

REALISING OPPORTUNITIES

Annual Report 2010



Life
& General
Insurance

SERVICES

Motor Vehicle
Inspection

Airport Services

Islamic Banking

Operations & Maintenance
(Power Plant)

Solid Waste Management

Industrial Equipment Franchises
Facilities Maintenance

AUTOMOTIVE

Components

Passenger Vehicles

Commercial & Utility Vehicles

Customised Vehicles

Motorcycles

Defence Vehicles & Equipment

PROPERTY &

INFRASTRUCTURE

Residential

Integrated Townships

Leisure Industrial

Commercial

DRB-HICOM

DRB-HICOM Berhad

(203430-W)

(Incorporated in Malaysia)

Life
& General
Insurance

SERVICES

Motor Vehicle
Inspection

Airport Services

Islamic Banking

Operations & Maintenance
(Power Plant)

Solid Waste Management

Industrial Equipment Franchises
Facilities Maintenance

AUTOMOTIVE

Components

Passenger Vehicles

Commercial & Utility Vehicles

Customised Vehicles

Motorcycles

Defence Vehicles & Equipment

PROPERTY &

INFRASTRUCTURE

Residential

Integrated Townships

Leisure Industrial

Commercial





REALISING OPPORTUNITIES

DRB-HICOM measures the success of our long-term vision by raising the bar of excellence and scaling greater heights. Our leading position in the industry has enabled DRB-HICOM to reinvigorate its strengths, enhancing performance and deliverables. Akin to the feat of a mountain climber, we scale to new heights of achievements, realising opportunities and creating sustainable environments. Through strategic investments and leading growth streams, leveraging on firm foundations, we continue to grow from strength to strength, enhancing lives of millions and delivering value for generations.

DRB-HICOM

contents

DRB-HICOM BERHAD • 2010 ANNUAL REPORT

HIGHLIGHTS

- 4 NOTICE OF ANNUAL GENERAL MEETING
- 5 STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
- 6 MILESTONES 1980-2009

CORPORATE DISCLOSURE

- 13 CORPORATE PROFILE
- 14 MEDIA HIGHLIGHTS
- 16 CALENDAR OF EVENTS
- 24 FINANCIAL CALENDAR
- 25 CORPORATE INFORMATION
- 26 GROUP CORPORATE STRUCTURE
- 28 GROUP CORPORATE STRUCTURE BY SECTOR

PERFORMANCE REVIEW

- 30 GROUP'S FIVE YEARS FINANCIAL HIGHLIGHTS

LEADERSHIP

- 32 BOARD OF DIRECTORS
- 34 PROFILE OF DIRECTORS
- 42 MANAGEMENT TEAM



our vision >>

TO BE NUMBER 1 AND CONTINUOUSLY EXCEL IN ALL THAT WE DO.

mission statement >>

TO LEAD IN THE GROWTH OF THE NATION IN THE AREAS OF DRB-HICOM'S CORE BUSINESSES.

shared values >>

- EXCELLENCE
- DECORUM
- TEAMWORK
- INTEGRITY
- INNOVATION
- QUALITY
- TRANSPARENCY

PERSPECTIVE

48	CHAIRMAN'S STATEMENT
54	GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS
56	AUTOMOTIVE SECTOR
64	SERVICES SECTOR
70	PROPERTY & INFRASTRUCTURE SECTOR

KEY INITIATIVES

80	HUMAN CAPITAL DEVELOPMENT
84	CORPORATE RESPONSIBILITY

ACCOUNTABILITY

93	STATEMENT ON CORPORATE GOVERNANCE
105	DIRECTORS' STATEMENT ON INTERNAL CONTROL
109	AUDIT COMMITTEE REPORT
114	ADDITIONAL COMPLIANCE INFORMATION
117	STATEMENT OF DIRECTORS' RESPONSIBILITY

FINANCIAL STATEMENTS

118	FINANCIAL STATEMENTS
-----	----------------------

OTHER INFORMATION

235	ANALYSIS OF SHAREHOLDINGS
238	SHARE PERFORMANCE CHART
239	MATERIAL PROPERTIES OF DRB-HICOM GROUP
241	GROUP CORPORATE DIRECTORY
245	NOMINATION OF AUDITORS
	• FORM OF PROXY



notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of DRB-HICOM Berhad (“the Company”) will be held at the **Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 September 2010 at 9.00 a.m.** for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2010 together with the Reports of Directors and Independent Auditors thereon.

(Resolution 1)

2. To approve the declaration of a final gross dividend of 2.5 sen per share, less taxation of 25% for the financial year ended 31 March 2010.

(Resolution 2)

3. To re-elect the following Directors who retire in accordance with Article 79 of the Company’s Articles of Association:-

YBhg Tan Sri Marzuki
bin Mohd Noor

(Resolution 3)

YBhg Dato’ Sri Haji Mohd
Khamil bin Jamil

(Resolution 4)

4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

“THAT YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby reappointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting.”

(Resolution 5)

5. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors.

The Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 in respect of the nomination of Messrs Ernst & Young for the appointment as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers, has been received by the Company, a copy of which is marked as Appendix A in the Annual Report.

(Resolution 6)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Ordinary Resolution:-

Proposed Shareholders’ Mandate for Recurrent Related Party Transactions Of A Revenue or Trading Nature (“RRPTs”)

“THAT pursuant to Paragraph 10.09 of the Bursa Securities Main Market Listing Requirements, the Proposed Mandate be and is hereby granted in respect of the existing and new RRPTs (all defined terms shall bear the meaning set out in the Circular to Shareholders of DRB-HICOM Berhad dated 23 August 2010, hereinafter referred to as “the Circular”), namely to allow the recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day

operations of the DRB-HICOM Group, to be entered into by relevant companies in the DRB-HICOM Group in the ordinary course of business, at anytime during the Mandate Period, provided that such transactions are entered into at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company, the particulars of such RRPTs are set out in Section 2.2 of the Circular AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this Ordinary Resolution and shall continue to be effective and in force until:-

- (a) the conclusion of the next annual general meeting of the Company (“AGM”) (following the general meeting at which the Proposed Mandate is passed), at which time it shall lapse unless by an ordinary resolution passed at the forthcoming AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier,

AND THAT the Directors of the Company or any one of them be authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents as may be required to give effect to the RRPTs) in such manner as they may deem expedient or necessary in connection with this Ordinary Resolution.”

(Resolution 7)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the final gross dividend of 2.5 sen per share, less taxation of 25% in respect of the financial year ended 31 March 2010, if approved by the shareholders at the Annual General Meeting, will be paid on 15 October 2010 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 22 September 2010.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares deposited into the depositor's securities account before 12.30 p.m. on 20 September 2010 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the depositor's securities account before 4.00 p.m. on 22 September 2010 in respect of transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

CHAN CHOY LIN (MIA 3930)
Company Secretary

Shah Alam, Selangor Darul Ehsan
23 August 2010

NOTES:-

1. PROXY

- a. A member entitled to attend the meeting may appoint not more than two (2) proxies who may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- b. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- c. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, shall be deposited at the Share Registrar's Office, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding this meeting.

2. EXPLANATORY NOTE ON SPECIAL BUSINESS:-

Resolution 7 – Proposed Shareholders' Mandate For Recurrent Related Party Transactions ("RRPTs")

The Proposed Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

▲ statement accompanying notice of annual general meeting

Names of Directors who are standing for re-election/reappointment:-

Under Article 79 of the Company's Articles of Association

YBhg Tan Sri Marzuki bin Mohd Noor
YBhg Dato' Sri Haji Mohd Khamil bin Jamil

Under Section 129 of the Companies Act, 1965

YBhg Datuk Haji Abdul Rahman bin Mohd Ramli

The details of the abovenamed Directors who are standing for re-election/reappointment are set out in the Directors' Profile (pages 34 to 41 of the Annual Report).



milestones 1980-2009

1980s

1980

HICOM is incorporated, entrusted with the task of broadening the industrial base of Malaysia. Its primary aim is to spearhead the development of heavy industries which, in turn, will spur the growth of supporting and ancillary industries.

1987

Launch of the Proton Saga Aeroback by Minister of Trade and Industry YB Datin Paduka Rafidah Aziz.

1988

Launch of Proton Saga in Ireland.

1989

Launch of Proton Saga in UK.

1990s

1990

Horsedale Development Berhad is incorporated.

Launch of Proton Megavalve.

HICOM Diecastings commences commercial production.

1991

Akademi Saga is officially opened by Prime Minister YAB Dato' Seri Dr. Mahathir Mohamed. The Akademi is the first of its kind in the country to train mechanics for the growing motor industry.

HICOM changes its name from Heavy Industries Corporation of Malaysia Berhad to HICOM Berhad.

1992

Introduction of the Proton Executive, in addition to Proton Limousine.

ZF Steerings (Malaysia) Sdn. Bhd. joins the HICOM Group of Companies.

Launch of Proton Iswara.

HICOM signs a joint venture agreement with PROTON and EON to form PROTON Parts Centre Sdn. Bhd.

1993

Official launch of Proton Wira.

Launch of Proton Wira Aeroback.

Signing of a joint venture agreement between HICOM Berhad and Teck See Plastic Sdn. Bhd. to establish HICOM-Teck See Manufacturing (M) Sdn. Bhd.

1994

Official opening of the Glenmarie Golf and Country Club by Prime Minister YAB Dato' Seri Dr. Mahathir Mohamad.

Horsedale Development Berhad signs a joint venture agreement with Gamuda Berhad to participate equally in the equity of HICOM-Gamuda Development Sdn. Bhd.

Official opening of EON's head office in Persiaran Kerjaya, Glenmarie, Shah Alam.

Official ceremony in conjunction with the naming of the corporate headquarters, Wisma HICOM.

The Pan Pacific Glenmarie Resort opens for business.

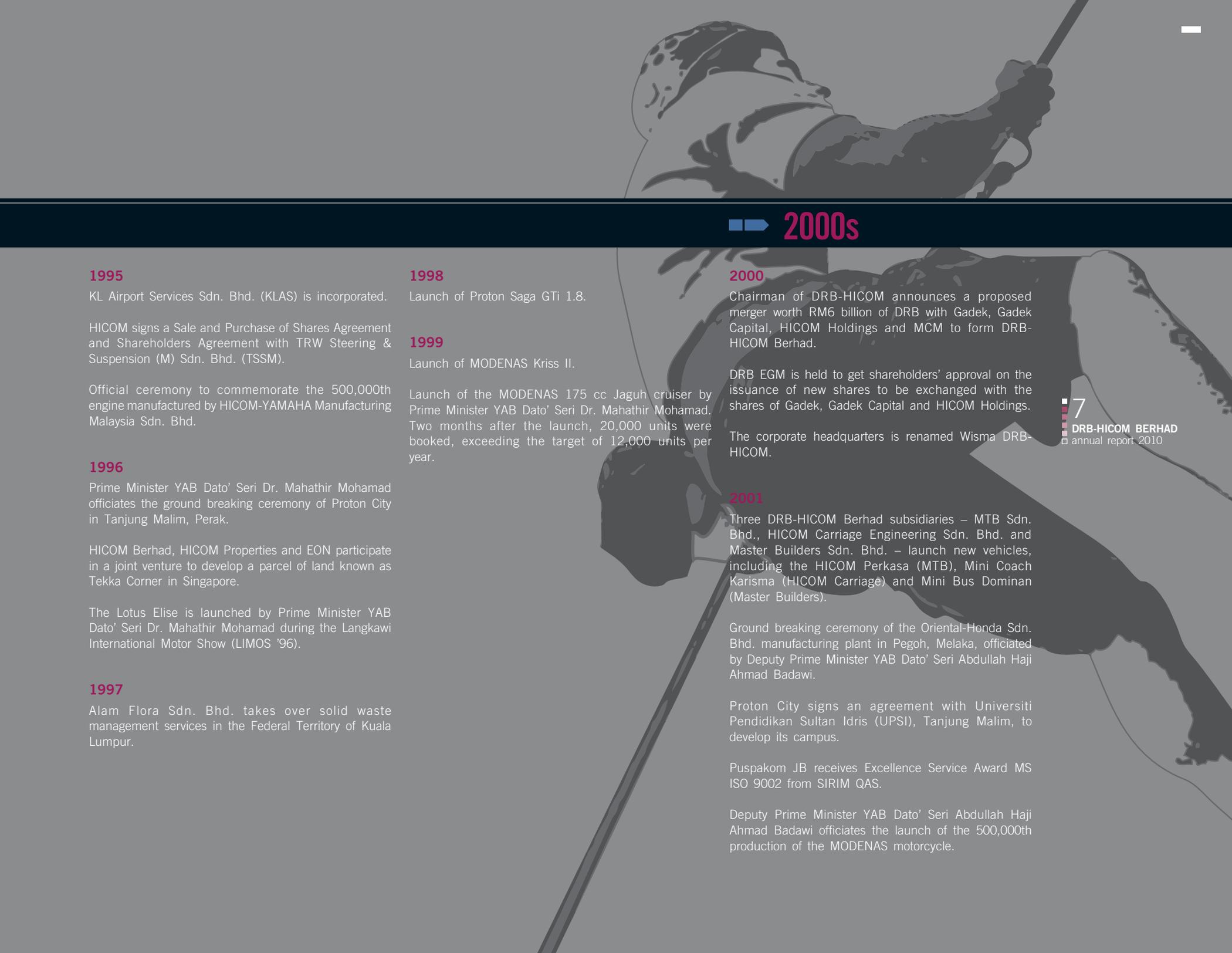
Proton Satria is officially launched.

HICOM Indungan Sdn. Bhd. acquires 60% equity interest in Rebak Island Marina Berhad (RIMB).

HICOM Indungan Sdn. Bhd. signs a Sale and Purchase Agreement with Perbadanan Kemajuan Negeri Melaka to develop the Pegoh Industrial Estate, Alor Gajah, Melaka.

6

DRB-HICOM BERHAD
annual report 2010



2000s

1995

KL Airport Services Sdn. Bhd. (KLAS) is incorporated.

HICOM signs a Sale and Purchase of Shares Agreement and Shareholders Agreement with TRW Steering & Suspension (M) Sdn. Bhd. (TSSM).

Official ceremony to commemorate the 500,000th engine manufactured by HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.

1996

Prime Minister YAB Dato' Seri Dr. Mahathir Mohamad officiates the ground breaking ceremony of Proton City in Tanjung Malim, Perak.

HICOM Berhad, HICOM Properties and EON participate in a joint venture to develop a parcel of land known as Tekka Corner in Singapore.

The Lotus Elise is launched by Prime Minister YAB Dato' Seri Dr. Mahathir Mohamad during the Langkawi International Motor Show (LIMOS '96).

1997

Alam Flora Sdn. Bhd. takes over solid waste management services in the Federal Territory of Kuala Lumpur.

1998

Launch of Proton Saga GTi 1.8.

1999

Launch of MODENAS Kriss II.

Launch of the MODENAS 175 cc Jaguh cruiser by Prime Minister YAB Dato' Seri Dr. Mahathir Mohamad. Two months after the launch, 20,000 units were booked, exceeding the target of 12,000 units per year.

2000

Chairman of DRB-HICOM announces a proposed merger worth RM6 billion of DRB with Gadek, Gadek Capital, HICOM Holdings and MCM to form DRB-HICOM Berhad.

DRB EGM is held to get shareholders' approval on the issuance of new shares to be exchanged with the shares of Gadek, Gadek Capital and HICOM Holdings.

The corporate headquarters is renamed Wisma DRB-HICOM.

2001

Three DRB-HICOM Berhad subsidiaries – MTB Sdn. Bhd., HICOM Carriage Engineering Sdn. Bhd. and Master Builders Sdn. Bhd. – launch new vehicles, including the HICOM Perkasa (MTB), Mini Coach Karisma (HICOM Carriage) and Mini Bus Dominan (Master Builders).

Ground breaking ceremony of the Oriental-Honda Sdn. Bhd. manufacturing plant in Pegoh, Melaka, officiated by Deputy Prime Minister YAB Dato' Seri Abdullah Haji Ahmad Badawi.

Proton City signs an agreement with Universiti Pendidikan Sultan Idris (UPSI), Tanjung Malim, to develop its campus.

Puspakom JB receives Excellence Service Award MS ISO 9002 from SIRIM QAS.

Deputy Prime Minister YAB Dato' Seri Abdullah Haji Ahmad Badawi officiates the launch of the 500,000th production of the MODENAS motorcycle.

2000s Cont'd.

2002

Launch of the Honda CR-V i-VTEC makes Malaysia the fourth country to start production and sales of the completely knocked down model.

The ACV 300 is named 'Adnan' by Minister of Defence YB Dato' Sri Mohd Najib Tun Razak at the Defence Services Asia (DSA) '02 held at the Mines Exhibition Centre.

2003

Minister of Domestic Trade and Consumer Affairs YB Tan Sri Haji Muhyiddin Haji Mohd Yassin launches the first national scooter, the MODENAS Karisma 125cc.

Honda Malaysia Sdn. Bhd. celebrates the roll-out of its first Honda CRV from the plant in Pegoh, Melaka.

Honda Malaysia Sdn. Bhd.'s manufacturing plant in Pegoh, Melaka, is officially opened by Prime Minister YAB Dato' Seri Dr. Mahathir Mohamad.

Launch of the new Honda City.

Launch of the new Uni.Asia name and logo for Sea Insurance Berhad and EON CMG Life Assurance Berhad and the renaming of Menara Sea Insurance to Menara Uni.Asia.

Launch of MODENAS Kriss II 110cc.

Launch of three MODENAS scooters – Elit, Dinamik and Ceria – by YAB Dato' Seri Dr. Mahathir Mohamad.

Launch of HICOMOBIL Chevrolet by YAB Dato' Seri Abdullah bin Haji Ahmad Badawi.

Launch of the 7th generation Honda Accord.

2004

An EGM held by DRB-HICOM Berhad accepts the motion to approve the proposed disposal of the assets of Intrakota Komposit Sdn. Bhd., comprising mainly buses and landed property, to Syarikat Prasarana Negara Berhad (SPNB).

MTB Sdn. Bhd. signs an MOU with DaimlerChrysler.

Suzuki Malaysia Automobile Sdn. Bhd. is established to undertake the marketing, assembly and distribution of Suzuki four-wheel vehicles.

Alam Flora becomes the first solid waste management company in South East Asia to receive ISO 9001 certification.

Launch of MODENAS Kriss 100cc.

Launch of MODENAS Kristar 110cc.

Launch of Honda City 1.5 vTEC.

2005

Works to assemble the Mercedes-Benz E and C-Class begin.

DaimlerChrysler appoints USF-HICOM as the main dealer for Mitsubishi Fuso vehicles.

USF-HICOM is appointed the exclusive distributor for Mahindra Scorpio 2.0 petrol 4x2, Scorpio 2.6 diesel 4x4 and 2.5 diesel double cab.

HICOMOBIL launches the Chevrolet Spark.

Launch of HICOMOBIL's Chevrolet Optra-5.

2005 (Cont'd.)

DaimlerChrysler Malaysia expands its assembly model in MTB's plant in Pekan to include the Actros truck and bus chassis, in addition to the existing line-up of Mercedes-Benz C-Class and E-Class passenger cars.

MODENAS' new, sleek and chic 150cc Elegan scooter is unveiled.

Launch of Mahindra Scorpio by YB Dato' Seri S. Samy Vellu.

Launch of the all-new Suzuki Swift.

Launch of the Isuzu D-Max pick-up truck, the first Isuzu vehicle locally assembled at the MTB Sdn. Bhd. plant in Pekan, Pahang.

Launch of Isuzu D-Max pick-up truck in the East Malaysian market.

Launch of the 1.6 litre Suzuki APV.

Launch of Suzuki Grand Vitara.

MODENAS launches its 150cc Elit Sports Scooter.

Horsedale enters Management Agreement with the Six Continents Hotel Inc. and the Pan Pacific Glenmarie Resort is renamed Holiday Inn Glenmarie Kuala Lumpur.

Glenmarie Golf and Country Club fully opens its 18-hole Garden Course to golfers following the completion of upgrading and green renovation works.

Launch of the new Honda City 1.5 litre I-DSI & VTEC.

2005 (Cont'd.)

Scott & English Electronics Sdn. Bhd. signs an agreement to become the sole Malaysian distributor of TCL and Midea range of consumer electronic products.

Launch of MODENAS Passion by YAB Chief Minister of Kedah at the MODENAS Kriss Complex in Gurun, Kedah.

Official visit by YAB Dato' Seri Abdullah Haji Ahmad Badawi to DEFTECH plant in Pekan and handover of HICOM Handalan to Anggota Bersenjata DiRaja Brunei.

2006

MTB commences assembly of the new Mercedes-Benz S-Class, making it the first assembler of the luxury model in Asia.

ACM relaunches cargo truck models FSR33P (GVW 11 tons), Super FTSR33R (GVW 16 tons) and GVR23 (GVW 26 tons) under the new FORWARD series.

Unveiling of the 8th generation Honda Civic.

Launch of DEFTECH AV4 by YAB Dato' Sri Mohd Najib Tun Razak.

Unveiling of the new stylish Honda Accord.

Roll-out of the first (CKD) SsangYong Rexton II from the AMM Plant in Pekan, Pahang.

Launch of the MODENAS X-cite 130cc.

2007

Launch of CKD robotic assembly lines for the Suzuki Swift 1.5L at the AMM Plant in Pekan, Pahang.

Launch of MODENAS Kriss 120.

DRB-HICOM and Isuzu mark their new partnership with the birth of Isuzu HICOM Malaysia Sdn. Bhd.

Launch of MODENAS Kriss 120 Sports and Kriss 100.

2008

Relaunch of Lake Kenyir Resort & Spa.

HICOM Holdings Berhad (HICOM) enters into a partnership with Midea Refrigeration Ltd. (Midea) to establish Scott & English Electronics Sdn. Bhd. (SEE) with Eastern Trinity Sdn. Bhd.

Mitsubishi Motors Malaysia Sdn. Bhd. introduces the Mitsubishi Triton Lite 2.5 and Triton 3.2 pick-ups.

Launch of the new Audi A4 1.8T rejuvenates Euromobil's ambition to elevate Audi to the same rank as the two other leading German marques in the local premium car segment.

Launch of the Suzuki SX4 Sedan.

New variants of the Passion 125 and Kriss 120 motorcycles launched by MODENAS.

The Group acquires Rangkaian Positif Sdn. Bhd., which is contracted to provide Operations & Maintenance (O&M) services to the Tanjung Bin power plant for a concession period of 25 years commencing 28 September 2006.

The Group acquires a 70% equity interest in Bank Muamalat Malaysia Berhad (BMMB).

2009

Euromobil launches the Audi Q5.

Rebak Island Resort is awarded five star status by the Ministry of Tourism.

Launch of MODENAS GT 128.

Launch of MODENAS CT110.

25th Anniversary celebration of DRB-HICOM Automotive Complex in Pekan officiated by KDYMM Sultan of Pahang, Sultan Haji Ahmad Shah and attended by YAB Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak.



Insurance
 SERVICE
 Motor Vehicle
 Inspection
 Airport Service
 Islamic Bank
 Operations & Maintenance
 (Power F
 Solid Waste Management
 Industrial Equipment Fram
 Facilities Main

10
 DRB-HICOM BERHAD
 annual report 2010

AUTOMOTIVE
 Components Passenger Ve
 Commercial & Utility Ve
 Customised Vehicles Motorcycle
 Defence Vehicles & Equip

PROPERTY
 INFRASTRUCTURE

Residential Integrated Town







corporate profile

DRB-HICOM BERHAD IS ONE OF MALAYSIA'S LEADING CORPORATIONS, WITH PRINCIPAL BUSINESSES IN THE AUTOMOTIVE, SERVICES AND PROPERTY & INFRASTRUCTURE SECTORS. ITS HISTORY DATES BACK TO 27 NOVEMBER 1980, WHEN THE HEAVY INDUSTRIES CORPORATION OF MALAYSIA (HICOM) WAS INCORPORATED TO SPUR INDUSTRIAL DEVELOPMENT IN THE COUNTRY.

