended		Variance	
		30.06.2022 RM'000	30.06.2021 RM'000	RM'000	% +/-	30.06.2022 RM'000	30.06.2021 RM'000	RM'000	% +/-
(i)	Automotive	2,530,036	1,621,486	908,550	56.0	4,597,474	4,061,344	536,130	13.2
(ii)	Aerospace and Defence	149,044	154,269	(5,225)	-3.4	309,365	292,587	16,778	5.7
(iii)	Postal	349,121	379,033	(29,912)	-7.9	655,754	783,920	(128,166)	-16.3
(iv)	Banking	302,696	274,035	28,661	10.5	587,689	546,792	40,897	7.5
(v)	Services	172,741	138,757	33,984	24.5	357,562	324,777	32,785	10.1
(vi)	Properties	50,409	54,908	(4,499)	-8.2	115,761	124,567	(8,806)	-7.1
	<b>Total</b>	<b>3,554,047</b>	<b>2,622,488</b>	<b>931,559</b>	<b>35.5</b>	<b>6,623,605</b>	<b>6,133,987</b>	<b>489,618</b>	<b>8.0</b>

For the current quarter ended 30 June 2022, the Group's revenue increased by 35.5% to RM3.55 billion compared with RM2.62 billion in the corresponding quarter ended 30 June 2021.

In respect of the six months ended 30 June 2022, the Group's revenue increased by 8.0% to RM6.62 billion compared with RM6.13 billion in the corresponding period ended 30 June 2021.

#### (i) Automotive Sector

The Automotive sector recorded higher revenue mainly from PROTON, automotive distribution companies, and also from manufacturing & engineering companies. In the corresponding quarter/period, the business activities of the automotive companies were significantly affected by the nationwide Movement Control Order ("MCO").

#### (ii) Aerospace and Defence Sector

The Aerospace and Defence sector recorded higher revenue mainly due to higher delivery of single-aisle aircraft parts and resumption of delivery of certain aircraft parts following the reopening of international flights as well as defence products.

#### (iii) Postal Sector

The Postal sector recorded lower revenue mainly due to the decline in courier business following the decrease in overall parcel volume especially from contract customers. In addition, major e-commerce players leveraged their insourced delivery capabilities while international players pursued penetration strategies in order to capture higher market share in the courier business.



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

### **15.1 Revenue (Continued)**

#### **(iv) Banking Sector**

The Banking sector posted higher revenue mainly due to higher financing income attributed to the increase in average volume.

#### **(v) Services Sector**

The Services sector recorded higher revenue mainly due to higher revenue driven by in-flight catering business and ground handling services by aviation business as well as vehicle inspection business. However, the higher revenue was partially offset by lower revenue from the logistics business, particularly from freight forwarding, as a result of the decrease in customer shipments.

#### **(vi) Properties Sector**

The reduction is mainly due to lower revenue recognised from construction projects, which was partially mitigated by higher revenue from property development projects.

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

For the current quarter ended 30 June 2022, the Group registered a pre-tax profit of RM229.16 million compared with the pre-tax loss of RM279.53 million in the corresponding financial quarter ended 30 June 2021. For the six months ended 30 June 2022, the Group posted a pre-tax profit of RM233.16 million as compared with the pre-tax loss of RM243.22 million in the corresponding period ended 30 June 2021. The higher pre-tax profit was mainly attributable to the following:

- (i) better operating results from major operating companies as compared to the lower operating results in the corresponding financial quarter/period which was adversely impacted by the effect of nationwide MCO and the impairment loss of certain property, plant and equipment.
- (ii) income arising from the disposal of a former subsidiary company amounting to RM119.51 million as disclosed in Note 4 on page 9.

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

The Group recorded a higher pre-tax profit of RM229.16 million in the current quarter ended 30 June 2022 compared with a pre-tax profit of RM4.00 million in the preceding quarter ended 30 March 2022, mainly due to higher profit from the Automotive sector and lower loss from the Postal sector. In addition, the Group recognised the income arising from the disposal of a former subsidiary company amounting to RM119.51 million under other income as disclosed in Note 4 on page 9.