The company, which was listed on the main board of Bursa Securities in 1992, initially focused on automotive manufacturing, the backbone of heavy industries. On 28 February 2000, HICOM merged with DRB, a diversified company holding a range of vehicle franchises and with activities in construction and property development. The next turning point for DRB-HICOM was 8 June 2005, when it became part of the Albukhary Group of Companies.

Today, employing 23,000 people in more than 60 subsidiaries, associate companies and jointly controlled entities, DRB-HICOM has developed world-class expertise and facilities, and has pioneered a number of firsts in the country. It is the leading automotive company in Malaysia; the largest environment management agency; and the largest vehicle inspection authority. DRB-HICOM is also the first assembler of the Mercedes-Benz S Class outside of Germany; the first and only independent airport ground handler in Malaysia; and the first to develop a riverfront resort-style residential property, and a resort marina in the country.

These achievements have been attained as a result of strategic planning and constant efforts to create synergies from the Group's diversified businesses. In its pursuit of expansion, and in further developing the nation, DRB-HICOM as a Group acts as a powerful engine fuelled by teamwork, inspired by a high level of integrity, and driven by the quest for excellence.

DRB-HICOM Q3 net profit doubles to RM131m

DRB-HICOM Bhd, one of the country's leading corporations in the automotive sector, saw its third quarter net profit rise two-fold to RM131.1 million, due to better performance from subsidiaries in the services sector and higher share of results of associated companies.

Higher claims provision made by its insurance subsidiary also helped to beat the RM64.3 million net profit achieved by the group a year ago.

Periksa kenderaan lebih cepat di Puspakom

KUALA LUMPUR - Kenderaan perdagangan selepas ini tidak perlu menunggu lama semasa menjalani pemeriksaan di Pusat Pemeriksaan Kenderaan Berkomputer (Puspakom) kerana jumlah butiran yang diperiksa akan dikurangkan kepada 90 sahaja berbanding lebih 200 sebelumnya.

Ketua Pengarah Jabatan Pengangkutan Jalan (JPJ), Datuk Solah Mat Hassan berkata, jumlah 90 butiran itu merangkumi aspek keselamatan dan keselesaan pengguna manakala pihaknya tidak akan berkompromi dengan mana-mana pemilik apabila ia melibatkan kedua-dua aspek tersebut.

"JPJ telah diarah untuk memantau proses pemeriksaan yang dibuat oleh Puspakom dan 200 butiran yang diperiksa akan dikurangkan kepada 90 butiran melalui satu percubaan yang diadakan sebelum ini," katanya yang ditemui pada sidang akhbar selepas Majlis Pelancaran Petan Integriti JPJ di sini semalam.

Menurut Solah, pihaknya ada menerima maklum balas daripada pemilik kenderaan perdagangan dan pengguna awam bahawa banyak butiran yang diperiksa kadangkala tidak mempunyai sebarang kaitan dengan aspek keselamatan dan keselesaan pengguna.

Bank Muamalat catat keuntungan bersih RM54 juta

KUALA LUMPUR 23 Dis. - Bank Muamalat Malaysia Bhd. (Bank Muamalat) mencatat keuntungan bersih sebanyak RM53.7 juta bagi sembilan bulan berakhir 30 September lalu, iaitu 139.7 peratus lebih tinggi berbanding RM22.4 juta, tempoh sama tahun lalu.

Bank Muamalat dalam kenyataannya di sini berkata, peningkatan keuntungan itu mencerminkan kualiti aset mengukuh yang mana dalam untuk kerugian terhadap pem-



daripada RM132 juta, tempoh sebelumnya. Pada masa yang sama, keuntungan bersih untuk suku ketiga bertambah RM31.3 juta berbanding RM12.1 juta, tempoh sama tahun lalu berikutan sumbangan kos pembiayaan lebih rendah yang menyederhanakan hingga RM50 juta daripada RM78.9 juta.

tempoh itu juga telah menyumbang secara positif dalam menurunkan kos pembiayaan bank yang mana pendapatan yang dipertanggungjawabkan untuk pendeposit sederhana pada 34 peratus kepada RM155.2 juta. Bagi tempoh itu, jumlah aset telah meningkat 2.3 peratus kepada RM147.7 billion, merujuk ke keinginan untuk kredit walaupun momentum ekonomi yang sederhana. Nisbah pembiayaan tidak bayaran bank mencatat prestasi baik dengan mengukuh

tahun lalu. Sementara itu, bagi tempoh sembilan bulan pertama itu, modal saham melonjak kepada RM1 billion berikutan kejayaan meningkatkan modal oleh pemegang saham pada Mac, sekali gus menambahkan Nisbah Modal Berdasarkan Risiko (RWCR) yang kekal stabil pada 17.8 peratus. Nisbah pulangan ke atas ekuiti bertambah baik kepada 6.8 peratus untuk tempoh sembilan bulan berbanding 5.3 peratus, tempoh

The DRB-HICOM group is the most integrated automotive entity in Malaysia, dealing with everything about cars, buses, trucks and motor cycles. From manufacturing, assembling, pre-delivery inspection, accommodation and distribution of vehicles to providing after-sales and engineering services and producing parts and components, the conglomerate does them all. And the crown jewel of the automotive division is undoubtedly its Pekan automotive complex, operated under four companies namely HICOM Automotive Manufacturing (Malaysia) Sdn Bhd, HICOM Malaysia Sdn Bhd, HICOM Defence Technologies Sdn Bhd and DRB-HICOM Auto Solutions Sdn Bhd. "The crown jewel of the automotive division is undoubtedly its Pekan automotive complex, operated under four companies namely HICOM Automotive Manufacturing (Malaysia) Sdn Bhd, HICOM Malaysia Sdn Bhd, HICOM Defence Technologies Sdn Bhd and DRB-HICOM Auto Solutions Sdn Bhd. "The crown jewel of the automotive division is undoubtedly its Pekan automotive complex, operated under four companies namely HICOM Automotive Manufacturing (Malaysia) Sdn Bhd, HICOM Malaysia Sdn Bhd, HICOM Defence Technologies Sdn Bhd and DRB-HICOM Auto Solutions Sdn Bhd.

DRB-HICOM'S CROWN JEWEL IN PEKAN

DRB-HICOM Bhd's automotive complex in Pekan, Pahang, was one of the country's first vehicle assembly plants and, perhaps, the most modern when it was established in 1984. DRB-HICOM group managing director Datuk Seri Mohd Khamil Jamil reveals to ZURAIMI ABDULLAH how the complex attributed to industrialisation in the royal town and became an inspiration to the local folks as it celebrates its 25th anniversary today.



Kuasai 15% pasaran



Modena yakin jual 2,500 unit model CT 100 sebulan

DRB-HICOM Bhd, melalui anak syarikat HICOM Automotive Manufacturing (Malaysia) Sdn Bhd, HICOM Malaysia Sdn Bhd, HICOM Defence Technologies Sdn Bhd dan DRB-HICOM Auto Solutions Sdn Bhd, telah mengumumkan bahawa mereka yakin akan menjual 2,500 unit model CT 100 sebulan.

DRB-Hicom to introduce hybrid car by 2012

SHAH ALAM: Malaysian automotive conglomerate DRB-Hicom Bhd aims to introduce its own hybrid car by 2012 in line with the government's objective to promote hybrid and electric vehicles and the development of related infrastructure. The company is in talks with three potential partners to manufacture the car and hopes to finalise the deal next year, said group director of automotive, Datuk Nik Hamdam Nik Hassan. "We want to have our own hybrid car... we can call it Hicom hybrid. It will take 18 to 24 months to have this car to come on stream," he told a media briefing on the company's automotive business update yesterday. Nik Hamdam, who declined to name the parties however said one of them was DRB-Hicom's existing partner. He said demand for hybrid car was increasing although the price was a little bit expensive compared with conventional car as the people's in-

crease the company target increase its market share to 2 2010 from 19% now with the focus enhancing performance, especially the after-sales and service activities. Nik Hamdam said the total industry volume of vehicle forecast to reach 540,000 units in 2010 from 525,000 units estimated in 2009. The company planned to launch at least 10 new models and upgrade its various marques and this expected to spur its automotive business year, he said. "Among them would be the A5 and Audi R8, including two models from Suzuki," he said. On the discontinuance of existing joint venture between DRB-Hicom and GM, Nik Hamdam said: "We having difficulty agreeing on a point of their business model. It us have different objectives." Nik Hamdam said DRB-Hicom would continue to supply the parts of Chevrolet vehicles until

Program gotong-royong cara elak banjir kilat



Program gotong-royong ini bertujuan untuk membersihkan kawasan sekitar sungai dan saluran air. Program ini dijalankan oleh DRB-Hicom Bhd dan melibatkan kakitangan serta sukarelawan. Program ini dijalankan sebagai usaha untuk mengelakkan banjir kilat yang sering berlaku di kawasan tersebut. Program ini dijalankan sebagai usaha untuk mengelakkan banjir kilat yang sering berlaku di kawasan tersebut.



DRB-HICOM Bhd. mahu tarik lagi syarikat asing buka kilang Terajui pemasangan kenderaan premium

DRB-Hicom sumbang van jenazah RM100,000
Perkahaji badi keseluruhan untuk berurusan di tanah perkuburan

DRB-Hicom sumbang van jenazah RM100,000



Pelan DRB-Hicom kuasai pasaran
Lancar sekurang-kurang 10 model baru tahun depan

DRB-Hicom Bhd. (DRB-Hicom) kemudiannya mengumumkan 22 peratus pasaran automotif tempatan tahun depan, berbanding 19 peratus sekarang ini. Dengan meredias mengoptimumkan perolehan pasaran, DRB-Hicom akan memperkenalkan sekurang-kurangnya 10 model baru pada tahun depan.



Hicom Amazing Hunt A Priceless Journey

Having a look at what was left to give the 'Amazing Hunt' is a journey to a priceless journey. The hunt for the 'Amazing Hunt' is a journey to a priceless journey. The hunt for the 'Amazing Hunt' is a journey to a priceless journey.

DRB-Hicom eksport Suzuki Swift April 2010

Kompleks automotif di Pekan capai standard global

DRB-Hicom telah memulakan eksport Suzuki Swift ke pasaran antarabangsa pada bulan April 2010. Kompleks automotif di Pekan telah mencapai standard global. DRB-Hicom telah memulakan eksport Suzuki Swift ke pasaran antarabangsa pada bulan April 2010.



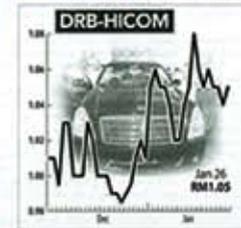
Euromobil Sdn Bhd chair the launch of the new A18

DRB-HICOM plans auto university college

This will complement group's existing automotive business

PETALING JAYA, DRB-Hicom plans to set up an automotive university college to produce skilled human capital for the industry. The college will complement the group's existing automotive business.

DRB-Hicom plans to set up an automotive university college to produce skilled human capital for the industry. The college will complement the group's existing automotive business.



Up in a bear market

DRB-HICOM Bhd's shares rose amid a sharply lower market yesterday after the company confirmed that it was in early talks to sell its stake in Bank Muamalat to Bahrain-based lender Al Baraka.

DRB-Hicom edar makanan

DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri. DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri.



DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri. DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri.

Modenas CT 100 ke luar negara

Labur RM8 juta perkenal model terbaru motosikal kepada umum

Modenas telah memperkenalkan model terbaru motosikal kepada umum. Labur RM8 juta perkenal model terbaru motosikal kepada umum.



甲洞馬魯里花園巴剎大掃除



DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri. DRB-Hicom mengimport 300 hidangan makanan kepada pelanggan di seluruh negeri.

DRB-Hicom serah zakat RM4.7 juta

DRB-Hicom menyerahkan zakat perniagaan berjumlah RM4.7 juta bagi tahun ini kepada Lembaga Zakat Selangor (LZS) di sini baru-baru ini. DRB-Hicom menyerahkan zakat perniagaan berjumlah RM4.7 juta bagi tahun ini kepada Lembaga Zakat Selangor (LZS) di sini baru-baru ini.



DRB-Hicom menyerahkan zakat perniagaan berjumlah RM4.7 juta bagi tahun ini kepada Lembaga Zakat Selangor (LZS) di sini baru-baru ini. DRB-Hicom menyerahkan zakat perniagaan berjumlah RM4.7 juta bagi tahun ini kepada Lembaga Zakat Selangor (LZS) di sini baru-baru ini.

calendar of events



▲
6 APRIL 2009
The Senior Management of DRB-HICOM Berhad was invited by Perdana Leadership Foundation to attend the Bridges Programme with Professor Dr. George F. Smoot. Professor Smoot, the 2006 Nobel Laureate for Physics, gave a talk on *Contemplating the Birth of the Universe*.

▼
26 APRIL 2009

DRB-HICOM lent a helping hand to Tabung Yayasan Pembangunan Anak Yatim/Miskin (PEMANGKIN), by pledging a total of RM150,000.00 over a period of five years. A mock cheque was presented to Datin Sri Rosmah Mansor, Official Patron of PEMANGKIN, by Group Chief Financial Officer, Dato' Lukman Ibrahim.



▲
9 MAY 2009 & 21 MARCH 2010

Glenmarie Golf & Country Club received a very special visitor, in the personage of Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak in conjunction with *Golf Sahabat Bersama YAB Dato' Sri Mohd Najib Tun Abdul Razak*. Subsidiaries Audi, Suzuki, Mitsubishi, Honda and MODENAS joined parent company DRB-HICOM Berhad to ensure the event's success.



▲
2 MAY 2009

Hari Pekerja was celebrated in Putra Stadium, National Sports Complex. Organised by the Ministry of Human Resources, a total of 12,000 workers assembled for the occasion and DRB-HICOM was represented by 117 proud Warga Kerja.



▲
11 MAY 2009

Audi Q5 received overwhelming response at its launch at the Glenmarie Golf & Country Club. The new Audi Q5 is touted as an SUV for the new generation.

11 MAY 2009

The Management Team of EPF, headed by its Chief Executive Officer Tan Sri Azlan Zainol, visited DRB-HICOM and was welcomed by the Group Managing Director Dato' Sri Haji Mohd Khamil Jamil and all Heads of Division. The EPF team was briefed on the Group's developments by Dato' Lukman Ibrahim, Dato' Nik Hamdam Nik Hassan and Encik Aslam Farikullah.



20 JUNE 2009

PUSPAKOM held its 1st Media Fishing Challenge at the Sea Lion Fishing Park in Port Klang, attracting media organisations from the Klang Valley. The overall winner, Encik Helmi Hamzah of *Berita Harian*, walked away with RM700 cash, a trophy and a mini bar.



30 JULY 2009

A six-member Korean delegation headed by Mr. Soo Hung Li, Chairman of Wang Do Engineering Co. Ltd., visited DRB-HICOM Berhad.



13 MAY 2009

Fifty-nine children of Warga DRB-HICOM who excelled in their SPM/STPM 2008 examinations were rewarded in a simple yet meaningful ceremony. The high achievers each received a Bank Muamalat Al Mudharabah Savings Account with a minimum of RM300, sponsored by DRB-HICOM Berhad.

25-26 JULY 2009

DRB-HICOM sponsored RM200,000.00 for the Royal Pahang Kart Prix 2009. The inaugural Kart Prix was held in conjunction with the 50th birthday celebration of KDYTM Tengku Mahkota Pahang.



1-2 AUGUST 2009

More than 700 employees of DRB-HICOM Berhad and members of their families gathered at Tiara Beach Resort in Port Dickson for a Family Day event organised by Kelab Sukan DRB-HICOM.



calendar of events (continued)

11 AUGUST 2009

A four-member delegation led by Mrs. Nevine El Shafei, Vice Chairman of the General Authority for Investment and Free Trade Zones, Egypt, visited DRB-HICOM Berhad for a briefing on the Group's core businesses.



4 SEPTEMBER 2009

As a responsible corporate citizen, DRB-HICOM Berhad and its subsidiaries also paid their dues in the form of business tithe totalling RM4,740,784.86.



7-9 AUGUST 2009

DRB-HICOM hosted the local media for a long-distance drive and an amazing race to Lake Kenyir Resort & Spa in Terengganu covering 1,140km. Some 50 media participants made up a convoy of 25 cars, ranging from deluxe SUVs like the Audi Q5 and Honda CRV to other new models in the DRB-HICOM Berhad fleet.



4 SEPTEMBER 2009

500 Warga DRB-HICOM Berhad and members of their families gathered at an annual *iftar* at the Glenmarie Golf & Country Club. Special guests from Rumah Anak-Anak Yatim Sg. Manggis, Banting and single mothers from Wangsa Maju were also invited to the event.



15 SEPTEMBER 2009

Some 150 children of Rumah Anak KesayanganKu in Bukit Beruntung, Selangor, got to wear new *baju kurung* and *baju melayu*, donated by DRB-HICOM, to celebrate *Syawal*. They also received *duit raya* and daily essentials while their home was supplied with a washing machine, a rice cooker and a kettle.

30 SEPTEMBER 2009

The annual DRB-HICOM Corporate Raya Open House was held at the Hotel Istana, at which more than 1,200 people were feted. Among the dignitaries was a special royal guest, KDYTM Tengku Mahkota Pahang.



15 OCTOBER 2009

The Minority Shareholder Watchdog Group (MSWG) made a courtesy visit to DRB-HICOM to meet the Board and Senior Management of the Group. Apart from getting to know the Group and its activities, this visit was also part of MSWG's assessment for the Malaysian Corporate Governance Index. The MSWG team was headed by Ms. Rita Bushon.



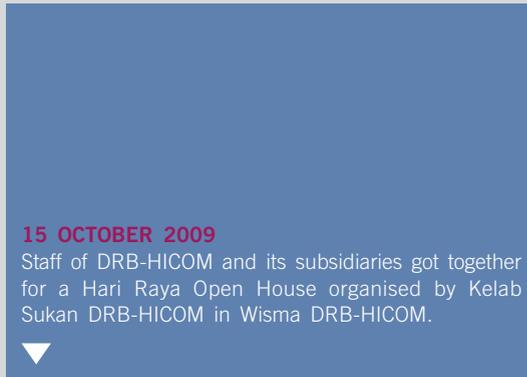
23 OCTOBER 2009

Sixty Indonesian national army officers made a study visit to DRB-HICOM, headed by Brigadier-General Tentera Negara Indonesia, Chaidir Serunting Sakti. The study visit formed part of the *Kuliah Kerja Luar Negeri Pendidikan Reguler Ke-36* programme of Indonesian National Army.



14 OCTOBER 2009

A Corporate Responsibility (CR) briefing to CEOs, CFOs and COOs was conducted in EON's Auditorium by PricewaterhouseCoopers' Executive Director, Mr. Andrew Chan. He presented the findings of a group-wide CR survey conducted four months previously, the Group's CR framework and the way forward for DRB-HICOM's CR initiatives.



15 OCTOBER 2009

Staff of DRB-HICOM and its subsidiaries got together for a Hari Raya Open House organised by Kelab Sukan DRB-HICOM in Wisma DRB-HICOM.



23 OCTOBER 2009

MODENAS launched its latest motorcycle, MODENAS CT110, at the Holiday Inn Kuala Lumpur Glenmarie. The launch was officiated by DRB-HICOM Chairman Dato' Syed Mohamad Syed Murtaza.

calendar of events (continued)



26 OCTOBER 2009
Following the Padang Earthquake, DRB-HICOM Berhad and its subsidiaries gathered their resources to donate daily essentials worth RM66,508.20. All the items were channelled to the victims through the Malaysian Red Crescent Society.

27-28 OCTOBER 2009

A group of 10 business and automotive journalists were invited for a tour of the DRB-HICOM's Pekan Automotive Complex in conjunction with its 25th anniversary, which fell on 20 October 2009.



2 DECEMBER 2009

The Management of DRB-HICOM Group hosted the CEOs' Appreciation Night to recognise the contribution of all CEOs Group-wide.



17 NOVEMBER 2009

As a token of appreciation for DRB-HICOM's support, Lembaga Zakat Selangor (LZS) held a special corporate tour for 33 DRB-HICOM staff from HQ and 11 subsidiaries to a few ASNAF locations.



2 DECEMBER 2009

A press conference was held at the Gleneagles Room, Holiday Inn Kuala Lumpur Glenmarie, to clarify DRB-HICOM Berhad's partnership with Suzuki, following a negative report published by a weekly.

8 DECEMBER 2009

The 6-in-1 package, a collaboration between DRB-HICOM Berhad and the Taxi Associations of Malaysia, was signed at the Royal Lake Club, Kuala Lumpur.



12 DECEMBER 2009

The 25th Anniversary celebration of the DRB-HICOM Automotive Complex in Pekan was officiated by KDYMM Sultan of Pahang, Sultan Ahmad Shah. Also in attendance were the KDYMM Sultanah Pahang, KDYTM Tengku Mahkota Pahang, YAB Prime Minister and YAB Chief Minister of Pahang and their wives.

13 JANUARY 2010

UKM was officially launched as a Zero Waste Campus in conjunction with the first anniversary of the collaboration between Alam Flora and UKM.



11 DECEMBER 2009

PUSPAKOM held a graduation ceremony for its auxiliary police trainees at PULAPOL in Kuala Lumpur, with Dato' Khalid Abdol Rahman, Group Director of Corporate & Services, as Guest of Honour.



13 JANUARY 2010

Perodua's Chairman visited the HICOM Diecastings Sdn. Bhd. plant.

calendar of events (continued)

31 JANUARY 2010

The DRB-HICOM & Perodua Friendly Golf Game was held at the Glenmarie Golf & Country Club.



6 FEBRUARY 2010

DRB-HICOM Berhad was the main sponsor for the JOM SIHAT campaign held at Kampung Janda Baik, Bentong, Pahang.



16 JANUARY 2010

Ten teams presented their projects at the 6th QIT Convention, with Group Chief Financial Officer Dato' Lukman Ibrahim as the Guest of Honour. HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. emerged as the champion, as well as the best presenter.



3 FEBRUARY 2010

Handing over ceremony of a *Van Jenazah* (funeral van) to Kampung Bestari Jaya, Dewan Orang Ramai, Kampung Bestari Jaya.

12 FEBRUARY 2010

The MODENAS CT100 was launched by DYT M Tengku Mahkota Pahang in conjunction with the Malaysian Hockey League 2009/10 at the National Hockey Stadium.

23 FEBRUARY 2010

Visit by Defence Minister YB Dato' Seri Dr. Ahmad Zahid bin Hamidi to the DEFTECH Pekan Plant.



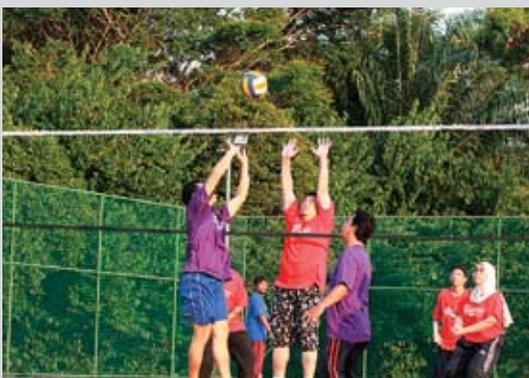
18 MARCH 2010

The much awaited Audi R8 V10 was unveiled at the opening of the new Audi Kuala Lumpur Showroom by Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak.



29 MARCH 2010

Extraordinary General Meeting of Edaran Otomobil Nasional Berhad (EON).



28 MARCH 2010

The International College of Automotive (ICAM) took in its first batch of students.



11 MARCH 2010

KSDH Intra Club Games 2010 organised by Kelab Sukan DRB-HICOM.

financial calendar

FINANCIAL YEAR END
31 MARCH 2010

ANNOUNCEMENT OF RESULTS

28 AUGUST 2009
FIRST QUARTER

26 NOVEMBER 2009
SECOND QUARTER

25 FEBRUARY 2010
THIRD QUARTER

25 MAY 2010
FOURTH QUARTER

**PUBLISHED ANNUAL REPORT
AND FINANCIAL STATEMENTS**
23 AUGUST 2010

ANNUAL GENERAL MEETING
15 SEPTEMBER 2010

DIVIDENDS

For the financial year ended 31 March 2010

INTERIM
1.5 SEN GROSS PER SHARE

ANNOUNCEMENT DATE:
25 FEBRUARY 2010

ENTITLEMENT DATE:
12 MARCH 2010

PAYMENT DATE:
29 MARCH 2010

FINAL
2.5 SEN GROSS PER SHARE

ANNOUNCEMENT DATE:
25 MAY 2010

ENTITLEMENT DATE:
22 SEPTEMBER 2010

PAYMENT DATE:
15 OCTOBER 2010

Directors

DATO' SYED MOHAMAD BIN SYED MURTAZA
CHAIRMAN/SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
GROUP MANAGING DIRECTOR

DATO' NOORRIZAN BINTI SHAFIE
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' IBRAHIM BIN TAIB
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATUK HAJI ABDUL RAHMAN BIN MOHD RAMLI
INDEPENDENT NON-EXECUTIVE DIRECTOR

ONG IE CHEONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

TAN SRI MARZUKI BIN MOHD NOOR
INDEPENDENT NON-EXECUTIVE DIRECTOR

OUI TEIK HUAT
INDEPENDENT NON-EXECUTIVE DIRECTOR

AUDIT COMMITTEE

CHAIRMAN

DATUK HAJI ABDUL RAHMAN BIN MOHD RAMLI

MEMBERS

TAN SRI MARZUKI BIN MOHD NOOR
ONG IE CHEONG
OOI TEIK HUAT

NOMINATION AND REMUNERATION COMMITTEE

CHAIRMAN

DATO' SYED MOHAMAD BIN SYED MURTAZA

MEMBERS

TAN SRI MARZUKI BIN MOHD NOOR
ONG IE CHEONG

RISK COMMITTEE

CHAIRMAN

TAN SRI MARZUKI BIN MOHD NOOR

MEMBERS

DATUK HAJI ABDUL RAHMAN BIN MOHD RAMLI
OOI TEIK HUAT

SECRETARY

Chan Choy Lin (MIA 3930)
Tel : (03) 2052 7695
Fax : (03) 2052 7696
E-mail : cclin@drb-hicom.com

REGISTERED OFFICE

Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8
Seksyen U1, 40150 Shah Alam
Selangor Darul Ehsan
Tel : (03) 2052 8000
Fax : (03) 2052 8099

WEBSITE

www.drb-hicom.com

INVESTOR RELATIONS

Tel : (03) 2052 8000
Fax : (03) 2052 8928
E-mail : invest@drb-hicom.com

REGISTRAR

Symphony Share Registrars Sdn. Bhd.Bhd
(Company No: 378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7841 8000
Fax : (03) 7841 8151/52
E-mail : ask_us@symphony.com.my

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
Level 10, 1 Sentral
KL Sentral, Jalan Travers
50704 Kuala Lumpur
Tel : (03) 2173 1188
Fax : (03) 2173 1288

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Bank Muamalat Malaysia Berhad
RHB Bank Berhad
Bank Kerjasama Rakyat Malaysia Berhad
AmBank Berhad
Affin Bank Berhad

PRINCIPAL SOLICITOR

Naqiz & Partners

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 4 September 1992)
Stock Code : 1619

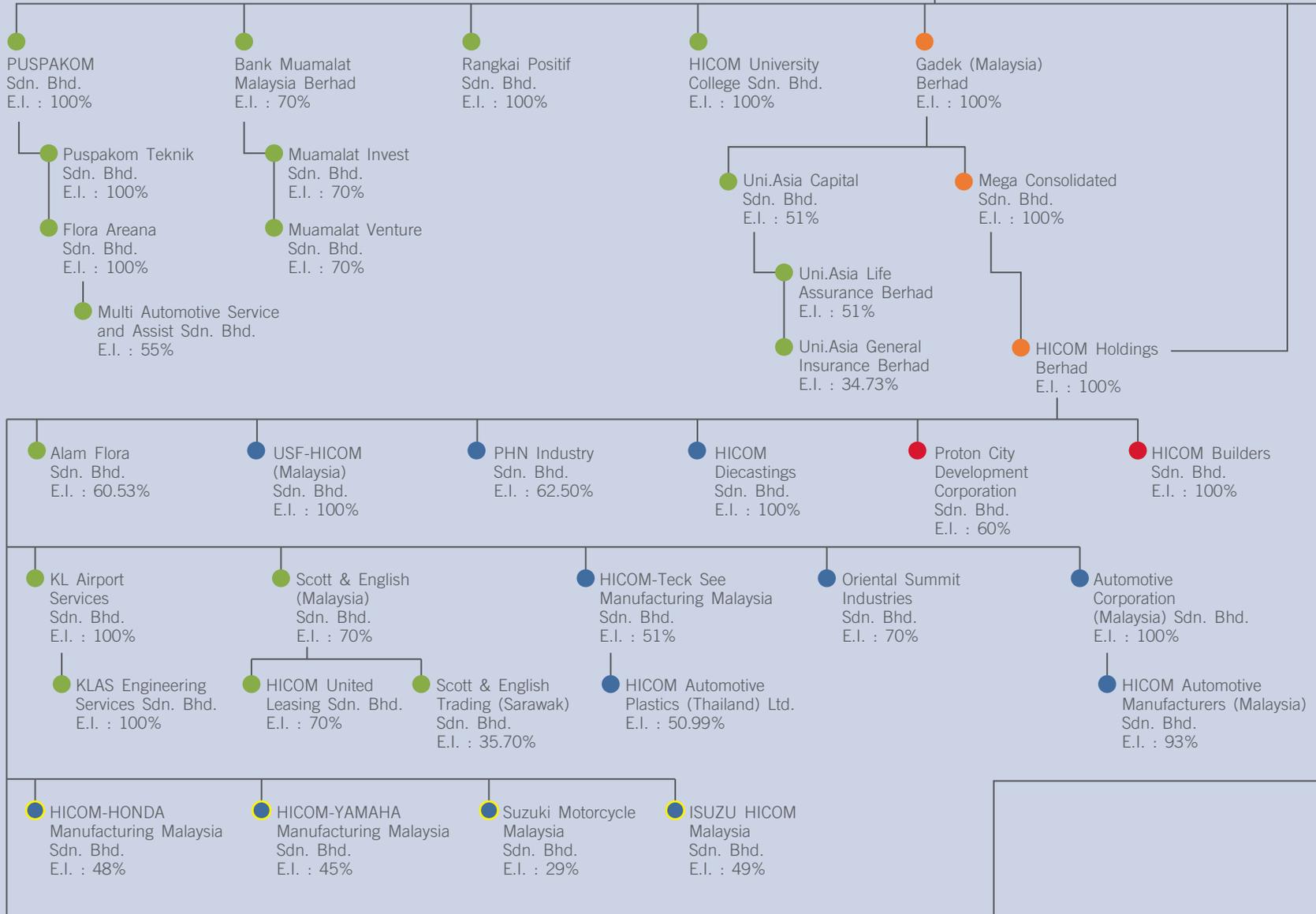
AGM HELPDESK

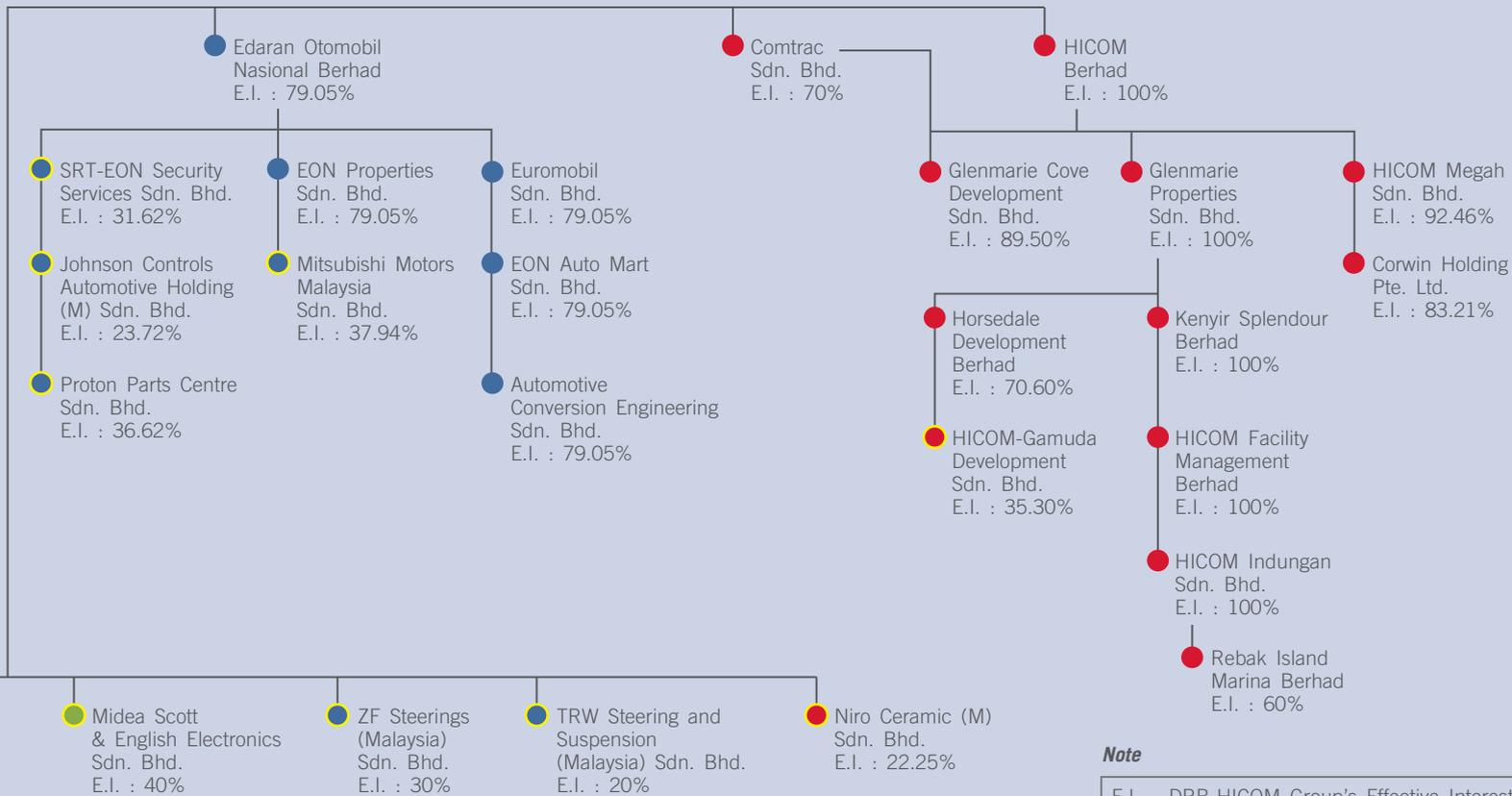
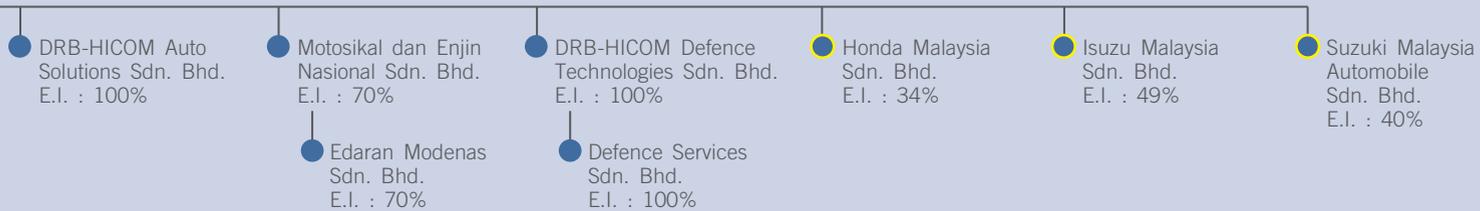
Tel : (03) 2052 8936/7695
Fax : (03) 2052 8099

group corporate structure

(OPERATING COMPANIES) as at 31 March 2010

DRB-HICOM





Sectorial

- AUTOMOTIVE
- PROPERTY & INFRASTRUCTURE
- SERVICES
- INVESTMENT HOLDING
- JOINTLY CONTROLLED ENTITIES / ASSOCIATED COMPANIES

Note

E.I. – DRB-HICOM Group's Effective Interest

Kindly refer to pages 153 to 166 for the full listing of Group companies

group corporate structure by sector

(SIGNIFICANT OPERATING COMPANIES) as at 31 March 2010



Automotive

100.00%	Automotive Corporation (Malaysia) Sdn. Bhd.	49.00%	Isuzu Malaysia Sdn. Bhd.
100.00%	Defence Services Sdn. Bhd.	48.00%	HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.
100.00%	DRB-HICOM Auto Solutions Sdn. Bhd.	45.00%	HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
100.00%	DRB-HICOM Defence Technologies Sdn. Bhd.	37.94%	Mitsubishi Motors Malaysia Sdn. Bhd.
100.00%	HICOM Diecastings Sdn. Bhd.	36.62%	Proton Parts Centre Sdn. Bhd.
100.00%	USF-HICOM (Malaysia) Sdn. Bhd.	49.00%	ISUZU HICOM Malaysia Sdn. Bhd.
93.00%	HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	40.00%	Suzuki Malaysia Automobile Sdn. Bhd.
79.05%	Edaran Otomobil Nasional Berhad	34.00%	Honda Malaysia Sdn. Bhd.
79.05%	Euromobil Sdn. Bhd.	30.00%	ZF Steerings (Malaysia) Sdn. Bhd.
70.00%	Motosikal Dan Enjin Nasional Sdn. Bhd.	29.00%	Suzuki Motorcycle Malaysia Sdn. Bhd.
70.00%	Edaran Modenas Sdn. Bhd.	23.72%	Johnson Controls Automotive Holding (M) Sdn. Bhd.
70.00%	Oriental Summit Industries Sdn. Bhd.	20.00%	TRW Steering and Suspension (Malaysia) Sdn. Bhd.
62.50%	PHN Industry Sdn. Bhd.		
51.00%	HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.		
50.99%	HICOM Automotive Plastics (Thailand) Ltd.		

28

DRB-HICOM BERHAD
annual report 2010



Services

100.00%	Rangkaian Positif Sdn. Bhd.
100.00%	PUSPAKOM Sdn. Bhd.
100.00%	KL Airport Services Sdn. Bhd.
100.00%	HICOM University College Sdn. Bhd.
70.00%	Bank Muamalat Malaysia Berhad
70.00%	Scott & English (Malaysia) Sdn. Bhd.
60.53%	Alam Flora Sdn. Bhd.
51.00%	Uni.Asia Life Assurance Berhad
34.73%	Uni.Asia General Insurance Berhad
40.00%	Midea Scott & English Electronics Sdn. Bhd.

Property & Infrastructure

100.00%	Glenmarie Properties Sdn. Bhd. <i>(formerly known as HICOM Properties Sdn. Bhd.)</i>
100.00%	HICOM Builders Sdn. Bhd.
100.00%	HICOM Facility Management Berhad
100.00%	HICOM Indungan Sdn. Bhd.
100.00%	HICOM Berhad
100.00%	Kenyir Splendour Berhad
92.46%	HICOM Megah Sdn. Bhd.
89.50%	Glenmarie Cove Development Sdn. Bhd.
70.60%	Horsedale Development Berhad
70.00%	Comtrac Sdn. Bhd.
60.00%	Proton City Development Corporation Sdn. Bhd.
60.00%	Rebak Island Marina Berhad
35.30%	HICOM-Gamuda Development Sdn. Bhd.
22.25%	Niro Ceramic (M) Sdn. Bhd.

■ SUBSIDIARY COMPANIES

■ JOINTLY CONTROLLED ENTITIES

■ ASSOCIATED COMPANIES

Note : % – DRB-HICOM Group's Effective Interest

Kindly refer to pages 153 to 166 for the full listing of Group companies.

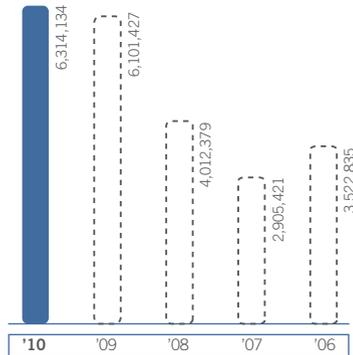
group's five years financial highlights

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Operating Revenue	6,314,134	6,101,427	4,012,379	2,905,421	3,522,835
Profit/(Loss) Before Taxation	657,894	774,943	376,073	187,131	(196,744)
Earnings/(Loss) Per Share (sen)	24.43	47.41	29.02	9.47	(20.72)
Dividend Per Share^ (sen)	4.00	15.833	5.00	3.50	2.00
Total Assets	25,994,579	21,522,868	9,329,041	8,232,218	8,544,283
Shareholders' Equity	4,579,736	4,160,744	2,911,368	2,601,396	2,462,190
Net Assets Per Share (RM)	2.37*	2.15*	2.89	2.58	2.46
Total Borrowings	1,489,635	1,505,994	2,229,492	2,255,121	2,624,787
Gearing Ratio (times)	0.33	0.36	0.77	0.87	1.07

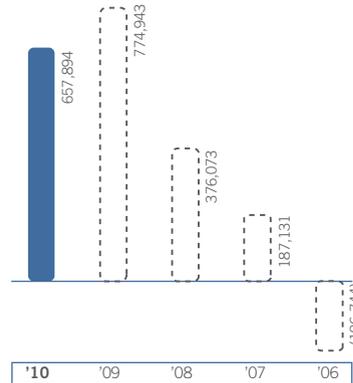
^ Dividend per share (gross) consists of interim and final dividend declared and proposed for the designated financial year.

* Based on enlarged share capital of 1,933,237,051 ordinary shares.

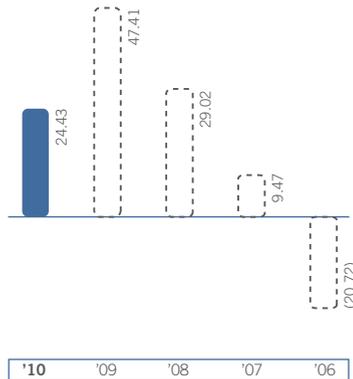
OPERATING REVENUE (RM'000)



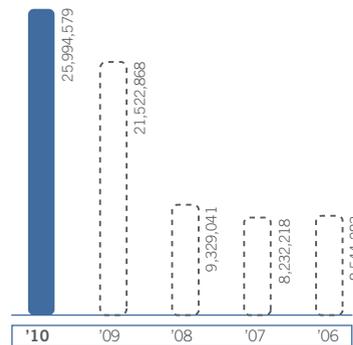
PROFIT/(LOSS) BEFORE TAXATION (RM'000)



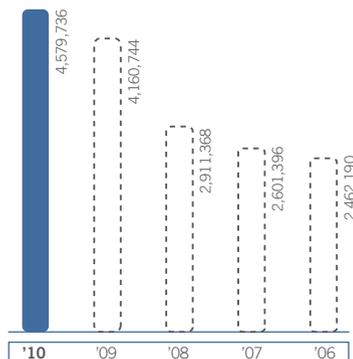
BASIC EARNINGS/(LOSS) PER SHARE (sen)



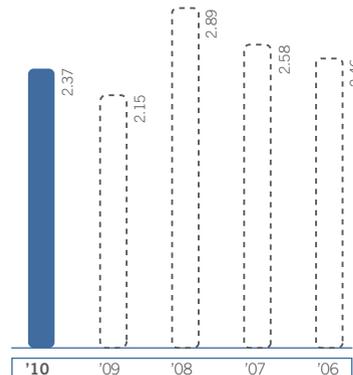
TOTAL ASSETS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



operating revenue (RM)

6.3 BILLION

dividend per share

4.00 SEN

basic earnings per share

24.43 SEN

total assets (RM)

25.99 BILLION

shareholders' equity (RM)

4.58 BILLION

net assets per share (RM)

2.37

board of directors



32

DRB-HICOM BERHAD
annual report 2010

from left:

Tan Sri Marzuki bin Mohd Noor
Independent Non-Executive Director

Ooi Teik Huat
Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli
Independent Non-Executive Director

Dato' Noorizan binti Shafie
Non-Independent Non-Executive Director

Dato' Syed Mohamad bin Syed Murtaza
Chairman/Senior Independent Non-Executive Director

Dato' Ibrahim bin Taib
Non-Independent Non-Executive Director

Ong Ie Cheong
Independent Non-Executive Director

Dato' Sri Haji Mohd Khamil bin Jamil
Group Managing Director



profile of directors



DATO' SYED MOHAMAD BIN SYED MURTAZA
CHAIRMAN/SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

Dato' Syed Mohamad bin Syed Murtaza, a Malaysian, aged 62, was appointed to the Board on 28 October 2005 and was subsequently appointed Chairman on 1 July 2009. He is also Chairman of the Nomination and Remuneration Committee.

Dato' Syed Mohamad has more than 40 years' experience in the business, corporate and entrepreneurial sectors. After completing his education at the Penang

Free School, he joined Kah Motors and was subsequently appointed to key positions in various business and non-business organisations, both locally and internationally. He has also served multinational companies such as Shell Malaysia and was Chairman of the Penang Port Commission. He is highly experienced in a diverse range of businesses, from automotive and manufacturing to exports, trading, property and oil and gas.

Dato' Syed Mohamad is the Managing Director of Armstrong Auto Parts Sdn. Bhd. He also heads Penang Tourists Centre Bhd., MITTAS Bhd., Motorcycle, Scooter Assembly & Distributor Association of Malaysia and the Usains Group of Companies. He is President of both The Federation of Asian Motorcycle Industries and the Steering Committee of International Motorcycle Manufacturers Association.

Dato' Syed Mohamad is Chairman of Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad), HICOM Holdings Berhad, HICOM Berhad and sits on the Boards of Yayasan Bumiputra Pulau Pinang Bhd., Boon Siew Credit Bhd., Tourism Entrepreneur Centre Bhd., PBA Holdings Berhad and several private limited companies. In addition, he has held many appointments at state and national levels.

Dato' Syed Mohamad does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Dato' Syed Mohamad attended all eight Board Meetings of the Company held in the financial year ended 31 March 2010.



DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
GROUP MANAGING DIRECTOR

Dato' Sri Haji Mohd Khamil bin Jamil, a Malaysian, aged 54, was appointed to the Board on 19 July 2005 and became Group Managing Director on 1 March 2006. He holds a Bachelor of Laws (Honours) from the University of London and is a Barrister-at-Law at Gray's Inn, England, and was called to the English Bar in 1983.

Dato' Sri Haji Mohd Khamil began his executive career at Bank Bumiputra Malaysia Berhad in August 1980, where he served until December 1989. He was called to the Malaysian Bar in September 1990, following which he became a practising partner of several legal firms before venturing into business in 2001.