## **17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

Bank Negara Malaysia (“BNM”) projects the Gross Domestic Product (“GDP”) for 2022 to settle between 5.3% and 6.3% (2021: 3.1%). The U.S. Federal Reserve lifted interest rates four times between March to July this year from 0.25% to 2.50% which was aimed to counter the fastest pace of inflation in the U.S. in more than 40 years. As inflationary pressures have continued to surge domestically, BNM has raised the Overnight Policy Rate (“OPR”) twice this year, by 50 basis points from 1.75% to 2.25%, with further rate hikes looking inevitable. The global economic outlook remains tepid amidst geopolitical tensions, global financial market volatility and protracted supply chain disruptions.

Despite the increase in OPR, the Malaysian Automotive Association (“MAA”) has revised the 2022 Total Industry Volume (“TIV”) upwards by 5% to 630,000 units due to pent-up demand for new vehicles. Even though Sales and Services Tax (“SST”) exemption on passenger vehicles ended on 30 June 2022, the government has allowed SST exemption for vehicle registration for orders placed up to 30 June 2022 to be extended until 31 March 2023. This is to allow automotive players to deliver unfulfilled backlog orders.

Following the end of the SST exemption, PROTON is targeting to deliver more than 90,000 units of its existing orders by the first quarter of 2023. Meanwhile, Honda Malaysia and Mitsubishi Motors Malaysia also recorded exceptional bookings as customers took advantage of the SST exemption till 30 June 2022. The introduction of new models, as well as various promotion programmes by all marques within the Group is expected to further boost DRB-HICOM's automotive segment.

As operations begin to normalise, the other businesses within the DRB-HICOM Group will continue to strengthen their positions in their respective markets. The banking segment is expected to grow in its retail financing due to better prospects of the domestic economy. The Group's postal segment will continue its transformation plan by maintaining a market-leading next-day service level, driving cost efficiencies, increasing parcel yields and ensuring optimum customer experience at every touchpoint. Other businesses in defence, aerospace, services and properties segments will continue to adopt prudent cost management strategies while remaining agile to manoeuvre ongoing challenges.

The Group's recovery remains on track and it anticipates to record better performance for the financial year ending 31 December 2022 compared to the previous financial year.

**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:

	<b>Financial Quarter 3 Months Ended</b>		<b>Financial Period 6 Months Ended</b>	
	<b>30.06.2022 RM'000</b>	<b>30.06.2021 RM'000</b>	<b>30.06.2022 RM'000</b>	<b>30.06.2021 RM'000</b>
Current taxation	24,121	27,780	70,605	72,556
Deferred taxation	12,437	(6,535)	13,753	(28,995)
<b>Total</b>	<b>36,558</b>	<b>21,245</b>	<b>84,358</b>	<b>43,561</b>

For the financial period ended 30 June 2022, 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 pending the fulfilment of the Conditions Precedent in the SPA by 13 November 2022.

**21. BORROWINGS**

Total Group borrowings are as follows:

	<b>As at 30.06.2022 RM'000</b>
<b>Short-Term Borrowings</b>	
<b>(a) Bank overdrafts</b>	
- Secured	661
- Unsecured	2,029
<b>Total</b>	<b>2,690</b>
<b>(b) Others</b>	
<u>Secured</u>	
Bankers acceptances	321,553
Revolving credits	605,023
Short-term loans	19,168
Short-term loans under Islamic financing	71,932
Hire purchase - portion repayable within 12 months	28,535
Long-term loans - portion repayable within 12 months	406,216
Long-term loans under Islamic financing - portion repayable within 12 months	690,078
Sub-total	2,142,505
<u>Unsecured</u>	
Bankers acceptances	613,146
Revolving credits	111,500
Long-term loans under Islamic financing - portion repayable within 12 months	984
Sub-total	725,630
<b>Total</b>	<b>2,868,135</b>
<b>(c) Long-Term Borrowings</b>	
<u>Secured</u>	
Hire purchase	69,554
- portion repayable within 12 months	(28,535)
	41,019
Long-term loans	717,796
- portion repayable within 12 months	(406,216)
	311,580

**21. BORROWINGS (Continued)**

Total Group borrowings are as follows: (Continued)