Dato' Sri Haji Mohd Khamil also sits on the Boards of Edaran Otomobil Nasional Berhad, HICOM Holdings Berhad, HICOM Berhad, Horsedale Development Berhad, Bank Muamalat Malaysia Berhad, Uni.Asia General Insurance Berhad, Uni.Asia Life Assurance Berhad and several private limited companies.

Dato' Sri Haji Mohd Khamil is a Director of Etika Strategi Sdn. Bhd., the holding company of DRB-HICOM Berhad in which he has a 10% shareholding.

Dato' Sri Haji Mohd Khamil does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Dato' Sri Haji Mohd Khamil attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.



DATO' NOORRIZAN BINTI SHAFIE
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Noorizan binti Shafie, a Malaysian, aged 54, was appointed to the Board on 28 November 2006. She holds a Bachelor of Economics (Honours) and a Master of Business Administration from the National University of Malaysia (UKM).

Dato' Noorizan is currently the Under Secretary, Monitoring and Control Division, Treasury, Ministry of Finance. She started her career in the Civil Service in 1981 and has served in various positions with the Economic Planning Unit in the Prime Minister's Department, Public Services Department and Ministry of Finance.

Dato' Noorizan also sits on the Board of HICOM Holdings Berhad.

Dato' Noorizan is a Non-Independent Director nominated by the Ministry of Finance. She does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has had no convictions for offences within the past ten years.

Dato' Noorizan attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.



DATO' IBRAHIM BIN TAIB
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ibrahim bin Taib, a Malaysian, aged 56, was appointed to the Board on 18 March 2004. He holds a Bachelor of Laws (Honours) Degree from the University of Malaya and a Master of Laws (LLM) from the University of London.

Dato' Ibrahim started his career in the judicial service in 1978 as a Magistrate in the Magistrate Court, Jalan Duta, Kuala Lumpur. Thereafter, he was transferred to the Magistrate Court in Segamat. In 1982, he became a Legal Advisor with the Road Transport Department; and continued in the same role in the Ministry of Human Resources in 1986. In October 1989, he was attached to the Attorney-General Chambers as a Deputy Public Prosecutor for Selangor. In 1992, he served as a Judge in the Session Court, Kota Bharu. In July 1992, he was posted to the Employees Provident Fund, where he is currently Deputy Chief Executive Officer. He sat on the Board of Kumpulan Wang Amanah Pecen until his resignation on 28 February 2007.

Dato' Ibrahim also sits on the Board of Bandar Eco-Setia Sdn. Bhd., Hartanah Progresif Sdn. Bhd. and Iskandar Investment Berhad.

Dato' Ibrahim is a Non-Independent Director nominated by the Company's substantial shareholder, the Employees Provident Fund. He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Dato' Ibrahim attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.



**DATUK HAJI ABDUL RAHMAN
BIN MOHD RAMLI**
INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Haji Abdul Rahman bin Mohd Ramli, a Malaysian, aged 71, was appointed to the Board on 28 October 2005. He is the Chairman of the Audit Committee and a member of the Risk Committee. He is a member of the Institute of Chartered Accountants in Australia (ACA), the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

Datuk Haji Abdul Rahman was General Manager of United Asian Bank Berhad, Group Managing Director of Pernas Sime Darby Sdn. Bhd., Group Chief Executive of Golden Hope Plantations Berhad and Chairman of Johore Tenggara Oil Palm Berhad prior to joining the DRB-HICOM Board.

Datuk Haji Abdul Rahman is Chairman of Horsedale Development Berhad and Kenyir Splendour Berhad. He also sits on the Board of Kuala Lumpur – Kepong Berhad.

Datuk Haji Abdul Rahman does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Datuk Haji Abdul Rahman attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.



ONG IE CHEONG
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ong Ie Cheong, a Malaysian, aged 69, was appointed to the Board of DRB-HICOM Berhad on 28 October 2005. He is a member of the Audit Committee as well as the Nomination and Remuneration Committee. He holds a Bachelor of Science Degree from the University of Malaya.

Mr Ong was the Executive Chairman of PPB Group Bhd., Managing Director of Central Sugars Refinery Sdn. Bhd. and a Board member of PPB Oil Palms Berhad and Tradewinds (M) Berhad prior to joining the DRB-HICOM Board.

Mr Ong also sits on the Boards of HICOM Holdings Berhad, HICOM Berhad and several private limited companies of DRB-HICOM Berhad.

Mr Ong does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Ong attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.

profile of directors (continued)



TAN SRI MARZUKI BIN MOHD NOOR
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Marzuki bin Mohd Noor, a Malaysian, aged 62, was appointed to the Board on 28 November 2006. He is Chairman of the Risk Committee and a member of the Audit as well as the Nomination and Remuneration Committees. He holds a BA (Honours) from the University of Malaya.

Tan Sri Marzuki started his career in the Administrative and Diplomatic Service of Malaysia in 1972, retiring in August 2006. From 1972 to 1988, he served as Second/First Secretary at the Embassy of Malaysia in Rome and in Baghdad; Assistant High Commissioner in Chennai, India; Commissioner in Hong Kong; and later as Minister-Counselor in Brussels, Belgium, in 1988.

In 1990, Tan Sri Marzuki was appointed Deputy Director General ASEAN I, Ministry of Foreign Affairs Malaysia and later, in 1992, as Ambassador of Malaysia to Argentina with concurrent accreditation to Paraguay and Uruguay. In 1996, he was appointed High

Commissioner of Malaysia to India (concurrently accredited as Ambassador to Nepal). Prior to his retirement, he was the Ambassador of Malaysia to Japan from 1999 to July 2006.

Tan Sri Marzuki is Chairman of Edaran Otomobil Nasional Berhad and sits on the Boards of Horsedale Development Berhad, HICOM Holdings Berhad and several private limited companies.

Tan Sri Marzuki does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Tan Sri Marzuki attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2010.



Ooi Teik Huat
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Ooi Teik Huat, a Malaysian, aged 50, was appointed to the Board on 1 November 2008. He is a member of the Audit and Risk Committees. He is a member of the Malaysian Institute of Accountants and CPA Australia and holds a Bachelor of Economics from Monash University, Australia.

Mr Ooi started his career in 1984 with Messrs Hew & Co. (now known as Messrs Mazars), Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad (now known as MIMB Investment Bank Berhad) in 1989. Between 1993 and 1996, he was Head of Corporate Finance at Pengkalen Securities Sdn. Bhd. (now known as PM Securities Sdn. Bhd.).

Mr Ooi sits on the Boards of Tradewinds Plantations Berhad, MMC Corporation Berhad, Johor Port Berhad, Tradewinds (M) Berhad, Zelan Berhad and several private limited companies. He is presently a Director of Meridian Solutions Sdn. Bhd.

Mr Ooi does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr Ooi attended all eight Board Meetings of the Company held in the financial year ended 31 March 2010.

management team



42

DRB-HICOM BERHAD
annual report 2010



from left:

Dato' Khalid bin Abdol Rahman
Group Director, Corporate and Services

Dato' Lukman bin Ibrahim
Group Chief Financial Officer

Dato' Sri Haji Mohd Khamil bin Jamil
Group Managing Director

Abd Malek bin Abd Majid
Group Director, Human Resource

Dato' Nik Hamdam bin Nik Hassan
Group Director, Automotive

Datuk Syed Mohamed bin Syed Ibrahim
Group Director, Property and Infrastructure

management team (continued)





from left:

Mohammed Shukor bin Ismail
Head, Internal Audit

Mohd Aslam bin Farikullah
Head, Vehicle Manufacturing Projects

Dato' Haji Salamat bin Wahit
Head, Institutional Liaison and Business
Development

Hamdan bin Ahammu
Head, Corporate Communications

Carol Chan Choy Lin
Principal Company Secretary/
Head, Corporate Secretarial



Insurance
SERVIC
Motor Vehi
Inspectio
Airport Servic

Islamic Bank
Operations & Mainte
(Power F

Solid Waste Manag
Industrial Equipment Fram
Facilities Main

AUTOMOTI
Components Passenger Ve

Commercial & Utility Ve
Customised Vehicles Motorcyc
Defence Vehicles & Equip

PROPERTY

INFRASTRUCTU
Residential Integrated Town





chairman's statement





DEAR SHAREHOLDERS,

It gives me added pleasure to present our annual report this year because it has a special significance. It outlines the performance of DRB-HICOM during its 30th year of operations. It goes without saying that a company that has lasted as long must be doing something right. In the case of DRB-HICOM, it would be more accurate to say we have been doing several things right.

The Group resembles a 30-year-old rainforest tree. Our values and principles are like the strong network of roots that dig deep into the ground, providing an almost indestructible anchor to the robust trunk (the corporate office), its branches (the operating units) and foliage (services and products). Leaves will be shed, as our services and products leave the Group to enhance the lives of customers, but are constantly replaced by new shoots that cumulatively add to the tree's stature. Non-metaphorically, the Group has proven its resilience during the two most trying periods in recent corporate Malaysian history – the 1997 and 2008 financial crises. In both instances, DRB-HICOM withstood the crushing environment while many others crashed around us.

Over 30 years, we have grown from the Heavy Industries Corporation of Malaysia (HICOM) into a conglomerate with core businesses in the Automotive, Services and Property & Infrastructure Sectors. In each, we have steadily moved up the value chain without losing sight of our implicit aim of adding to and propelling the nation's development. In the Automotive Sector, DRB-HICOM has evolved from a distributor to a co-principal in the production of leading car marques. In Property & Infrastructure, we do not just build residential or commercial developments, but offer attractive lifestyles under our recognised Glenmarie brand. In Services, we have successfully discarded a rather complacent concession mentality by injecting an entrepreneurial spirit of innovation into our businesses, which are now exploring novel ways of expanding and increasing their bottom lines.

DRB-HICOM has more than 60 operational units spread across the length and breadth of the country, employing some 23,000 personnel. Keeping the businesses together, and growing the Group as a unified entity, poses a constant challenge. Rather than be daunted, however, we are invigorated by this challenge and meet it head on, year after year.

DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman

chairman's statement (continued)

At DRB-HICOM, we create synergies from our different businesses so that their sum total is greater than the individual parts. We ensure a balance between the volatile but potentially high-yielding Automotive and Property Sectors, and the steady recurring income from our Services Sector. We are guided by sound business principles and forward planning while maintaining a nimbleness to adapt to changes in the economic and political environment. We develop and empower our leaders who are entrusted with a high level of autonomy while lending our ears to young executives who have fresh, creative ideas to share. In other words, everyone, every process and every procedure contributes, and is expected to contribute, to the Group's overall success.

The road to recovery gained momentum and the first quarter of 2010 saw a significant 10.1% expansion of the economy.

Despite the difficult operating environment, the Group managed to grow its businesses, especially in the Services Sector, leading to a 3.5% increase in revenue to RM6.31 billion from RM6.10 billion in the previous financial year. Meanwhile, concerted efforts to further improve operational efficiencies coupled with cost-cutting and saving measures, meant we achieved a 115% increase in operating profit of RM446.5 million, from RM207.4 million in the previous year.

In the year under review we disposed of five non-income generating estates – Connemara, Serendah, Ladang Kupang, Ladang Gadek and New Serendah – while acquiring Benua Kurnia Sdn. Bhd. and Neraca Prisma Sdn. Bhd., both of which hold large land banks in prime areas in Johor Bahru. The Group earned RM211.43 million from the disposal of these estates, leading to a PBT of RM657.9 million, as compared to a PBT of RM774.94 million in the previous year, which had been contributed to by the one-off gain of RM567.6 million from the disposal of EON Capital Berhad.

As part of the Group's rationalisation, the management committee made the strategic decision to cease the operations of loss-making HICOM Engineering Sdn. Bhd., which was not adding to either our top or bottom line. Personnel and other assets from this outfit will be absorbed into other Manufacturing and Engineering companies, where they will contribute in a meaningful way to the Group.

The Board has proposed a final dividend of 2.5 sen gross per share less taxation for the financial year, in addition to the interim dividend of 1.5 sen gross per share amounting to RM21.75 million paid on 29 March 2010.

SUSTAINABLE DEVELOPMENT

As a responsible corporate organisation, DRB-HICOM is committed to ensuring our operations are sustainable



and fulfil the expectations of our stakeholders in the long term. We cannot control the external environment, but do our utmost to keep internal processes and the internal operating environment as lean and efficient as possible. Being sustainable also means staying one step ahead of the competition at all times. We capitalise on our partnerships with leading global brands, especially in the Automotive Sector, to maintain a winning edge locally. Thanks to our symbiotic relationships with foreign strategic partners, we have built world-class capabilities within our manufacturing and engineering plants.

Over and above the transfer of technology, DRB-HICOM invests in local R&D in collaboration with universities and other professional bodies. As a result, we have managed to develop in-house technologies in areas crucial to our further growth and expansion. Subsidiary MODENAS, for example, has produced an electric motorbike prototype, the technology for which was developed entirely by our own engineers.

50

DRB-HICOM BERHAD
annual report 2010





R&D is also applied to our Services Sector, where it has the potential to improve processes and create innovative applications of available resources. Alam Flora is a case in point; it is researching a number of potential 'green' businesses – such as the conversion of waste into energy – which would increase its portfolio and substantially enhance its revenue.

While we seek to broaden our scope and reach out to new horizons, we are mindful of the pitfalls inherent in new ventures and strictly adhere to policies and guidelines that keep the Group's activities within

acceptable risk limits. DRB-HICOM has a vigilant Risk Committee which meets periodically to review all risks outlined by the operating units and explores initiatives to mitigate and manage those risks that have been identified.

The Group's policies on corporate governance further safeguard our viability as a corporate entity. Transparency and integrity are hallmarks of any organisation of repute. These values are integral to DRB-HICOM as they are part of the Group's Shared Values, namely excellence, decorum, teamwork,

integrity, innovation, quality and transparency. DRB-HICOM expects each member of our board of directors and senior management to live and practise these values so as to inculcate the same in all our employees. Our Shared Values complement the recommendations of the Malaysian Code on Corporate Governance (Code), which we have also internalised. The Code formalises structures and processes relevant to board composition, the appointment of new directors, their remuneration, the use of board committees, their mandates and activities.



INVESTOR RELATIONS

DRB-HICOM is committed to ensuring our stakeholders are kept abreast of the Group's performance and latest developments. We recognise the importance of providing timely information to shareholders and the investment community, reflecting the highest standards of integrity and fair disclosure. We have in fact integrated our Investor Relations (IR) functions under the Corporate & Services Division in order to enhance our IR efforts in the coming financial years.

In addition to the Annual General Meeting, at which shareholders, Directors and the Management engage in constructive communication on all matters pertaining to the DRB-HICOM Group, we also conduct one-on-one meetings with fund managers, analysts and other stakeholders. Meanwhile, our quarterly financial results, released to Bursa Malaysia Securities Berhad, can be viewed on its website <http://www.bursamalaysia.com> and DRB-HICOM's own website at <http://www.drb-hicom.com> provides corporate information on the Group as well as press releases on the Group's key corporate activities.

CORPORATE RESPONSIBILITY

The very foundation of DRB-HICOM is steeped in corporate responsibility (CR). The Group began as HICOM, which was established to boost the development of industry in the country. Thirty years on, I am pleased to note that we have accomplished this objective. Yet, the drive to support the Government in its developmental agenda has not diminished. DRB-HICOM is conscious of the role it can play to further elevate the socio-economic standing of Malaysians which, in turn, would entrench the nation more firmly in the global arena.

The setting-up of the International College of Automotive (ICAM) is a prime example of this. Opened in March this year, its objective is not merely to serve the interests of the Group, but more generally to nurture a skilled and knowledgeable technical workforce that will promote the automotive industry at the national and international levels.

DRB-HICOM's ingrained sense of responsibility has manifested itself in many ways over the years. We have always responded to requests for philanthropic aid, while maintaining a healthy relationship with all stakeholders. Needless to say, staff welfare has always been a top priority. In response to global trends, however, we have adopted the Global Reporting Initiative's CR framework comprising the four pillars of the workplace, community, environment and marketplace. This formalises our CR initiatives and gives them more structure.

From the year 2010/11 onwards, each operating company as well as the corporate office will put aside 5% of our profit before tax specifically for CR programmes. This CR budget will be channeled towards initiatives in the community, workplace, the environment and marketplace.

Workplace CR will include the professional development of our people, whom we recognise as invaluable assets. In addition to training opportunities, both in-house and externally, senior staff are required to provide constant coaching and tracking of employees to motivate them and help them realise their true potential. High performers are identified and given added opportunities

to grow. As they progress up the career ladder, we provide them with attractive remuneration packages in order to keep them within the Group, where they form part of the succession line.

AWARDS & RECOGNITION

The Group's relentless quest to increase the quality of our products and services has led to a string of awards and certifications. In the year under review, several operating companies received recognition by local and international bodies. Among the more prestigious awards were:

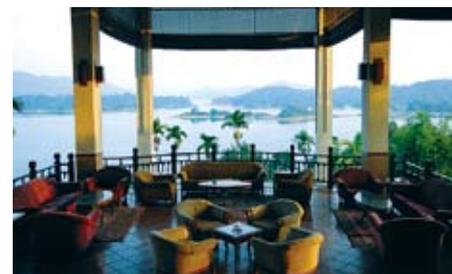
- **Honda Supplier of the Year Award** to PHN Industry
- **Best Quality Award from Toyota Boshoku UMW (TBU)** to PHN Industry
- **Toyota Outstanding Quality Performance Award** to Oriental Summit Industries (OSI)
- **Yamaha Green Partner Award** to HICOM-Yamaha Manufacturing Malaysia

Certifications awarded included:

- **OHSAS 18001:2007** to HICOM-Teck See Manufacturing
- **ISO 9001:2000 & ISO/TS 16949** to HICOM Automotive Manufacturers
- **ISO 9001:2000** to ISUZU HICOM Malaysia

OUTLOOK & PROSPECTS

As the Malaysian economy is already improving, the Group's prospects for the year 2010/11 look bright. I am confident that all three sectors within DRB-HICOM will benefit from the revitalised environment and will post even better results in 2010/11 than they did this year. We have several exciting launches to look forward to, both in the Automotive and Property Sectors, while our Services Sector will continue to provide stable, yet increasing income. Having survived two relatively difficult years, and having completed our 30th year commendably well, I can safely say we are suitably poised to take on any challenge as we continue along our exciting journey into the future.



ACKNOWLEDGEMENTS

I would like to take this opportunity to thank fellow members of the board, who have diligently carried out their duties in guiding the Group. I would also like to commend the senior management, ably led by Group Managing Director Dato' Sri Haji Mohd Khamil bin Jamil, for their commitment and excellent leadership. Our 23,000 employees, meanwhile, deserve the highest praise for their dedication and the many extra hours they have invested into the Group. Finally, a special word of thanks to our shareholders, to whom the Group is deeply beholden.

DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman

54

DRB-HICOM BERHAD
annual report 2010



group managing director's
review of operations

DATO' SRI HAJI MOHD KHAMIL BIN JAMIL

Group Managing Director

I feel great pride in presenting to you DRB-HICOM's operational review for the year ended 31 March 2010. It was a year which, by all accounts, was challenging. We began towards the tail end of an economic meltdown that has been described as one of the worst in history. Yet, DRB-HICOM managed to post a profit before tax of RM657.9 million on the back of revenue of RM6.31 billion, an increase from RM6.1 billion in the last financial year. It was the highest revenue the Group has recorded since year 2000, which in itself is an accomplishment. That it was achieved within the context of a battered global economy is testament to fundamentals that have seen the Group grow from strength to strength.

We anticipated the possible repercussions and effects of the subprime crisis in the US and the credit squeeze from Europe from as early as 2007 and early 2008 respectively, and had put in place various strategies to cope with the different possible scenarios. When the crises hit Malaysian shores, therefore, we were prepared. This readiness contributed significantly to our performance. Hence, although I am pleased with our financial results, they did not come as a surprise. If anything, I believe we had the potential to do even better.

Since a restructuring of the Group that began in 2006, DRB-HICOM has transformed into an 'entrepreneurial conglomerate'. This is most evident in the Services Sector which has outstripped both Automotive and Property & Infrastructure in terms of growth and profitability in the last three years. Last year, it more than doubled our projections to contribute 40.54% of total Group revenue. Behind the sector's outstanding performance is a renewed sense of innovation; the ability of the individual companies to think out of the box so as to increase their revenue streams. KL Airport Services (KLAS), for example, initially struggled with a low level of business from KLIA. Then, it turned its focus towards the low-cost carrier businesses. Today, it has captured the budget airline market.

In our day-to-day business activities and decision-making, the Group is guided by sound management policies and standard operating procedures (SOP). At the same time, there is constant review of our business models, taking into account changes in the economic and political environment, locally and globally. The quarterly CEO's Dialogue, at which all business leaders within the Group analyse their performance and discuss issues and challenges, has proven to be invaluable in re-aligning ourselves to the evolving marketplace.

HIGHLIGHTS OF THE YEAR

Bearish conditions last year led us to challenge all our CEOs to further tighten their belts and achieve cost savings of 1.5% of their companies' turnovers. I personally share with our senior management my philosophy that for every ringgit earned, 30 sen should be saved. Such prudence will serve us well in a marketplace that can only be expected to become more competitive.

The revised National Automotive Policy (NAP), introduced in October 2009, invites foreign manufacturers into the country. To compete successfully within this liberalised environment, we will need to prove ourselves to be a world-class automotive company. This is no doubt a challenge, yet one we embrace as it is already part of our blueprint to elevate

not just DRB-HICOM, but the nation, to a regional automotive hub. The establishment of the International College of Automotive (ICAM) in March 2010 marks our commitment towards this end. In terms of capabilities, we are already implementing best-of-class systems and technologies in our manufacturing. In particular, I am very excited about having introduced the HICOM Management System in our assembly plants in Pekan, Pahang, which will further increase quality, efficiency, productivity and delivery.

The revised NAP also requires manufacturers to increase the use of locally-made parts in their production lines. This translates into a direct benefit for DRB-HICOM's components manufacturers, and we expect a high level of growth among these companies.

Although we deliberately kept our Property & Infrastructure Sector quiet last year by holding back planned launches, there was sufficient buzz behind the scenes. In fact, the one word that encapsulates this sector for the year under review is 'regensis'. In March 2010, we rebranded almost the entire sector under Glenmarie Properties Sdn. Bhd., capitalising on the Glenmarie lifestyle brand. Business operations within this sector have been reorganised into four distinct operating units: Property Development, Construction, Asset Management and Facilities Management. In addition, as part of the Group restructuring, we have been disposing of operating companies that do not form part of our core businesses or that do not add value to the Group. Towards this end, last year we disposed of five non-performing estates in Kedah, Melaka and Negeri Sembilan. At the same time, we have acquired 1,517-acre in a picturesque area within the Iskandar development in Johor Bahru, which holds the potential of becoming a jewel in the crown of DRB-HICOM's property sector.

The entire Services Sector performed very well, the results this year further augmented by the full-year contribution of two acquisitions made end 2008 – Bank Muamalat Malaysia Berhad and Rangkaian Positif Sdn. Bhd.



group managing director's review of operations (continued)

AUTOMOTIVE SECTOR

DRB-HICOM is the largest automotive group in Malaysia, with interests along the entire value chain of the industry from import activities to the production, distribution and maintenance of vehicles for the passenger, commercial, motorcycle and defence markets. In the year under review, the Sector accounted for 57.04% of total DRB-HICOM revenue. This was achieved by a combination of strategies that included aggressive cost reduction, tight controls on inventories and the introduction of Forex hedging. To further strengthen our foothold in the industry, the Group continued to enhance its customer relationship management (CRM), focusing particularly on excellent after-sales and service delivery.



AUTOMOTIVE DISTRIBUTION

DRB-HICOM has a stake in the distribution of leading car brands in Malaysia – Audi, Honda, Mahindra, Mitsubishi, Proton, Suzuki – as well as Isuzu trucks and pick-ups, HICOM Perkasa light-duty trucks and MODENAS motorbikes.

Performance on the whole of our distribution companies was affected by the economic slowdown, which led to a 2.05% drop in Total Industry Volume (TIV) – namely the total number of automotive units sold in the industry nationally – to 536,905. Despite the downturn, a number of our more established companies remained unscathed by the global crisis, and even achieved record performance.

Winds of change were experienced towards the fourth quarter of the year when, aided by proactive measures by the Government including the second stimulus package of RM60 billion announced on 10 March 2009, and lower interest rates for hire purchase (HP) by banks, the market began to pick up again. In anticipation of further recovery in the economy, the Group expects a stronger performance in 2010 across all its companies.

One of the Group's top performers for the year was **Honda Malaysia Sdn. Bhd.** (Honda Malaysia), which sold more units in 2009 than in any year since its inception in 2000, managing simultaneously to increase its market share from 5.9% in 2008 to 7.2%. Honda City continued to drive the company's stellar performance, responsible for 43% of the company's total sales. Buoyed by healthy sales figures, Honda Malaysia launched the All New Freed on 22 April 2010, creating an entirely new segment for compact premium MPVs. The company is confident of achieving its sales target of 40,000 units for the year 2010, 6.3% more than the 37,631 units sold in 2009.

Edaran Otomobil Nasional Berhad (EON), the leading Proton car sales and services company in the country, is also an authorised distributor and retailer of Mitsubishi and Audi models via subsidiaries Mitsubishi Motors Malaysia Sdn. Bhd. and Euromobil Sdn. Bhd. In the year under review, EON sold 33,439 new Proton vehicles and serviced 279,460 units. EON Group achieved RM2,024.3 million in total revenue and profit before tax of RM44.3 million.

Following a Master Dealership Agreement (MDA) signed with Proton Edar Sdn. Bhd. (PESB) on 8 May 2009, EON is limited to operating only 32 branches. This led to a RM20 million restructuring exercise to merge its sales and after sales branches, and to close eight branches. EON also plans to relocate non-performing branches to areas with higher potential, such as Kota Kinabalu and Taiping. We expect the exercise to be beneficial in the long term as a result of greater operational efficiency and the provision of more integrated services to customers. Also as part of the MDA, each branch is to display the new Proton corporate identity. EON's 32 sales and service centres will be renovated accordingly over a span of three years. Dedicated Customer Relation Personnel (CRP) are being stationed at these centres to manage customers' sales and after-sales needs.

group managing director's review of operations (continued)

AUTOMOTIVE SECTOR



Mitsubishi Motors Malaysia Sdn. Bhd. (Mitsubishi Motors Malaysia) was another high-performer, recording a 16% increase in vehicle sales to 8,433 units from end March 2009 to end March 2010. The company has exclusive rights to distribute Mitsubishi vehicles in Malaysia, its current line-up including the Lancer 2.0GT sedan, Grandis MPV, multiple award-winning Triton pick-up truck and the all-new Pajero Sport SUV, which has also garnered numerous awards. In 2010/11, Mitsubishi Motors Malaysia aims to increase its vehicle sales to 12,000 units, and to further expand its sales and service network nationwide.

The Group's luxury car marque, Audi, is distributed by **Euromobil Sdn. Bhd.** (Euromobil). Despite the challenging economic outlook, Euromobil sold 476 Audi models in the financial year under review, marking a 102% increase from 2008/09 and expanding its market share in the luxury segment from 2% to 5%. Prospects for 2010 are equally promising, with the introduction of the Audi R8 V10, Audi A5 2.0 TFSI coupe and variants of popular current models. Euromobil already has orders for 680 new cars, and sales is expected to surpass the 700-unit mark in the coming year. In anticipation of greater sales and service requirements, the company is opening two new service centres – one in Kuala Lumpur and the other, a state-of-the-art 3S (sales, service and spare parts) centre, in Queensbay, Penang.

Wholly-owned subsidiary **Automotive Corporation (Malaysia) Sdn. Bhd.** (ACM) is the sole distributor for HICOM Perkasa, as well as the franchised holder and distributor for Isuzu medium-heavy duty trucks. It is also a dealer of the Isuzu D-Max pick-up for Isuzu Malaysia Sdn. Bhd. Although the total industry volume (TIV) of light and heavy-duty trucks dropped by 17% and 16% respectively, ACM posted a healthy performance, mainly as a result of demand from government agencies and fleet operators, together with strong collaboration with DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH). ACM also established itself as a leader in the light and medium duty segment (5,000 kg GVW), capturing 30% of this market. ACM did the Group proud by winning the Frost

& Sullivan 2009 Best Performing Light Commercial Vehicle Company. To maintain its momentum, the company will be conducting roadshows and showroom programmes run by branches and dealers; and will set up a special fleet sales unit.

It was also a good year for **Suzuki Malaysia Automobile Sdn. Bhd.** (SMA), which recorded total sales of 5,588 units, an increase of 13% from the previous year. Suzuki's star model was the Swift CKD, assembled in our Pekan Automotive Complex, which made up 75% of its sales. SMA's successes to date can be attributed to excellent sales & after-sales service. Not prepared to rest on its laurels, the company has embarked on a Kaizen (continuous improvement) programme which focuses on teamwork, morale and discipline. Along with the firm plan to introduce two new variants this year – Alto (Class A) and Kizashi (Class D) – SMA aims to further increase its market penetration in 2010.

Wholly-owned **USF-HICOM (Malaysia) Sdn. Bhd.** (USF-HICOM) is the sole distributor in Malaysia of the range of vehicles produced by leading Indian automotive company, Mahindra & Mahindra Limited. To date, it has introduced two SUV models – the Mahindra Scorpio 2.0L petrol and Mahindra Scorpio 2.5L diesel engine. In the second quarter of 2010, USF-HICOM plans to launch the much-awaited automatic version of the Mahindra 2.2L diesel and other variants of the brand. The company is backed by a growing sales and service network across Peninsular and East Malaysia.

Isuzu Malaysia Sdn. Bhd. (Isuzu Malaysia) markets and distributes the Isuzu D-max, one of the most popular pick-up trucks in the world due to its superior fuel efficiency, durability, reliability and comfort. And its popularity is rising. The company recorded its highest ever sales of the pick-up truck – 5,048 units – in the year under review. J. D. Power Asia Pacific 2009 Malaysia ranked the Isuzu brand the highest in its Sales Satisfaction Index Study, reflecting Isuzu Malaysia's unbeatable standards in delivery, processes, dealer facilities and quality of its sales staff.

58

DRB-HICOM BERHAD
annual report 2010





EUROMOBIL SOLD 476 AUDI MODELS IN THE FINANCIAL YEAR UNDER REVIEW, EXPANDING ITS MARKET SHARE IN THE LUXURY SEGMENT FROM 2% TO 5%.

group managing director's review of operations (continued)

AUTOMOTIVE SECTOR



EXPERTISE GAINED SINCE ITS ESTABLISHMENT IN 1996 AND VIA STRATEGIC INTERNATIONAL PARTNERS ENABLE DEFTECH TO SUPPORT THE GOVERNMENT IN ITS ENDEAVOUR TO CREATE A SELF-RELIANT DEFENCE INDUSTRY.

In the motorcycle segment, **Motosikal Dan Enjin Nasional Sdn. Bhd.** (MODENAS) turned in a commendable performance, selling 45,803 units and capturing 10% of the market. This positions MODENAS motorcycles third after Honda and Yamaha. The company is confident of growing its sales as the economy recovers, together with new launches in the year. These include the introduction in February 2010 of the CT100, and a new model line-up in the second quarter of 2010/11. MODENAS also holds the key to an eagerly awaited electric motorcycle, the country's first, which is to be launched within the year. In total, MODENAS is targeting motorcycle sales of 65,000 units in 2010, which will give it a 14% share of the market. Sales will be further enhanced by making inroads into Thailand, Cambodia, Laos and Vietnam. Its export target is 7,000 units.

The import of completely built-up vehicles falls under the purview of **DRB-HICOM Auto Solutions Sdn. Bhd.** (DHAS). DHAS imports for six brands in the Group, namely Suzuki, Honda, Mitsubishi, Isuzu, Audi and Mahindra. In the year under review, DHAS began importing for the Volkswagen Group Malaysia Sdn. Bhd., bringing the total of imported vehicles to 13,591. The vehicles undergo pre-delivery inspection (PDI) at two main centres – the Peramu Jaya Automotive Complex in Pekan, Pahang; and in Section 27 Shah Alam, Selangor. Value added services include storage and delivery of the vehicle to the dealer's network. Both PDI centres were ISO 9001:2000 certified in January 2009, their certifications upgraded to ISO 9001:2008 in January 2010.

Wholly-owned subsidiary **DRB-HICOM Defence Technologies Sdn. Bhd.** (DEFTECH) caters primarily to the needs of the defence industry, offering a range of land-based military vehicles as well as providing

maintenance and refurbishment services through its subsidiary Defence Service Sdn. Bhd. Expertise gained since its establishment in 1996 and via strategic international partners enable DEFTECH to support the government in its endeavour to create a self-reliant industry.

On 23 March 2010, DEFTECH secured a Letter of Intent (LOI) from the Ministry of Defence to design, develop, manufacture and supply 257 indigenous AV 8X8 Armoured Wheel Vehicles (AWVs). DEFTECH has since embarked on a series of negotiations with potential technical partners to see to the successful delivery of this contract.

The company has diversified into supplying buses to Syarikat Prasarana Negara Berhad (SPNB, or the National Infrastructure Company Limited), and made a significant breakthrough in expanding its customer base by winning a contract to build Mobile Police Stations for the Royal Malaysian Police. It is confident of an enhanced performance in 2010/11 given continued orders from the Ministry of Defence for the Handalan trucks including its maintenance and spare parts, and the new businesses established.

MANUFACTURING & ENGINEERING

The Manufacturing & Engineering division of DRB-HICOM forms the bedrock upon which the automotive sector is built. DRB-HICOM's world-class assembly lines in Pekan and Melaka produce, among others, top-of-the-range Mercedes-Benz, Suzuki and Honda cars as well as Isuzu pick-ups and trucks. Feeding into these assembly plants are Tier 1 manufacturers of parts and components that supply not only to DRB-HICOM but a growing number of independent original equipment manufacturers (OEMs), both in Malaysia and abroad. In partnership with global automakers, DRB-HICOM has also grown the expertise to produce engines for leading motorbike brands Honda, Yamaha and Suzuki, while successfully designing, developing and manufacturing national motorbike brand MODENAS.

▲ “DRB-HICOM’s world-class assembly lines in Pekan and Melaka produce, among others, top-of-the-range Mercedes-Benz, Suzuki and Honda cars as well as Isuzu pick-ups and trucks.”

The division performed better than expected due to strong demand for locally-manufactured cars.

PHN Industry Sdn. Bhd. (PHN Industry) is a specialist in metal-based automotive components, and the largest small and medium dies manufacturer in Malaysia. PHN Industry produces medium to large automotive components, principally for Proton, Perodua, Toyota and Honda. It recorded RM250 million in sales and RM9.4 million in pre-tax profit, both of which exceeded expectations. Sales were boosted by the popularity of new Proton models, namely the New Saga, Exora and Persona; as well as that of Perodua's Myvi and Viva, and to an extent, Honda.

To ensure sustainable growth, PHN Industry plans to balance its currently Proton-heavy portfolio more evenly. This will be aided by the development of new car models by Perodua, Honda, Suzuki and Isuzu for which there will be greater localisation of parts, as required by the revised National Automotive Policy. By supplying just 11 localised parts in Honda, PHN Industry can expect additional revenue of RM18.4 million. This will help strengthen PHN Industry's position and enable it to better face the challenges of trade liberalisation.



group managing director's review of operations (continued)

AUTOMOTIVE SECTOR



62

DRB-HICOM BERHAD
annual report 2010

HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (HTS), the largest plastic automotive vendor in the country, produces instrument panels, door trims, bumper fascias, door brackets and class-A surface painted products. The company expanded its business base last year, supplying bumpers for Perodua Viva Elite and Alza, and undertaking bumper painting for Proton Exora. It also supplied a new instrument panel variant and front bumper module for the new Proton Persona Elegance.

In addition, HTS secured a number of new projects. It is replacing Perodua Myvi bumpers; manufacturing Proton Saga Facelift bumpers and Waja Replacement instrument panels; and designing the new Proton Persona Replacement instrument panel. For Suzuki Malaysia, HTS is localising the Swift door trim and instrument panel assembly, and painting bumpers, side mirrors and door handles.

In the overseas market, HTS supplies Chrysler's Dodge Journey chromed door knobs to Brose in Mexico and North America; and the Ford Focus door brackets to Brose Spain and Germany. Its plant in Thailand supplies General Motors Thailand (GMT) and a new client, Sanko Gosei Thailand.

While competition will remain stiff in the coming year, HTS is confident of increasing its exports and adding new value-added products and processes, such as chrome plated accessories, to maintain its position as a technology leader. HTS is participating in the Malaysia-Japan Automotive Industry Corporation (MAJAICO) programme which emphasises the Lean Production System (LPS) for cost improvement; and has been selected as one of 12 model companies to be benchmarked against for LPS in the automotive industry.

Through our wholly-owned subsidiary **HICOM Diecastings Sdn. Bhd.** (HICOM Diecastings), we have a presence in the supply of high and low pressure diecastings to the automotive industry. In the financial year 2009/10, the company's sales revenue increased 4.8% to RM86 million from RM82 million in 2008/09. This was due primarily to strong performance by Perodua, Proton and motorcycle engine assemblers, especially HICOM-Yamaha Manufacturing Malaysia Sdn. Bhd. The company's business with Proton more than tripled from RM4.8 million to RM15.8 million, while Perodua contributed to 32% of HICOM Diecastings' total sales revenue.

A highlight of the coming year will be the start of production for US-based White Rodger, of the Emerson Group of Companies. Locally, business with Perodua is projected to increase by 25% in 2010/11 as a result of the localisation of Daihatsu Motor Corporation's MyVi engine. HICOM Diecastings will focus on growing sales from the motorcycle and non-automotive sectors, and targets revenue of RM90 million in 2010/11.

Oriental Summit Industries Sdn. Bhd. (OSI) is the main chassis component manufacturer for front lower arm, rear axle suspension and lever parking brake for Proton, Perodua, Volvo, Toyota and other automotive OEMs. Technical collaborations with Futaba Industrial Co. Ltd., Akashi Kikai Industrial Co. Ltd. and Hiruta Kogyo Co. are reflected in the quality of the company's production processes that encompass stamping, welding, ED painting and assembly.

OSI serves as a sterling example of the rewards of stringent measures to optimise operational efficiencies. It made a spectacular turnaround from notching a loss of RM9.79 million to recording a profit before tax of RM9.71 million last year, on the back of RM160.23 million in revenue. Growth in the coming year is expected from business related to new Proton and Perodua models, and the replacement of other vehicles, such as the Persona.

The Group's vehicle assembly hub is located in the 240-acre Peramu Industrial Estate in Pekan, Pahang. It is here that **HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.** (HAMM) assembles the Mercedes-Benz C, E and S classes and the Suzuki Swift passenger cars, as well as the Actros commercial vehicle, among others. In the financial year ending March 2010, HAMM churned out 9,497 vehicles, recording total revenue of RM49.77 million. Based on an award to assemble a premium model for Mercedes-Benz, as well as concerted efforts to increase the production of Suzuki, catering to customer demand, the company forecasts further growth and performance improvement in 2010/11.

ISUZU HICOM Malaysia Sdn. Bhd. (IHM) has made a name for itself from the assembly of the Isuzu D-Max pick-up and heavy-duty Isuzu trucks. In fact, it offers a complete range of contract assembly work for pick-up trucks and light and heavy duty trucks. IHM maintains the highest standards in safety and quality while keeping costs down utilising the Isuzu Manufacturing Management (IMM) system. Employees are constantly trained to increase their knowledge and technical skills; this includes on-the-job training in Japan.

As the manufacturer of the leading motorcycle brand, **HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.** (HICOM-HONDA) enjoys an enviable edge; the company achieved above-target revenue and profit before tax of RM251 million and RM21 million respectively. The brand's success is driven by a combination of highly focused efforts by the management to increase productivity, and a culture of innovation that inspires Honda engineers to constantly improve on the performance of their engines. The quest to develop models that are more fuel-efficient resonate with growing environment-consciousness among the public, and is a positive factor contributing to Honda's continued popularity. The new KWWH 110cc moped is one of the fuel economy mopeds to be introduced in the market, and more will follow. The company is confident of dominating not less than 40% of the local motorbike market.

Although the motorcycle industry on the whole shrank by 50,000 units from the previous year, demand for Yamaha motorcycles increased, and saw its market share inch up from 34% to 37%. This resulted in improved sales of engines by **HICOM-Yamaha Manufacturing Malaysia Sdn. Bhd.** (HICOM-Yamaha) which recorded a net profit before tax of RM10.7 million, up from RM3.16 million in 2008/09. This impressive performance was fuelled in part by the introduction in May 2009 of the Ego scooter engine. To meet demand, production of the Ego engine averages 2,350 units per month. The company's new multi-model assembly line can accommodate both mopeds and scooters, with a production capacity of 160,000 units a year.

As part of the Group's restructuring, the management committee of DRB-HICOM made the strategic decision in 2009 to cease the operations of the loss-making **HICOM Engineering Sdn. Bhd.** (HICOM Engineering). Resources from the manufacturer of machine precision castings and assembled components will be diverted to more productive areas within the Group.



group managing director's review of operations (continued)

SERVICES SECTOR

This diversified sector encompasses the Group's concession businesses – comprising solid waste management, vehicle inspection, airport services and power plant operations and maintenance – as well as financial services and trading companies. With greater emphasis on efficiency and quality service, the sector has picked up significantly over the last three years, providing added stability to the Group. Last year, the fast-growing Services Sector earned RM2.6 billion in revenue, accounting for 40.54% of DRB-HICOM Group's total revenue.



Wholly-owned subsidiary **PUSPAKOM Sdn. Bhd.** (PUSPAKOM) is Malaysia's only comprehensive national vehicle inspection company. Incorporated in 1994, it was awarded a 15-year concession by the Government to undertake computerised vehicle inspections for all commercial vehicles. This concession was renewed in 2009 for another 15 years. Leveraging on its expertise, PUSPAKOM has since 2003 extended its services to inspecting private vehicles prior to financing and auction. These non-mandatory services have proven to be quite lucrative, generating a total of RM66.4 million to date.

In order to provide comprehensive coverage of its services, PUSPAKOM has a network of 72 branches nationwide, which is complemented by two mobile units. Collectively, PUSPAKOM currently performs more than three million inspections for more than 1.5 million customers annually. PUSPAKOM was one of the Group's star performers in 2009/10, recording revenue of RM116.26 million and profit before taxation and *zakat* (PBTZ) of RM17.43 million. In order to step up its revenue, and service coverage, the company plans to extend its mobile service coverage. It is also in discussion with finance companies on the viability of requiring motorcycles to be inspected prior to any transfer of ownership.

Alam Flora Sdn. Bhd. (Alam Flora) undertakes solid waste management services in Kuala Lumpur, Putrajaya, Selangor and Pahang. The company collects, transports and disposes of more than 2.1 million tons of waste annually, manages 11 landfills, supervises and monitors about 1,104 appointed contractors, and employs 3,237 staff with 689 vehicles at its disposal. It is the leading solid waste management company in Malaysia and one of the biggest private solid waste management companies in South East Asia.

Alam Flora performed well in 2009/10, posting a revenue of RM587.47 million, up from RM576.03 million in the previous year and achieving PBTZ of RM39.02 million, representing 23% growth in profit from 2008/09. In preparation for full privatisation of the industry, Alam Flora is striving for greater operational efficiencies and to create new revenue streams to increase its bottom line.



group managing director's review of operations (continued)

SERVICES SECTOR



It has earmarked various green businesses as possible areas to venture into. These include the trading of recyclables, the conversion of waste to energy, composting, green environmental products and consultancy services. Alam Flora is investing in R&D in collaboration with local universities UKM and UiTM on the systems and technologies required for these new businesses. It is also working with Putrajaya Corporation on the feasibility of waste separation at source. This pilot project is supported by the National Solid Waste Management Department, which has set aside funds for the construction of a composting facility in Precinct 5, Putrajaya.

Alam Flora aims to secure the concession following the National Privatisation of Solid Waste Management, which is expected to be finalised by year end.

Established in 1995, **KL Airport Services Sdn. Bhd.** (KLAS) provides a comprehensive range of services to commercial airlines operating into and through Malaysian airports, from ground handling and cargo handling to inflight catering and aircraft maintenance & engineering services. In 2009/10, KLAS registered a profit before tax of RM8.04 million, exceeding expectations. This was mainly due to an increase in cargo handling; ground handling of additional flights by several low-cost carriers; new operations in Langkawi as well as additional revenue from Kota Kinabalu and Kuching. KLAS also experienced growth in the customs freight business; and obtained new business – the handling of aerobridges in KLIA.

In the year under review, it secured ground handling contracts with Tiger Airways, SEA Air, Silk Air, Finnair, KALSTAR, Happy Air and Eastar Jet; and in-flight catering contracts with Air Astana, Air Zimbabwe and GMG Airlines. Over the years, KLAS has established a close working relationship with Malaysia Airports Holding Berhad (MAHB), with which it is collaborating to develop Malaysia into a next-generation aviation hub.

“KLAS predicts better performance in 2010/11 as the industry picks up, buoyed by an uplifted economy and further liberalisation of the regional aviation sector due to the ASEAN Open Sky Policy.”



While KLAS already outperforms industry benchmarks in baggage and cargo handling as well as on-time departures, it constantly strives for greater efficiency and service delivery. In 2009/10, KLAS set up a training department to increase the professionalism and skills level of its customer service personnel. It also acquired new assets and upgraded existing equipment. To further sharpen its competitive edge, KLAS is focusing on value-for-money pricing as well as customised products and services. It predicts better performance in 2010/11 as the industry picks up, buoyed by an uplifted economy and further liberalisation of the regional aviation sector due to the ASEAN Open Sky Policy.

Rangkaian Positif Sdn. Bhd. (Rangkaian Positif), now into its second year in the DRB-HICOM Group, provides operations and maintenance services to the coal-fired 2,100MW Tanjung Bin power plant. It recorded a strong performance in 2009/10, following a sharp rebound in electricity demand in the last three quarters of the financial year. Coal-fired power plants in the peninsula experienced an upsurge in demand as a result of a shortage in gas supply. Tanjung Bin also stood to benefit from an outage at a coal plant in

66

DRB-HICOM BERHAD
annual report 2010





Kapar, making up to the loss in electricity generation during the outage period. Rangkaian Positif has a 25-year concession with Tanjung Bin Sdn. Bhd. beginning 28 September 2006, hence will generate a guaranteed and regular source of income to the Group until year 2031.

The Group also reaped the fruit of its acquisition of 70% equity in **Bank Muamalat Malaysia Berhad** (Bank Muamalat) in October 2008. Based on sound principles, Islamic banking as an industry remained robust in 2009, its total assets growing by double digits. Bank Muamalat enjoyed its fair share of this healthy showing, registering a PBTZ of RM142.06 million for the 15-month financial period ended 31 March 2010. Annualising the PBTZ to RM113.60 million entails a 158% increase from RM44.07 million in the financial year ended 31 December 2008. The higher profits were underpinned mainly by significant improvements in financing recoveries and asset quality.