	<b>As at 30.06.2022 RM'000</b>
<b>(c) Long-Term Borrowings (Continued)</b>	
<u>Secured</u> (Continued)	
Long-term loans under Islamic financing - portion repayable within 12 months	5,817,983 (690,078)
	<b>5,127,905</b>
<u>Unsecured</u>	
Long-term loans under Islamic financing - portion repayable within 12 months	499,942 (984)
	498,958
<b>Total</b>	<b>5,979,462</b>
<b>Grand Total</b>	<b>8,850,287</b>

- (d) On 30 June 2022, PONS Capital Berhad, an indirect wholly-owned subsidiary company of PROTON Holdings Berhad issued RM700 million from its Sukuk Wakalah programme. The proceeds raised from the Sukuk Wakalah will be utilised to finance the company's future expansion plans as well as working capital requirements. 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 June 2022</b>									
<b>Secured</b>									
Short-term loans under Islamic financing	GBP	159	849	-	-	-	GBP	159	849
	USD	16,152	71,083	-	-	-	USD	16,152	71,083
Short-term loans	USD	434	1,909	-	-	-	USD	434	1,909
Revolving credit	USD	21,660	95,326	-	-	-	USD	21,660	95,326
	CNY	167,000	109,218	-	-	-	CNY	167,000	109,218
Term loans under Islamic financing	USD	3,902	17,171	USD	9,971	43,880	USD	13,873	61,051
Term loans	USD	89,250	392,789	USD	7,400	32,567	USD	96,650	425,356
<b>Total</b>			<b>688,345</b>			<b>76,447</b>			<b>764,792</b>

**22. OUTSTANDING DERIVATIVES**

(a) Derivatives outstanding as at 30 June 2022 consist mainly of currency forward foreign exchange contracts, currency swaps foreign exchange contracts and share put option 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
Currency forward foreign exchange contracts	1,423,091	37,065	1,438
Currency swaps foreign exchange contracts	1,444,827	33,877	30,773
Share put option	1,626	1,626	-
	<b>2,869,544</b>	<b>72,568</b>	<b>32,211</b>

## **22. OUTSTANDING DERIVATIVES (Continued)**

(a) (Continued)

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2021:

- (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 arising from fair value changes of financial derivatives

During the financial period ended 30 June 2022, the Group recognised a total net gain of RM93.96 million arising from the fair value changes on the currency forward foreign exchange contracts, currency swaps foreign exchange contracts and share put option which are marked to market as at 30 June 2022.

## **23. MATERIAL LITIGATION**

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

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 a 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 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, accessories and to provide after-sales services (including spare parts) in connection with its products in the 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.

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

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 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 had 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.



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

- (i) Arbitration Proceedings under the Termination Agreement (“TA”) at the Hong Kong International Arbitration Centre (“HKIAC”) (Continued)

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 had 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.
- (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 had been duly completed. On 7 March 2022, the Company received from the Tribunal of the Arbitration Proceedings an Award in favour of PHB and LGIL. The said Tribunal had granted the Award, consisting of inter alia, the following declarations:

- (a) That the EJVC had been validly terminated on 22 February 2018;
- (b) That PHB and LGIL may under the EJVC call upon Goldstar to cause its appointed Directors of GLAC to approve the termination of the EJVC and the dissolution of GLAC at a duly called Board meeting of GLAC.

On 11 July 2022, Goldstar had served an Originating Summons on PHB and LGIL applying for an Order to set aside the Award at the High Court of Hong Kong (“High Court”). The High Court has fixed both Goldstar’s application to set aside the Award and PHB and LGIL’s application to strike out Goldstar’s application for hearing on 15 February 2023.

**24. DIVIDEND**

No interim dividend has been declared in the financial period ended 30 June 2022.

**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 quarter/period:

	<b>Financial Quarter 3 Months Ended</b>		<b>Financial Period 6 Months Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
Net profit/(loss) attributable to Owners of the Company (RM'000)	169,561	(217,496)	143,821	(234,456)
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)	<b>8.77</b>	<b>(11.25)</b>	<b>7.44</b>	<b>(12.13)</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  
25 August 2022