The banking group's total assets increased to RM16.7 billion, up 16.1% from a year ago, as a result of an increase in securities amounting to RM1.1 billion. At the same time, total financing outstanding rose 10.0% to RM6.6 billion. Asset quality, as gauged by the net Non-Performing Financing (NPF) ratio, improved to 3.0% from 4.4%. Customer deposits increased 19.9% to total RM14.9 billion. The capital adequacy of the bank, as measured by the Risk Weighted Capital Ratio (RWCR), strengthened to 17.6% from 12.9%, arising from an injection of RM500 million by shareholders in March 2009.

The target for the bank now is to be more competitive. Within the next 24 months, it is to secure a position among the top five Islamic banks in the country, with a return on equity (ROE) of 14%. Sustained real economic recovery will positively impact the Islamic banking industry, and create a conducive environment within which Bank Muamalat is able to evolve.

**BANK MUAMALAT
 REGISTERED A PBTZ OF
 RM142.06 MILLION FOR
 THE 15-MONTH
 FINANCIAL PERIOD ENDED
 31 MARCH 2010.**

group managing director's review of operations (continued)

SERVICES SECTOR



During the financial year, Uni.Asia General Insurance Berhad (UAG) restructured some of its core processes to enhance efficiency, productivity and service standards. Service turnaround time for critical functions including claims and policy processing were significantly improved. UAG also embarked on various cost saving initiatives and enhanced the capacity of its 26 branches by extending operating hours to facilitate vehicle owners to purchase insurance from the Malaysian Motor Insurance Pool (MMIP).

During the financial year, UAG registered a gross premium income of RM397 million, a 3.1% reduction from RM410 million in the last financial year. At the same time, UAG strengthened its balance sheet significantly as a result of higher claims reserves that led to an overall claims incurred of RM320 million. UAG also managed to mitigate its loss before tax to RM24.3 million through higher contribution from improved earned premium income, MMIP commission, investment and other income totaling RM61 million.

We expect the general insurance landscape to continue to be challenging with greater market innovation and competition, and further liberalisation of the insurance sector. UAG has put together various business initiatives during the year and is confident of returning to profitability in the new financial year.

The life insurance industry, meanwhile, continued to expand during the year, partly because the penetration rate of life insurance among Malaysians stands at only 41%, leaving much room for growth. **Uni.Asia Life Assurance Berhad** (UAL) not only reflected the generally healthy performance of the industry, but posted its most profitable record for the year. The company registered a pre-tax profit of RM33.4 million. It emerged as the leader in Bancassurance through its new Regular Premium products, registering growth of 69% against the industry's 34%. In terms of annualised premium equivalent (APE), through Bancassurance channel, UAL's market share increased to 17.1% from 11.6%.

As for the overall new regular premium business from all channels, UAL improved its position from 10th to 8th in 2009, growing 44.6% against the industry's 28.5%.

UAL will endeavour to entrench itself as a leader in its sector by expanding its distribution channels while strengthening its operational support, for example with an e-business platform for policy serving. UAL will seek new Bancassurance partners while aggressively driving innovative product packaging, recruiting fresh salesmen and expanding its tele-marketing and direct marketing initiatives. It will also form strategic partnerships with independent financial advisors and agency leader corporations, while supporting the Government's initiative on microinsurance.

Scott & English (M) Sdn. Bhd. (Scott & English) is a premier engineering and trading group, involved in the import, distribution, assembly and provision of total service support for industrial, marine and heavy commercial engines. It serves diverse business sectors from mining and manufacturing to agriculture and plantation, logging, oil and gas, marine and transport. Its Power and Industrial products include world-renowned brands like Cummins, Fleetguard, Holset, TCM and Sullair.

The economic downturn affected sales of Scott & English, which dropped by 13.2%. However, the group performed better than expected, reporting total revenue of RM305.40 million with profit before tax of RM25 million. The Power Division, responsible for the sales and marketing of Cummins products, faced the biggest challenge due to a decline in the shipbuilding industry worldwide. While its sales figures were shored up by the previous year's orders, new monthly sales dropped significantly. The generator department, on the other hand, managed to increase its market share. The introduction of new fuel-saving electronic Q series and higher capacity generators will help to further enhance the performance of the generator department in coming years. Growth of the Industrial Division, meanwhile, will





depend on demand for equipment such as TCM forklifts and Sullair air compressors from new manufacturing facilities in the country.

Midea Scott & English Electronics Sdn. Bhd. (Midea Scott & English Electronics), an associate company dealing in home appliances, turned in a healthy performance despite a general slump in the market. The company's intensive brand awareness campaign created sufficient waves to increase sales of Midea goods by 27.5% over the previous year, achieving a

turnover of RM33.9 million. As Malaysians began to accept the new Chinese brand, they were introduced to a wider product range, which now includes stand and wall fans in addition to washing machines, refrigerators, chest freezers and electric rice/induction cookers. With the removal of 5% import duty of goods from China in 2010, we see great potential for growth of the company in the coming years.

group managing director's review of operations (continued)

PROPERTY & INFRASTRUCTURE SECTOR

The Group has made a name for itself with an extensive portfolio of quality Glenmarie lifestyle developments that include residential, commercial and industrial projects. In addition, we are involved in township developments – Proton City and Kota Kemuning – and have a visible presence in niche areas within the hospitality industry. The year was quiet, but saw much groundwork in preparation for what promises to be a very exciting 2010/11.



In the last financial year, HICOM Properties Sdn. Bhd., under which most of the Group's property and infrastructure activities are consolidated, was restructured for better cost and operational efficiencies. As part of this reorganisation, on 8 March 2010, its name was changed to **Glenmarie Properties Sdn. Bhd.** (Glenmarie Properties). The change was opportune as Glenmarie has established itself as a trusted brand in property development and is a leading player for residential, commercial and industrial development, with Glenmarie Court, Glenhill Saujana, Glenmarie Residences, Glenpark, Accentra Glenmarie and Glenmarie Industrial Park under its banner. Future developments include Glenmarie Garden, Glenmarie Peak, Glenmarie Hill and Glenmarie Heights, Johor.

We have set our sights on Glenmarie Properties becoming the most desirable brand in real estate, and are adopting 'Opportunity-Driven Change' to create this reality. The transformation will involve building new competencies, greater innovation, finding new markets, and forming strategic alliances to develop a compelling brand.

Glenmarie Properties has five main core businesses:

- a. property development
- b. facilities management
- c. property investment
- d. hospitality
- e. construction & infrastructure.

While the market on the whole was subdued in 2009, and many projects put on hold, Glenmarie Properties forged ahead with plans to launch a number of significant developments with an estimated total gross development value of more than RM2.7 billion over the next three financial years.

September 2010 will see the launch of a new phase of single and double storey residential homes within Proton City. This will be followed, in September, by the launch of Glenmarie Gardens, a low density development of 70 luxury designer



group managing director's review of operations (continued)

PROPERTY & INFRASTRUCTURE SECTOR



bungalows featuring 14 different architectural themes on 32-acre of freehold land. Each home will have a built up area of a minimum of 5,900 sq ft, land area of more than 8,000 sq ft, and boast smart features. Also in September, 17 units of shop-offices will be launched in Glenpark 1.

The success of Glenpark 1 serves as a catalyst for the balance of this mixed residential development in Shah Alam. The Group plans to launch 384 double storey link houses in Glenpark 2, with a Gross Development Value of more than RM200 million, over the next one to three years.

The 'riverfront lifestyle resort' Glenmarie Cove is developed by **Glenmarie Cove Development Sdn. Bhd.** (GCDSB). This 200-acre freehold, exclusive enclave offers semi-Ds and bungalow villas built around landscaped boardwalks, parklands and lagoons.

Over the year, GCDSB has focused on marketing the enclave, especially Precincts 2 and 4. Two innovative plans for Precinct 2 were introduced – a straightforward cashback plan and a rebate scheme. As an added bonus, GCDSB is also offering free legal fees on the SPA for the purchase of the bungalows and Semi-Ds. Sales has picked up tremendously since the introduction of the rebate plan in March 2009, with 95% and 75% take-up rates for the 24 units of Rosea and 20 units of Palmea. Currently, about 80% of the units launched in Precinct 2 have been completed and are expected to be handed over by the end of 2010.

The township of Kota Kemuning, developed by **HICOM-Gamuda Development Sdn. Bhd.** (HICOM-Gamuda), is in its final phase of development with some small pockets of land re-planned to optimise land use efficiency and value. Most of the completed units have already been sold.

Proton City, meanwhile, is being developed by **Proton City Development Corporation Sdn. Bhd.** (Proton City Development Corporation), a joint venture between DRB-HICOM and Perusahaan Otomobil Nasional Berhad (PROTON). Proton City has been designed to

be a self-contained eco-sensitive intelligent city with superior technological and educational capabilities while providing a contemporary living environment that enriches its multicultural community. The nucleus of this 4,000-acre township 5km north of Tanjung Malim, Perak, is a Proton car assembly plant. This is supported by a host of commercial activities and the provision of ample, quality housing for those who will service these endeavours. Proton City Development Corporation will be launching four residential parcels totalling 304 units of terrace, semi-D and cluster homes over the next three years. Market forces change during the development of townships, which can stretch up to 10 years. This is something we are keenly aware of, and are sensitive to. In the development of the rest of Proton City, we are reviewing the expectations of the market and are making relevant changes. For example, industrial land in Parcel 3 is being converted for commercial use, leveraging on the sale of part of the land to a leading retail store in Malaysia.

▲

“While the market on the whole was subdued in 2009, Glenmarie Properties forged ahead with plans to launch a number of significant developments with an estimated total gross development value of more than RM2.7 billion over the next three financial years.”



THE TRANSFORMATION OF GLENMARIE PROPERTIES INTO THE MOST DESIRABLE AND COMPELLING BRAND IN REAL ESTATE INVOLVES BUILDING NEW COMPETENCIES, GREATER INNOVATION, FINDING NEW MARKETS, AND FORMING STRATEGIC ALLIANCES.

group managing director's review of operations (continued)

PROPERTY & INFRASTRUCTURE SECTOR



74 ■■■
DRB-HICOM BERHAD
annual report 2010 □

Another catalyst development within Proton City is the Universiti Pendidikan Sultan Idris (UPSI), which is currently under construction. Phase 1 is expected to be completed by January 2011.

The Group also has interests in Mutiara Tropicana, a joint venture between **HICOM Builders Sdn. Bhd.** (HICOM Builders) and Majlis Agama Islam Selangor (MAIS). Phase 1 has been successfully completed and we are now embarking on Phase 2, comprising townhouses, in this development in Tropicana, Selangor. In addition, HICOM Builders has completed the renovation of several Bank Muamalat branches and an upgrade of DRB-HICOM Auto Solutions' building in Pekan. It is also completing a factory in the HICOM Pegoh Park in Melaka, while studies are being conducted on the residential and commercial components of this 730-acre freehold mixed development.

The Group's presence in the construction industry is further strengthened via our 70% equity in **Comtrac Sdn. Bhd.** (Comtrac). While Comtrac was affected by the slowdown last year, it is confident of a quickened pace from 2010 onwards. Focusing on turnkey projects on a fast track basis that provide high profit margins, it is targeting RM100 million worth of construction contracts in 2010/11, of which RM29 million will be derived from the development of Glenmarie Cove.

In the hospitality sector, the Group owns Holiday Inn Kuala Lumpur Glenmarie in Shah Alam, Rebak Island Resort in Langkawi and Lake Kenyir Resort and Spa in Terengganu. **Holiday Inn Kuala Lumpur Glenmarie** caters primarily to the business traveller. Set in lush tropical greenery, overlooking two 18-hole world-class golf courses, it is just 30 minutes from Kuala Lumpur

International Airport and 30 minutes from the heart of the city. The hotel proved resilient in 2009/10. While the Malaysian Association of Hotels reported average occupancy rates of 60.7% in 2009, the hotel's occupancy rate increased to close at 64.8% for the period April 2009-March 2010. Other notable achievements in the year included certification by the Green Globe, which supports the Global Sustainable Tourism Criteria (GSTC) on the sustainable operation and management of travel and tourism businesses; and recognition awarded to Fu Rin, the hotel's Japanese Restaurant, as one of Malaysia's best Japanese restaurants in 2009 by *Malaysia Tatler*.

Rebak Island Resort is a five-star, 82-room resort on a 385-acre island in the Langkawi archipelago, managed by the Taj Group of India. The one-island-resort which boasts an international-class marina has been steadily attracting an increasing number of visitors. In 2009/10, its room occupancy increased from 31% to 56%, leading to a 56% increase in revenue from RM9.97 million to RM15.57 million.

In Terengganu, on the banks of the country's largest lake, lies another gem of a resort, **Lake Kenyir Resort and Spa**. Spanning over 60-acre, and surrounded by the world's oldest tropical rainforest, the resort is a haven for nature lovers who will be enthralled by the rich biodiversity to be discovered. Nine of the 10 hornbill species found in Malaysia can be spotted here. Activities include kayaking on the 260,000 hectare lake, cruising to some of the 340 lake islands, exploring caves, trekking to waterfalls, fishing and cycling in an unspoilt environment far removed from urban stresses. The management plans to collaborate with the Terengganu State Government and private investors to turn one of the lake islands – Pulau Gawi – into a tourist attraction centre while developing activities such as team-building on another island, Pulau Popi.

“Lake Kenyir Resort and Spa is a haven for nature lovers who will be enthralled by the rich biodiversity to be discovered. Nine of the 10 hornbill species found in Malaysia can be spotted here.”



Following a RM4.4 million renovation, completed in early 2008, Lake Kenyir Resort and Spa's facilities are truly of international standards, and the management plans to market it more intensively, both locally and in foreign markets. It will also intensify the resort's visibility through advertisements, its website, trade shows, and by hosting more familiarisation trips for travel writers and travel agents.

The Group's property and infrastructure sector includes the management of property, such as **The Verge** and **Chill@The Verge**, in Singapore's Little India precinct. To increase its yield from the mall, the management is concentrating on attracting more patrons and retailers, and increasing the number of advertisements in the mall. At the same time, efforts are being made to reduce operating costs through measures that include better energy management.



group managing director's review of operations (continued)



76

DRB-HICOM BERHAD
annual report 2010

EIGHTY PERCENT OF THE UNITS LAUNCHED IN PRECINCT 2 OF THE RIVERFRONT LIFESTYLE RESORT GLENMARIE COVE HAVE BEEN COMPLETED AND ARE EXPECTED TO BE HANDED OVER BY THE END OF 2010. THIS 200-ACRE FREEHOLD, EXCLUSIVE ENCLAVE OFFERS SEMI-Ds AND BUNGALOW VILLAS BUILT AROUND LANDSCAPED BOARDWALKS, PARKLANDS AND LAGOONS.

OUTLOOK

As an entrepreneurial Group, DRB-HICOM will be capitalising on a recovered economy by further growing and strengthening our core businesses while expanding into new areas that have the potential of creating synergies with our existing companies and business models. As part of our overall strategy to create a balance between the Automotive and Services Sectors, we will be looking actively to expand the latter.

Within the Automotive Sector, we will seek to attract more credible marques to our growing stable, and to capitalise on the localisation programme to further develop our manufacturing arm. Already, industry indicators are showing healthy signs of growth. The total industry volume for motor vehicles for the first four months of 2010 increased 21% to 196,121 units compared to 162,075 units in the previous corresponding period.

It will also be a very exciting year for the Property and Infrastructure Sector, which will release several launches that were held back in 2009/10, in addition to those planned for the year. Among the developments are some that promise to be icons within the local landscape, both in the Klang Valley and elsewhere.

The New Economic Model introduced by the Government in March 2010 was in many ways a bonus for the Group. By allowing for private sector investment in GLCs, it has created attractive possibilities for further growth. Indeed, there is huge potential for DRB-HICOM; and we embark on our onward journey full of optimism, confident in the knowledge that we will be guided throughout by our Vision – developed by our people – ‘to be number 1 and continuously excel in all that we do’.

VALUES

I take personal interest in nurturing a corporate culture built on a foundation of integrity and honesty. It is my firm belief that a corporate organisation is only as good as its people, and the people as good as their values. It is based on this tenet that building the soft skills of our people is one of the primary objectives of our Company. At the same time that the senior management met to develop a Vision which resonates with our innermost beliefs, we also searched our value systems to come up with seven Shared Values we felt were crucial to the well-being and further development of the Group. These are: excellence, decorum, teamwork, integrity, innovation, quality and transparency. These

values represent the soul of DRB-HICOM. They guide our thoughts, actions and the way we engage with people around us, at work and outside.

These values are cascaded down to all employees, not merely through communication, but through actions and deeds. I take personal responsibility for living our Shared Values. I am pleased to say I am supported by my senior team, who walk the same talk by my side. We embrace every opportunity to reinforce these values to employees, for example at our Boot Camps, at the bimonthly *ceramah*, when I meet members of staff for ‘*secawan teh*’ and, sometimes, through memos. As part of our open and transparent culture, management committee and heads of division meetings are held every other week so that we keep abreast of developments at every level and in every segment of the Group.

Values cannot be quantified, yet the returns are priceless. They are seen in the trust and confidence given to the DRB-HICOM brand and Group by our stakeholders – business partners, associates, vendors, customers and others whose lives are touched by DRB-HICOM in one way or another.

HUMAN CAPITAL DEVELOPMENT

DRB-HICOM truly values our employees, whom we consider our strongest asset. Hence, we are dedicated to their welfare and engage actively in two-way communication so as to hear their points of view, and respond to these. Staff engagement is integral to ensuring our warga DRB-HICOM feel they belong to the ‘family’. Strong two-way communication reinforces a sense of individual responsibility as well as responsibility to the Group. Further, in an organisation represented by more than 23,000 employees, communication is key to ensure we all move towards the same goals as one.

Our commitment to our people is so great that no less than 30% of our corporate responsibility budget goes towards empowering them. We constantly enhance the skills and knowledge of our employees through training and development. This forms part of our overall agenda to support the nation in building a knowledge-based workforce to drive a knowledge economy. Towards this end, we have embarked on a talent management programme to grow our human capital organically by recognising high achievers who added value to the Group’s performance and business, and giving them the opportunity to further develop and realise their full potential through training and learning opportunities.

On a larger scheme, we have in place a structured development programme that nurtures an unbroken line of leaders who are crucial to succession planning. Talents at every level within the Group undergo continuous coaching and training so that they are ready to take on roles of greater responsibility.

The setting up of the International College of Automotive (ICAM) underlines our commitment to increasing the technical and theoretical skills and knowledge of automotive personnel. Indeed, it represents nothing less than a paradigm shift in automotive education as, for the first time, Malaysians are being given the opportunity to receive highly customised training that is industry relevant. This is DRB-HICOM’s commitment to safeguarding the future of our nation’s automotive industry while elevating it to a higher plane through the generation of well-qualified young blood infused with the right competencies and professionalism. The college stands to benefit not only DRB-HICOM but the nation as a whole as we will be open to anyone seeking quality automotive education. In fact, ICAM is set to enhance Malaysia’s reputation as an automotive hub as we have even received interest from potential students from China, Indonesia, the Middle East and Africa.

APPRECIATION

Alhamdulillah, having completed our 30th year with pleasing results, I would like to record my deep-felt appreciation to all those who have contributed to DRB-HICOM’s success story to date. First and foremost, I would like to acknowledge the board of directors, under the leadership of our Chairman, Dato’ Syed Mohamad Bin Syed Murtaza, who has guided us through two turbulent years and ensured we emerged all the stronger. My gratitude also goes to the management of DRB-HICOM and all our staff, who have been very supportive of the Group and have worked extremely hard, especially over the last two years, to keep our flag flying. Thanks are also due to all our vendors, suppliers and partners, from Malaysia and overseas, for their high level of professionalism and reliability. I would also like to acknowledge the continued support of the Government, and the trust and confidence of our shareholders.



DATO’ SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director



Insurance
SERVICES

Motor Vehicle
Inspection

Airport Services

Islamic Bank

Operations & Maintenance

(Power PL)

Solid Waste Management

Industrial Equipment Franchise

Facilities Maintenance

AUTOMOTIVE

Components

Passenger Vehicle

Commercial & Utility Vehicle

Customised Vehicles

MOTORCYCLE

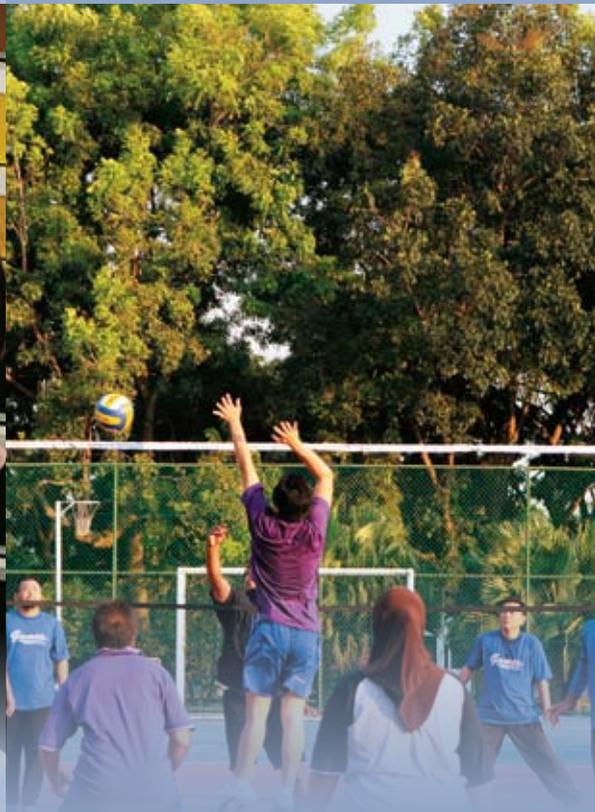
Defence Vehicles & Equipment

PROPERTY

INFRASTRUCTURE

Residential

Integrated Townships



human capital development

DRB-HICOM is fully cognisant of the significant role our employees play in the Group in maintaining its leadership position. We therefore seek not only to create opportunities for all staff to enhance their knowledge and skills, but to positively encourage an ambitious mindset that drives our employees to continuously improve themselves so as to achieve all their personal and professional goals.

80
DRB-HICOM BERHAD
annual report 2010

In a Group as diverse as ours, human capital development presents its own set of challenges. At the same time, this business diversity offers a unique learning proposition, affording staff exposure to a wide range of businesses that broadens their perspective and enriches their approach to handling work-related issues.



MANAGEMENT TRAINEE PROGRAMME

Every year, under our Management Trainee Programme, DRB-HICOM recruits fresh graduates with cumulative grade point averages of above 3.2. These new recruits undergo a one-year training programme during which they have the opportunity to experience the different functions and operations in the Group. At the end of this programme, they are placed in an executive position and are given full support to advance themselves within the organisation. They are constantly tasked with assignments that require them to collaborate with colleagues from different functions. These projects increase with complexity over time, so as to always challenge the young executives and increase the depth and breadth of their knowledge and capabilities.

While we promote broad-based learning, we also acknowledge that employees perform best when they are given the opportunity to hone their natural skills. So as to pinpoint individual strengths and talents, key executives are required to go through an assessment which allows us to build on their innate abilities while also providing support to strengthen their weak points. Based on their profile, and on personal input from the employees, we help to develop a career path that they would find fulfilling.





CO-OWNERSHIP OF EMPLOYEE DEVELOPMENT

Group Human Resources (HR) believes in engendering a sense of inclusiveness and participative accountability by involving operating companies in the development of their human capital. The co-ownership of creating a healthy succession line is reflected in the KPIs of CEOs and their management teams, who are responsible for identifying those with the agility and ability to accelerate the pace of their career progression.

As we empower our employees, we nurture a culture of performance accountability where trust and stewardship are emphasised. Within this environment, it is essential to have good communication between personnel and senior management. Across the Group, senior management operate on an open-door policy, whereby any member of staff can walk into any manager's office, including that of the CEO. The Group Managing Director himself has half-hour one-on-one sessions with individuals picked at random for 'secawan teh' (cup of tea). He also makes regular trips to operating companies outside of the Klang Valley, and uses this opportunity to dialogue with employees at all levels, from the shop floor to the CEO.

The average DRB-HICOM executive spends more than the Group's target of 48 hours' training a year. Training programmes are held for employees Group-wide at our Learning Centre in the DRB-HICOM headquarters in Glenmarie, as well as externally.

COMPANY-SPECIFIC TRAINING

Operating companies within the Group employ their own training programmes to cater to internal needs. Employees within the automotive sector are sent to the manufacturing plants of foreign strategic partners in Germany and Japan for training in vehicle assembly. In collaboration with our foreign partners, each employee spends up to four months in Japan to master their art of production and to assimilate the Kaizen (continuous improvement) culture. Employees sent to Germany undergo between two and four weeks of intense training with our European counterparts.



human capital development (continued)



prescribed in the New Economic Model. It represents another chapter in our pursuit of corporate responsibility.

ICAM is owned by HICOM University College Sdn. Bhd. (HUCSB), incorporated on 28 January 2010, which will also oversee PUSPAKOM's training academy and Akademi Saga, where school leavers can obtain vocational automotive training.

CAREER GROWTH FOR SENIOR MANAGERS

Group Human Resources identifies capabilities and skills that are required by key officers of the various operating units, through a business results inventory, and charts training programmes to develop these. Career growth is realised via lateral and vertical movements within the organisation, without any gender discrimination, thus maximising both quality and equality.

Cross-postings at the managerial level occur at least twice a year, and are part of differentiated initiatives to create a succession line of top managers. The rotational deployment of managers from one company within the Group to another challenges them to adapt to a new working environment with new parameters, new teams and perhaps even new business models, often resulting in a quantum increase in their management skills and strategic capabilities.

To further stimulate and motivate our top brass, DRB-HICOM organises sector-based quarterly dialogue sessions for senior management. These take the form of intense one-day brainstorming marathons at which there is open and candid exchange of ideas and experiences. In addition, at least once a year, senior management from across the entire Group get together for a similar power-exchange. To keep abreast of global trends relevant to business and management, international and local thought leaders are invited to speak to DRB-HICOM managers on a regular basis.

ICAM & ACADEMIES

In March 2010, DRB-HICOM opened a new International College of Automotive (ICAM) in Pekan, Pahang, with the objective of equipping personnel from the automotive sector with relevant skills-based certification. ICAM currently offers three-year diploma programmes in Automotive Management Systems, Vehicle Assembly Management and Vehicle Inspection; and will be introducing more courses in time. All the courses emphasise financial and strategic management knowledge and skills.

The college has two intakes a year, and welcomed its first batch of 75 staff from DRB-HICOM shop floors this March. Now housed in a temporary site with a capacity of 1,300 students, ICAM's permanent campus will be able to accommodate more than 3,000 students. By then, ICAM is expected to have acquired university college status, and will offer students – including non-DRB-HICOM employees – graduate and postgraduate degrees in addition to diplomas. ICAM supports the national agenda to upskill the general workforce, as



To prepare senior management for leadership positions, they are given transitional coaching. Beginning in 2009, the Group engages an external transition coach to work closely with selected senior managers on an individual basis for a period of six months. In addition, senior managers are trained to themselves coach those who report to them. While this benefits their juniors, it also adds to the senior manager's leadership skills.

ADDITIONAL QUALIFICATIONS

Over and above the training provided by DRB-HICOM, the Group offers an education assistance programme, which supports employees who wish to further their academic qualifications at tertiary educational institutions in Malaysia up to the Master's level. Those interested in pursuing degrees abroad are encouraged to do so under study leave.

As a result of these initiatives, DRB-HICOM has established itself as a preferred employer, attracting a high calibre of employees who add to the Group's strengths and contribute immeasurably to its stated vision 'To be Number 1 and continuously excel in all that we do'.



corporate responsibility

is more than just corporate philanthropy

DRB-HICOM has its foundations in CR, as one of the primary goals of HICOM was to boost the development of heavy industries in the country. While this objective has been achieved, we have never strayed from supporting the Government in its endeavours to further propel the country's progress.

In particular, we fully support the Government's aspiration to nurture a skilled and knowledgeable workforce that is capable of catapulting the country into the knowledge economy. In so doing, we also offer Malaysians the hope of fulfilling their dreams of acquiring a better standard and quality of life.

Over the years, the Group developed a tradition of giving generously to organisations and communities that require funds and support in other forms. However, last year, the Board of Directors adopted a CR framework to transform our various acts of corporate philanthropy into a more formal and streamlined proposition that further enhances the Group's sustainability by balancing our commitments to social, economic and environmental issues.

Today, corporate responsibility at DRB-HICOM is fully embedded in all our business activities and reflects our commitment to long-term shareholder value. It is part of our corporate philosophy and affects all

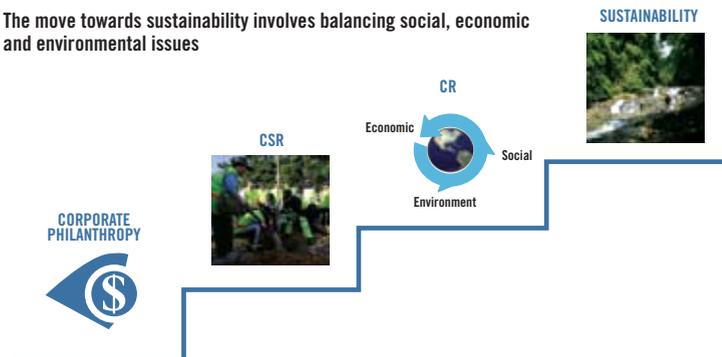
employees. In carrying out our CR initiatives, we actively engage our stakeholders and respond to their needs. In so doing, we make ourselves more accountable for our actions and operate with greater transparency. This allows us to achieve maximum impact in the local communities where we operate and in society on the whole.

We place equal emphasis on our social and environmental footprint as we do our financial performance, thus adopting a system of triple bottom line accounting, which serves the ultimate purpose of positively impacting society while achieving business success.

Our CR framework focuses on the four strategic dimensions of the Community, Marketplace, Workplace and Environment. Within this framework, we have set aside a budget and established systems for assessing, monitoring and reporting our CR initiatives as well as increasing stakeholder engagement.

Group's CR strategy reflecting its range of interest and presence.				
CR Vision	"We are committed to being a responsible corporate citizen, especially in the development of communities in areas we operate in, because their future is our future"			
Strategic themes By CR dimension	Community	Environment	Marketplace	Workplace
	<ul style="list-style-type: none"> Nurture youth's interest in our specialised areas (e.g. Engineering) Address social needs of local communities 	<ul style="list-style-type: none"> Embed environmental considerations in all aspects of operations 	<ul style="list-style-type: none"> Encourage vendors to act sustainably (i.e. ethical/green procurement) 	<ul style="list-style-type: none"> Focus on CR initiatives that promote continuous learning and development at workplace
CR Portfolio	30-35%	20-25%	20-25%	25-30%

The move towards sustainability involves balancing social, economic and environmental issues





SUPPORTING NATIONAL ASPIRATIONS THROUGH EDUCATION

One theme that unites our community, marketplace and workplace CR initiatives is education. DRB-HICOM is keenly aware of the need to develop the nation's human capital so as to remain competitive in a rapidly globalising world. This we do by providing training opportunities in the workplace and in the community, our actions serving both to enhance our position in the marketplace and to boost the local market's global competitiveness.

The International College of Automotive (ICAM), opened in March 2010, best exemplifies the Group's commitment to supporting the Government's vision of transiting the country into a knowledge-based economy. As the largest fully integrated automotive company in Malaysia, DRB-HICOM has been aware of a gap between industry needs and the quality of personnel entering the automotive sector. Recruits either have technical expertise but lack knowledge, or are knowledgeable but technically inept. ICAM will bridge this gap through carefully thought-out, holistic syllabi aimed at preparing graduates to contribute meaningfully to the automotive industry upon completion of their three-year diplomas.

Situated in Pekan, adjacent to the Group's assembly plant, constant input from the industry will ensure the learning environment at ICAM remains demand-driven, hence relevant. At the same time, trainees will have access to the production lines of some of the world's top car brands, greatly enhancing the value of their training.

Eventually, the college will offer Malaysians full-fledged, recognised degrees, further elevating the nation's knowledge base and establishing Malaysia as a regional hub for the automotive industry. Inspired by the country's quality workforce, a greater number of foreign manufacturers will be attracted to set up operations here.

ICAM has the unique distinction of being a training ground for the industry, by the industry. It powers the ambitions of our workplace, the community and the nation.

In line with our CR objectives, the Group also contributed RM50 million towards the establishment and development of the Albukhary International University (AIU) in Alor Setar, Kedah. AIU operates on the philosophy of assisting disadvantaged students around the world who possess potential and a desire to excel, but do not have the means to support themselves through higher education. AIU is fully funded by Yayasan Albukhary and students are fully sponsored by the university.

AIU complements ICAM by providing a potential stream of graduates to take on executive positions in DRB-HICOM's non-automotive core businesses, namely Property & Infrastructure and Services. Through AIU, the Group also derives access to R&D facilities to further develop our existing businesses as well as to venture into emerging areas such as green technology and sustainable development. Meanwhile, the opportunity for students to take on study attachments and practical training at DRB-HICOM is beneficial to both parties.

At the school level, subsidiary Rangkaian Positif Sdn. Bhd. last year adopted S K Serkat in Pontian, located near the Tanjung Bin Power Plant in Johor. Under the adoption programme, Rangkaian Positif will support a number of the school's activities – such as its sports day – while also organising UPSR workshops to help the Primary 6 students prepare for their examination. The school houses a number of children of Rangkaian Positif staff.

CR INITIATIVES IN THE COMMUNITY

In the local communities where we have a presence, DRB-HICOM is committed to improving the lives of the underprivileged through various initiatives that include contributing towards hospitals and mosques.

In the year under review, DRB-HICOM Group contributed a total of RM10 million to Yayasan Albukhary to fund its dialysis centre, orphanage, tuition centre, old folks' home and mosque at the Albukhary Complex in Alor Setar, in addition to supporting other charitable activities. We were honoured when our mosque in Proton City was chosen to host the two-day Maal Hijrah 1431H celebrations for the state of Perak, on 17 and 18 December 2009. The second day of this religious festival was graced by the Sultan and Raja Muda of Perak. Later, in February 2010, we donated a van to serve more than 200 communities in Kampung Bestari Jaya, Kuala Selangor.

The Group also has a tradition of lending a helping hand to charitable organisations, especially during the

holy month of Ramadhan, Aidilfitri and Aidiladha, when we organise special events to bring cheer to hundreds of orphans and underprivileged children. While extending the spirit of sharing, the Group contributes cash (*duit raya*) as well as essentials to orphanages such as Rumah Sinar Harapan, Rumah Ehsan and Rumah Anak Kesayanganku, Bukit Beruntung.

Since 2004, Rebak Island Resort Langkawi has played host to the special needs children of Pusat Pemulihan Dalam Komuniti (PDK) for the breaking of fast during the month of Ramadhan. Last year, 51 children and youth from the home were invited to the resort on two occasions – for a Hari Raya open house and a high tea – when staff not only served them but also entertained the special guests with songs, dances and a tele-match game.

The Group has pledged RM150,000 over a period of five years to Yayasan Pembangunan Anak Yatim & Miskin, a fund set up to aid orphans and underprivileged children.

Over the preceding year, we were deeply affected by the earthquake in Padang, Indonesia; and the suffering of Palestinians ravaged by war. We sent aid to both areas, channelling our funds to the Palestinians through the National Humanitarian Fund for Gaza.

Subsidiary MODENAS champions road safety and employs the close relationship it has established with the Road Safety Department to further this cause. The local motorcycle manufacturer takes in students from public and private colleges to learn safe/defensive riding techniques. During the year, 16 students completed a safety training programme here. In addition, MODENAS conducted safety programmes on: 1) the importance of wearing safety belts in cars; 2) the correct way of wearing helmets; 3) wearing safety vests, 4) training for the Emergency Response Team; and 5) convoy activities.





CR INITIATIVES IN THE MARKETPLACE

As a recognised industry leader, DRB-HICOM is aware of our responsibility towards meeting the high level of service and quality product offerings expected by our customers. Our operating companies are guided in their interactions with customers and sales prospects by a comprehensive Customer Relationship Management (CRM) Programme. CRM activities include annual golf friendly tournaments, fishing and bowling competitions. The Group further conducts various customer satisfaction surveys, which are seen as essential to the survival of our businesses.

DRB-HICOM is also proactively involved in developing and managing our vendors. We run a vendor development programme as we expect our vendors to meet certain standards. For high-volume purchases, vendors are assessed on parameters including their quality management and respect for the environment. Vendors undergo audits, and top performers are honoured with appreciation and performance awards. Each operating company runs its own development programme for Bumiputra vendors to strengthen their position in the sectors we operate in, namely components manufacturing, construction and automotive distribution (dealers and parts dealers).

At the same time, we recognise dealers who have excelled. Various dealer appreciation sessions as well as conventions are organised not only to create networking opportunities and to motivate the dealers, but also to reinforce DRB-HICOM's values, goals and culture among them. Besides reviewing their performance, dealers are encouraged to align themselves with DRB-HICOM by embracing and upholding the Group's vision and mission. Edaran Otomobil Nasional Berhad (EON), for example, held a Parts Dealers Appreciation session, themed *Moving*

Forward with EON, to further strengthen its relationship with its extensive after-sales network of parts dealers and franchised service centres. The event also served as a platform for EON to share its business plan and future strategy with its partners.

As a result of the Group's commitment to corporate excellence, operating companies within the DRB-HICOM fold have received numerous awards. In the last year itself, PHN Industry Sdn. Bhd. (PHN), one of DRB-HICOM's component manufacturing companies, received a Certificate of Excellence from the Ministry of International Trade and Industry for being Top 5 in Quality Management Excellence. PHN also was named Honda Supplier of the Year and received the Best Quality Award from Toyota Boshoku UMW Sdn. Bhd.

In the world of finance, we promote sound Islamic principles through Bank Muamalat Malaysia Berhad (BMMB), which has always been vigorous in promoting and educating the public on the benefits of Islamic banking. In this past year, this was achieved through regular *ceramah* (meetings) and talks at selected mosques and various institutions throughout the country. In addition to the series of talks, BMMB also provided special text on the subject of *Riba'* (interest) that was read by the *Imam* during the Friday congregational prayers in several states.

During the month of Ramadhan, BMMB aired on television a popular and well received short daily programme by our very own Ustaz Mohd Hafiz, Head of Shariah Department, explaining various verses in the Quran pertaining to business and interest. In addition, the Bank sponsored the popular *Bersamamu* and *Forum Perdana* television programmes as part of its public awareness initiatives.

We strive continuously to raise our standards of corporate governance to ensure stakeholders' expectations are met.

corporate responsibility (continued)

CR INITIATIVES FOR THE ENVIRONMENT

DRB-HICOM believes that caring for the environment entails a commitment to making continuous efforts to conserve the world around us. In our quest for a clean and healthy environment, we have instituted an awareness programme – via email and memos – for all employees to reduce wastage and electricity consumption. This not only serves our green agenda but also complements our cost-reduction initiatives. We invite feedback to improve on our programme and constantly monitor progress made.

Employees are encouraged to participate in a 3R programme to reduce, reuse and recycle. Paper consumption has been reduced through the use of recycled paper – for example printing internal memos and documents on the blank side of used paper – and duplex printing. Waste paper is segregated for recycling by having separate bins in offices. Recyclable material is collected at the end of every month and incentives are given at the department level for collecting recyclables.

In accordance with ISO 14001 guidelines, we measure our energy consumption on a yearly basis and implement electricity-saving measures such as switching off lights and office equipment when they are not in use.

At the Group's industrial plants, the use of cotton and leather gloves has been reduced via strict controls on distribution on an exchange basis only. All used packaging items (cardboard, carton boxes, plastic, wooden pallets, metal frames and paper) are collected and sold to recycling contractors. Transport is optimised to maximise the number of deliveries per trip per day. Electricity usage, meanwhile, has been reduced by fixing air leaks from machines, changing to energy-saving fluorescent lights, installing transparent roofs and walls to let in natural light, and reducing forklift operating hours.





In our quest for a clean and healthy environment, we have instituted an awareness programme – for all employees to reduce wastage and electricity consumption.

Subsidiary Alam Flora, the waste management services provider, takes a leading role in environmental protection, extensively promoting the 3R programme in schools and the community. Awareness programmes have also been carried out via exhibitions. From the financial year 2006/07 to date, Alam Flora has implemented 237 3R programmes.

Internally, Alam Flora has embarked on an Automated Vehicle Location System (AVLS) to reduce its diesel consumption. As from financial year 2007/08 to date, its vehicular CO2 emission has dropped by 1,058 tonnes. A FloraGreen committee has been established to advocate a green lifestyle via a green policy, weekly green tips, tree planting and green hunt activities. The FloraGreen committee is responsible for inculcating environment-friendly habits among all employees.

Alam Flora is also collaborating with foreign organisations to process organic waste into bio-fertilisers; develop a (plastic) waste-to-diesel plant; and to convert landfill gas to energy.

To enhance its corporate identity as a leading environment management company in Malaysia, Alam Flora collaborated with Bulletin Utama TV3 to broadcast its efforts in serving the community via two-minute snippets aired every Tuesday for 10 weeks from 6 October 2009.

On 25 November 2009, Alam Flora bagged the Prime Minister's Hibiscus Award for its Notable Achievement in Environmental Performance.

The very nature of PUSPAKOM's operations means it, too, contributes to a cleaner and healthier environment. PUSPAKOM's computerised vehicle inspection systems, available at 60 branches with a capacity to inspect a total of 4 million vehicles per annum, minimises pollution from cars, trucks and buses. PUSPAKOM gauges the density of particles in diesel engine emissions through free acceleration tests; while the volumes of hydrocarbon and carbon monoxide gases in petrol engines are measured using an idling test.

In addition, individual operating companies within the Group also take on the role as 'eco ambassadors'. Associate company Honda Malaysia has committed RM5 million to a five-year project by WWF-Malaysia to protect the Sumatran rhino. At Lake Kenyir Resort & Spa, meanwhile, the focus is on creating greater awareness of the hornbill. The resort collaborates with the Terengganu State Government and Malaysian Nature Society to distribute brochures on the magnificent bird. At the resort itself, there is a hornbill corner where all hornbills, raptors and forest birds are displayed. The resort also runs a Bird Watching Programme that enables guests to observe the birds in Sg. Buweh.

The Group has set the goal of providing innovative solutions to environmental challenges. All company sites will have clear environmental targets and their performance will be monitored regularly. Meanwhile, subsidiaries will strive to raise their environmental performance standards even if it means going beyond the requirements of local legislation, so that we can make a positive contribution to a green world.



DRB-HICOM values our employees highly and strives to offer them a stimulating work environment where they are motivated to reach their full potential.



CR INITIATIVES IN THE WORKPLACE

DRB-HICOM values our employees highly and strives to offer them a stimulating work environment where they are motivated to reach their full potential.

As one of the leading conglomerates in the country, staff development is a priority, and there is strong emphasis on continuous learning. Employees are given various incentives to pursue educational qualifications that will improve their career prospects in the company. We have instituted a succession and development process that ensures a continuous flow of future leaders across the Group. This serves the double objectives of catering to the career aspirations of our employees, as well as fulfilling DRB-HICOM's future business needs. In addition, employees are encouraged to join professional associations, with the Group subsidising their memberships.

DRB-HICOM places equal emphasis on the well-being of our employees, as we believe the higher the level of satisfaction in the work space, the greater the productivity. Various events and activities are organised to engender a feeling of belonging to the Group. These include the bi-annual DRB-HICOM Team Boot Camp where employees are exposed to physical challenges which encourage teamwork and strategic thinking. This highly motivational experiential learning has proven to be very popular among all levels of employees and has become a highlight on our corporate calendar.





Kelab Sukan DRB-HICOM (KSDH), the in-house sports club, is tasked with organising employee engagement activities at the Company and Group levels which involve our staff's families. Activities this year included the DRB-HICOM Family Day and Treasure Hunt at Tiara Beach Resort, Port Dickson; Majlis Jamuan Hari Raya; Intra-Club Games (ICG); a Staff Children Education Visit to the Proton Plant in Tanjung Malim; and a Workshop on English Enhancement for Staff Children. KSDH also hosts the Annual Dinner, at which we present employee appreciation awards to recognise the support and commitment shown by all staff, and especially those who have gone the extra mile.

Meanwhile, individual operating companies within the Group organise their own activities, such as the *gotong-royong* to spruce up the workplace, which also reinforce the spirit of togetherness.

Safety is of paramount importance, and the Group is committed to safeguarding the health and safety of our employees. This is reflected in Occupational Health and Safety Assessments (OHSAS), and our ISO 14001 EMS certification. All our offices and factories have been declared smoke-free zones, while most of the factories have adopted a 'towards zero-accident' policy. Our focus on health was demonstrated recently by the Group-wide implementation of stringent thermal screening to prevent H1N1 infection. This resulted in zero infection.

As a caring employer, DRB-HICOM has a Staff Welfare Fund which provides financial assistance to employees in need, for example those who have been affected by natural disasters such as floods and fire.

Additionally, the Group provides scholarships to children of staff who have proven themselves in the national examinations. This year, 149 top scorers in the PMR, SPM and STPM examinations received a total of RM61,150 as aid to further their education. Each student also received RM100 from Bank Muamalat Malaysia Bhd.

To ensure we continue to meet our objective of satisfying the aspirations and needs of our employees, the Group conducts employee satisfaction surveys every year. These indicate a positive perception and attitude towards DRB-HICOM. Employees are proud to be in DRB-HICOM, believe in our Vision, Mission and Values, and are confident of the company's image and business performance. What is more, they recognise and support the company's Corporate Responsibility initiatives.

We believe our emphasis on CR positions the Group as a preferred business partner and a preferred employer, creating win-win situations between us and all our stakeholders.





corporate governance

93
STATEMENT ON
CORPORATE GOVERNANCE

105
DIRECTORS' STATEMENT ON
INTERNAL CONTROL

109
AUDIT COMMITTEE REPORT

114
ADDITIONAL COMPLIANCE
INFORMATION

117
STATEMENT OF DIRECTORS'
RESPONSIBILITY

statement on corporate governance

“CORPORATE GOVERNANCE SETS OUT THE FRAMEWORK AND PROCESS BY WHICH COMPANIES, THROUGH THEIR BOARD OF DIRECTORS AND MANAGEMENT, REGULATE THEIR BUSINESS ACTIVITIES. IT BALANCES SOUND AND SAFE BUSINESS OPERATIONS WITH COMPLIANCE OF THE RELEVANT LAWS AND REGULATIONS. GOOD CORPORATE GOVERNANCE IS GLOBALLY ACCEPTED AS BEING FUNDAMENTAL TO AN ORGANISATION’S COMPETITIVENESS, GROWTH AND SUSTAINABILITY.”

The Board of Directors of DRB-HICOM is committed to ensuring that the highest standards of Corporate Governance are practised throughout the Group as a fundamental part of its responsibilities in managing the business and affairs of the Group and protecting and enhancing shareholders’ value and financial performance. To continuously achieve the higher standards of Corporate Governance, the Board ensures that new facts and evolving corporate governance issues are addressed and best practices are incorporated in the Group.

The Board is pleased to set out below the manner in which the Company has applied the principles set out in the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) and the extent to which the Company has complied in all material respects with the best practices of the Code as well as international best practices during the financial year ended 31 March 2010.

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

The Board has the overall responsibility in leading and determining the Group’s overall strategic direction as well as development and control of the Group. The Board approves the Group’s Annual Management Plan (“AMP”) and the overall strategic direction on a yearly basis. The Management presents to the Board the overall strategy and future direction for the ensuing year for its approval. The process also includes the Board’s review and approval of the AMP and the corporate key performance indicators (“KPIs”) which are used by the Board for tracking the Company’s performance against the targets. The Board retains full and effective control of the Group by reviewing Management’s performance against the AMP periodically and ensures that the necessary financial and human resources are available to meet the Group’s objectives. The Board is responsible for succession planning, including

appointing and fixing the remuneration of and, where appropriate, replacing senior management. The Board is also responsible for identifying principal risks and ensuring the implementation of appropriate systems to manage these risks; developing and implementing an investor relations programme; and reviewing the adequacy and integrity of the Group’s system of internal controls.

To ensure the achievement of the Group’s overall strategic direction and AMP, yearly KPIs have been formulated for the Group Managing Director and these KPIs are cascaded down to the respective Chief Executive Officers/Chief Operating Officers and other Management team members of the Group.

In addition, to ensure an optimum structure for efficient decision-making, the Boards of the Company and all Group Companies, approved a framework on Limits of Authority (“LOA”). Such LOA expressly set out the matters which are reserved for Board approval, as well as matters which the Board may delegate to Board Committees, the Group Managing Director and Management. The Management’s responsibilities and authorities are defined in the LOA. The LOA is reviewed as and when required.

1.2 Composition and Balance

The current Board has eight (8) members, comprising one (1) Executive Director and seven (7) Non-Executive Directors (including the Chairman) of whom five (5) are independent as defined by the Bursa Securities Main Market Listing Requirements (“Bursa Securities Listing Requirements”). Hence, the Board more than fulfils the prescribed requirements for one-third of the membership of the Board to be Independent Board Members.

The Nomination and Remuneration Committee (“NRC”), pursuant to its recent annual review, is satisfied that the size and composition of the Board is appropriate and well balanced to fairly reflect the interests of major and minority shareholders. The NRC is also satisfied that all members of the Board are suitably qualified in view of their respective qualifications and experience which provide the Board with a good mix of industry-specific knowledge and broad business sense and commercial experience. This balance enables the Board to provide clear and effective leadership to the Group and bring information and independent judgement to many aspects of the Group’s strategy and performance so as to ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.

The five (5) Independent Directors in effect represent the interest of minority shareholders of the Company by virtue of their roles and responsibilities as Independent Directors. They play an important and pivotal role in corporate accountability, which is reflected by their memberships of and attendances at the various Board Committees. None of the Independent Directors participate in the daily management of the Group to ensure that they are free from any relationship which could interfere with the exercise of independent judgement in the best interests of the Company and of the minority shareholders.

The Independent Non-Executive Chairman, Dato’ Syed Mohamad bin Syed Murtaza, is the Company’s Senior Independent Non-Executive Director responsible for providing clarifications to the shareholders at the Company’s general meetings.

The Directors are well experienced in their respective fields and together provide an effective blend of entrepreneurship, business and professional expertise. A brief profile of each Director is presented on pages 34 to 41. No individual or group of individuals dominates the Board’s decision-making as the Independent Directors play an important role in providing independent views and opinions by objectively participating in the proceedings and decision-making process of the Board. The Board discharges its duties effectively and takes into account the interests of all stakeholders.

1.3 Roles and Responsibilities of the Chairman and the Group Managing Director

The Chairman who was appointed on 1 July 2009, has not held any executive capacity in the Group and is unrelated to the Group Managing Director. The roles of the Independent Non-Executive Chairman and the Group Managing Director are distinct and separate so as to ensure that

there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct. He encourages a healthy debate on issues raised at meetings, and gives opportunity to Directors who wish to speak on the motions, either for or against them. The Group Managing Director has overall responsibility for the management of the operating units, organisational effectiveness and the implementation of Board policies, decisions and strategies.

1.4 Appointments and Training

There is a formal and transparent procedure for the appointment of new Directors to the Company and the Group, with the NRC evaluating and making recommendations to the respective Boards. Following the appointment of new Directors to the Board, the NRC will ensure that an induction programme is arranged, including visits to the Group’s significant businesses and meetings with senior management as appropriate, to enable them to get a full understanding of the nature of the businesses, current issues within the Group and corporate strategies as well as the structure and management of the Group.

All existing Directors have completed the Mandatory Accreditation Programme and are also encouraged to attend continuous education programmes and seminars to keep abreast of latest developments in the marketplace and to further enhance their business acumen and professionalism in discharging their duties to the Group. The Directors may also request to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve.

The Company Secretary keeps a complete record of the training received and attended by the Directors. Seminars, conferences and training programmes attended by Directors during the financial year ended 31 March 2010 include the following:-

- i. Dato’ Syed Mohamad bin Syed Murtaza
 - Briefing by PricewaterhouseCoopers (“PWC”) on Corporate Responsibility Framework
 - Code of Corporate Governance and Ethical Conduct
 - An Insight Session into the Economy with Professor Danny Quah
 - Small Engine Technology Conference 2009
 - MICPA-Bursa Malaysia Business Forum 2009
 - Briefing by PWC on FRS 139 and 7
 - Powered Two Wheeler Seminar

- ii. Dato' Sri Haji Mohd Khamil bin Jamil
 - Briefing by PWC on Corporate Responsibility Framework
 - An Insight Session into the Economy with Professor Danny Quah
 - Corporate Warrior Programme
 - Briefing by PWC on FRS 139 and 7
- iii. Dato' Noorizan binti Shafie
 - Briefing by PWC on Corporate Responsibility Framework
 - Managing Profitability During An Economic Downturn: What Directors Need to Know
 - An Insight Session into the Economy with Professor Danny Quah
 - Briefing by PWC on FRS 139 and 7
 - Improving Risk Committee Performance
- iv. Dato' Ibrahim bin Taib
 - Briefing by PWC on Corporate Responsibility Framework
 - Briefing by PWC on FRS 139 and 7
 - Directors' Duties and Governance Conference 2010 "Towards Boardroom Excellence and Corporate Governance Best Practices".
- v. Datuk Haji Abdul Rahman bin Mohd Ramli
 - Briefing by PWC on Corporate Responsibility Framework
 - Forensic Seminar Uncovering the Past, Protecting the Future
 - Managing Profitability During An Economic Downturn: What Directors Need to Know
 - An Insight Session into the Economy with Professor Danny Quah
 - Overview of the new Securities Commission and Bursa Securities Framework and Deregulation of Foreign Investment Committee
 - Forum on FRS 139 Financial Instruments: Recognition and Measurement
 - Briefing by PWC on FRS 139 and 7
 - Improving Risk Committee Performance
- vi. Ong Ie Cheong
 - Briefing by PWC on Corporate Responsibility Framework
 - Briefing by PWC on FRS 139 and 7
 - Board Effectiveness: Understanding the Roles and Responsibilities of the Nomination and Remuneration Committees
- vii. Tan Sri Marzuki bin Mohd Noor
 - Briefing by PWC on Corporate Responsibility Framework
 - Briefing by PWC on FRS 139 and 7
 - Improving Risk Committee Performance
- viii. Ooi Teik Huat
 - High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance
 - Briefing by PWC on Corporate Responsibility Framework
 - An Insight Session into the Economy with Professor Danny Quah
 - Forum on FRS 139 Financial Instruments: Recognition and Measurement
 - Board Excellence Forum
 - Briefing by PWC on FRS 139 and 7
 - Forum on FRS 139 Financial Instruments Standard by Deloitte Kassim Chan

Apart from attending various conferences, seminars and training programmes organised by external/internal organisers during the financial year, the Directors also visited key operating units of the Group and continuously received briefings and updates on regulatory, industry and legal developments, including information on the Group's businesses and operations, risk management activities and other initiatives undertaken by Management.

1.5 Board Effectiveness

The Board, through its delegation to the NRC, had implemented the process for an annual effectiveness assessment of the Board of Directors, Board Committees and the contribution of each Director to the effectiveness of the Board. The objective is to improve the Board's effectiveness by identifying gaps, maximising strengths and addressing weaknesses.

The Chairman of the NRC oversees the overall evaluation process whereby self-assessment methodologies are used and issues for assessment are presented in customised questionnaires.

1.6 Reappointment and Re-Election of Board members

Pursuant to Section 129 (2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for reappointment to hold office until the next annual general meeting.

In accordance with the Company's Articles of Association, any new Director so appointed should hold office only until the next annual general meeting and should then be eligible for re-election. The Articles also provide that all Directors shall retire from office by rotation once every three years but shall be eligible for re-election.

The NRC reviews and assesses annually the proposed reappointment and re-election of existing Directors who are seeking reappointment and re-election at the annual general meeting of the Company. The NRC will, upon its review and assessment, submit its recommendation on the proposed reappointment and re-election of Directors to the Board for approval, before tabling such proposals to the shareholders at the annual general meeting.

The reappointment and re-election of Directors provide shareholders an opportunity to reassess the composition of the Board.

1.7 Conflicts of Interest

The Directors continue to observe the Company Directors' Code of Ethics established by the Companies Commission of Malaysia in carrying out their fiduciary duties and responsibilities. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. The Directors are required to declare their direct and indirect interests in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they and any person(s) connected to them have any potential or actual conflict of interest in any transaction or in any contract or proposed contract with the Company or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from Board deliberation and voting and shall ensure that he and any person(s) connected to him will also abstain from voting on the resolution before them.

The Company had put in place appropriate controls to ensure the systematic identification of potential conflicts of interest and procedures between the Directors and the operation of the Group so as to manage such conflict of interest if arises.

The Directors are also informed of the closed periods periodically in accordance with the relevant provisions of Bursa Securities Listing Requirements. The purpose is to remind the Directors not to deal in securities of the Company as long as they are in possession of price-sensitive information.

1.8 Board Meetings and Supply of Information to the Board

To ensure that the Group is managed effectively, the Board meetings for the ensuing financial year are scheduled in advance before the end of each calendar year so as to enable the Directors to plan ahead and fit the year's Board meetings into their own schedules.

The Board meets at least once every quarter and additional meetings are convened between the scheduled meetings as Special Board Meetings as and when necessary to consider matters or business issues that require decision by the Board. To assist the Board in effective control of the Group, the Board meetings are governed by a structured formal agenda and schedule of matters arising for approval or notation with sufficient time given for deliberations. The key matters reserved for approval by the Board are the Group's strategies and AMP, quarterly financial results, audited financial statements, significant expenditures, significant acquisitions and disposals, appointment of Directors/Board Committee members, remuneration for Directors (excluding fees), declaration of interim dividends, related party transactions, major restructuring and such other relevant matters affecting the Group's operations. The Directors are supplied in a timely manner with information in a form and of a quality as appropriate for their perusal in advance of the date of the Board meeting. In addition to financial information, other information deemed suitable such as risk management updates, customer satisfaction, product and service quality, market share and market trends, manpower and human resource and environmental issues are also provided.

Prior to Board Meetings, all Directors will receive the agenda and a set of Board Papers containing information relevant to the matters to be deliberated at the meetings.

This is to accord sufficient time for the Directors to review the Board Papers and if required, seek clarification and explanation from the Management or the Company Secretary. At the Board meeting, the

Chairman encourages the Board members to have constructive, open and healthy debate to ensure that decisions are made after effective discussions by the Directors.

All Directors, whether independent or otherwise, have direct and unrestricted access to Management and may seek professional advice at the Group's expense, if required. Professional advisers, consultants, auditors and solicitors appointed by the Company to advise on corporate proposals to be undertaken by the Company, are invited to attend Board meetings to render their advice and opinion, and also to clarify any issues raised by the Directors relating to any relevant business tabled for the Board's consideration.

All Directors also have access to the advice and services of the Company Secretary whose appointment and removal is a matter for the Board as a whole. The Company Secretary attends all Board and Board Committee meetings and ensures that there is a quorum for all the meetings. She is also responsible for ensuring that all the meetings are convened in accordance with the Board procedures and relevant terms of references.

The minutes of the meetings are prepared to include amongst others, pertinent issues, substance of enquires and responses, recommendations and decisions made by the Directors. The minutes of the meetings are properly kept in line with the relevant statutory requirements by the Companies Act, 1965.

The Board met a total of eight (8) times and all the Directors attended more than half of the meetings held during the financial year in compliance with Bursa Securities Listing Requirements. Details of the attendances of Directors at the Board Meetings are disclosed below:-

	<u>Meetings attended during financial year</u>
Dato' Syed Mohamad bin Syed Murtaza	8/8
Dato' Sri Haji Mohd Khamil bin Jamil	7/8
Dato' Noorrizan binti Shafie	7/8
Dato' Ibrahim bin Taib	7/8
Datuk Haji Abdul Rahman bin Mohd Ramli	7/8
Tan Sri Marzuki bin Mohd Noor	7/8
Ong Ie Cheong	7/8
Ooi Teik Huat	8/8

1.9 Board Committees

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the respective Committees of the Board. The functions and terms of reference of Board Committees, as well as the levels of authority delegated by the Board to these Committees, are clearly set out by the Board. In addition, from time to time the Board reviews the functions and terms of reference of Board Committees to ensure that they are relevant and updated in line with the latest provision of the Code of Corporate Governance and other related policy or regulatory requirements.

The Chairman of the respective Board Committees reports to the Board, the outcome of Board Committee meetings and the Board also reviews the minutes of the Board Committee Meetings. The Board retains full responsibility for the direction and control of the Group.

To be consistent with best practices in Corporate Governance, the Board on 26 November 2009 approved the following:-

- a) Revised the composition of the Audit Committee to comprise only Independent Non-Executive Directors;
- b) Established a Board Risk Committee which comprised only Independent Non-Executive Directors; and
- c) Merged the Nomination and Remuneration Committees into one Committee named as "Nomination and Remuneration Committee" in view that majority members of the two committees are common members. The merged committee comprises only Independent Non-Executive Directors.

The current Board Committees in the Company are as follows:-

- i. Audit Committee
The Audit Committee comprises the following Independent Non-Executive Directors:-
 - a) Datuk Haji Abdul Rahman bin Mohd Ramli (Chairman)
 - b) Tan Sri Marzuki bin Mohd Noor
 - c) Ong Ie Cheong
 - d) Ooi Teik Huat

The Audit Committee meets not less than four (4) times a year. The details of meetings attended, terms of reference and functions of the Audit Committee are described in the Audit Committee report set out on pages 109 to 113.

statement on corporate governance (continued)

- ii. Nomination and Remuneration Committee
The new Nomination and Remuneration Committee (“NRC”) comprises the following Independent Non-Executive Directors:-
- Dato’ Syed Mohamad bin Syed Murtaza (Chairman)
 - Tan Sri Marzuki bin Mohd Noor
 - Ong Ie Cheong

The NRC meets at least once a year, and is responsible:-

- To consider, evaluate and recommend to the Board any new Board appointments of the Group;
- To recommend to the Board, Directors to fill the seats on Board Committees;
- To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently;
- To evaluate on an annual basis, the effectiveness of the Board as a whole, the Board Committees and each Director’s ability to contribute to the effectiveness of the Board and the relevant Board Committees;
- To recommend to the Board whether Directors who are retiring should be put forward for re-election/reappointment at annual general meetings;
- To ensure an appropriate framework and plan for Board and management succession in the Group;
- To provide adequate training and orientation to new Directors as well as continuous training for all Directors during the year;
- To review Management’s recommendation on appointment or promotion of senior management personnel of grade 11 and above (Group Director and above);
- To review and ensure that the policy on Directors’ fees for the Company are reflective of the contribution of each individual Director;

- To establish and recommend the remuneration structure and policy for Executive Directors and senior management of grade 11 and above (Group Director and above); the terms of employment or contract of employment/service and any compensation payable on the termination of the service contract by the Company and/or the Group and to review for changes to the policy, as necessary;
- To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed KPIs with the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and senior management;
- To review and recommend the entire individual remuneration packages for each of the Executive Directors and senior management personnel of grade 11 and above including, where appropriate, bonuses and increments;
- To review with the Group Managing Director and the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy;
- To advise on any major changes in employee benefits structure throughout the Company or Group;
- To review and recommend to the Board any employees’ share option scheme; and
- To consider other matters as referred to the Committee by the Board.

No meeting was held by the new NRC since its merger on 26 November 2009 to 31 March 2010.

Prior to the merger, the previous Nomination Committee and Remuneration Committee comprised the following members:-

<u>Nomination Committee</u>	<u>Meetings attended during financial year</u>
a) Dato' Syed Mohamad bin Syed Murtaza (Chairman)	2/2
b) Datuk Haji Abdul Rahman bin Mohd Ramli	2/2
c) Dato' Ibrahim bin Taib	1/2

Activities undertaken by the previous Nomination Committee during the financial year ended 31 March 2010 were as follows:-

- Conducted the assessment on the effectiveness of the Board as a whole, the Board Committees and each Director's contribution to the effectiveness of the Board and the relevant Board Committees;
- Recommended to the Board the revision and the appointment of Directors to the Board Committees;
- Reviewed the training programmes attended by the Directors to ensure all Directors received appropriate continuous training;
- Reviewed the structure, size, balance and composition of the Board and its committees;
- Evaluated and recommended the nomination of Directors to the Boards of subsidiary and associated companies of the Group;
- Considered and recommended the Directors standing for re-election and reappointment to be tabled at Annual General Meeting; and
- Reviewed the Management's recommendation on appointment and promotion of senior management personnel of the Group.

<u>Remuneration Committee</u>	<u>Meeting attended during financial year</u>
a) Dato' Syed Mohamad bin Syed Murtaza (Chairman)	1/1
b) Datuk Haji Abdul Rahman bin Mohd Ramli	1/1
c) Ong Ie Cheong	1/1

Activities undertaken by the previous Remuneration Committee during the financial year ended 31 March 2010 were as follows:-

- Recommended for approval the increment and bonus payment of the Group Managing Director and senior management personnel of the Group;
- Reviewed and approved the annual increment and bonus for the financial year ended 31 March 2009;
- Evaluated the KPIs and Performance Bonus Contracts ("PBCs") for the Group Managing Director and senior management personnel of the Group for the financial year ended 31 March 2009; and
- Established the KPIs and PBCs for the Group Managing Director and senior management personnel for the financial year ended 31 March 2010.

iii. Risk Committee

The new Risk Committee ("RC") comprises the following Independent Non-Executive Directors:-

- Tan Sri Marzuki bin Mohd Noor (Chairman)
- Datuk Haji Abdul Rahman bin Mohd Ramli
- Ooi Teik Huat

The RC meets at least twice a year, and is responsible:-

- To ensure that the strategic context of the risk management strategy is complete and takes into account the environment within which the group operates and the requirements of all stakeholders and the Board of Directors;

statement on corporate governance (continued)

- To ensure that a short and long term risk management strategy, framework and methodology have been implemented and consistently applied by all Companies/Divisions;
- To determine the overall risk management processes that should be adopted by the Companies/Divisions and overseeing the development of appropriate guidelines and policies for implementation;
- To ensure that the risk management processes are integrated into all core business processes and that the culture of the organisation reflects the risk consciousness of the Board;
- To provide a consolidated risk and assurance reporting to the Board of Directors to support the statement relating to internal controls in the Company's annual report;
- To ensure alignment and coordination of risk and assurance activities across the organisation;
- To identify opportunities to release potential business benefits through the enhancement of risk management capabilities;
- To facilitate and review the development and implementation of improvements to simplify and enhance the effectiveness of the existing risk management system;
- To ensure effective assessment and monitoring of mitigating controls implemented to reduce the impact and likelihood of occurrence of identified risks; and
- To support the implementation of the risk management processes within the business units across subsidiaries and associate companies of DRB-HICOM.

1.10 Other Committees

In relation to matters pertaining to the management and performance of the Group and its business including the operational aspects and strategic development of the Group, the Board has delegated certain responsibilities to the Group Managing Director, who is supported by a Management Committee ("MANCO"). The MANCO, comprising the Group Managing Director as Chairman, the Group Chief Financial Officer and certain key senior management members, is responsible for formulating Company and Group policies for recommendation to the Board for consideration and implementing key policy decisions of the Board. The minutes of the MANCO are submitted to the Board for notation.

Management has also established a Group Risk Management Committee ("Group RMC"), to assist the RC in identifying principal risks affecting the Group and to ensure that appropriate systems are in place to mitigate such risks so as to safeguard shareholders' investments and group assets. The Group RMC is chaired by the Group Managing Director and comprises representatives from the respective divisions.

On 26 November 2009, the Company established an RC in addition to the existing Group RMC, headed by the Group Managing Director. The objective is to provide oversight function to the risk management of the Group.

The Board through the RC oversees the risk management activities of the Group. The Group RMC formulates relevant proposals on risk management policies and risk measurement parameters across the Group and makes appropriate recommendations to the Board for its approval upon endorsement by the RC. The RC is responsible for ensuring that the risk management framework in the Group operates effectively based on the policies approved by the Board. The Group RMC reviews and presents the identified risks to the RC before submission to the Board on the key risks and action plans to mitigate the risks.

1.11 Directors' Remuneration

The objectives of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors of the calibre and integrity to run the Group successfully. In the case of executive directors, remunerations are structured so as to link rewards to corporate and individual KPIs. In the case of Non-Executive Directors ("NEDs"), the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NEDs concerned.

The NRC is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Directors and senior management.

The Executive Directors abstain from deliberation and voting on decisions in respect of their own remuneration. The remuneration (excluding fees) of NEDs is to be decided by the Board as a whole.

Details of Directors' remuneration for the financial year ended 31 March 2010, distinguishing between Executive and Non-Executive Directors in aggregate, with categorisation into appropriate components, and the number of Directors whose remuneration fell into each successive band of RM25,000, are set out below:-

	GROUP	
	2010 RM	2009 RM
Non-Executive Directors:-		
– Fees	896,387	985,472
– Attendance, other allowances & benefits	1,287,503	1,466,182
Executive Directors:-		
– Salaries, bonuses, allowances and other benefits	4,129,464	5,087,453
Total	6,313,354	7,539,107

Directors' Remuneration*	Executive	Non-Executive	Total
RM75,001 – RM100,000		1	1
RM100,001 – RM125,000		1	1
RM125,001 – RM150,000		1	1
RM175,001 – RM200,000		1	1
RM350,001 – RM375,000		2	2
RM425,001 – RM450,000		1	1
RM450,001 – RM475,000		1	1
RM4,125,001 – RM4,150,000	1		1
Total	1	8**	9

* Remuneration paid to the Directors of the Company include fees, salaries, other emoluments including bonus, EPF contributions, attendance & other allowances and benefits-in-kind.

** Includes one Non-Executive Director who has resigned during the financial year.

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, Item 11 of the Bursa Securities Listing Requirements. The Code recommends disclosure of details of the remuneration of each Director. However, the Board is of the view that the disclosure of the remuneration of its Directors by bands is sufficient to meet the objective of the Code.

a) Directors' Fees

In 2006, the Company obtained a shareholders' approval via an ordinary resolution for the payment of Company's Directors fees not exceeding RM800,000 for each financial year effective 31 March 2006 onwards based on the recommendation of the Board. Hence, yearly payment of fees to the NEDs of the Company does not need shareholders' approval provided that the amount does not exceed RM800,000 per annum.

b) Meeting Allowances

All NEDs are paid the following meeting allowances as determined by the Board to reimburse them for expenses incurred for attendance at Board/Board Committee meetings and shareholders' meetings, which is inclusive of travelling and accommodation:-

Type of Meeting	Allowance Per Meeting RM
Board	1,000
Audit Committee	2,500
Other Board Committees	1,000
General Meeting	1,000

c) Remuneration of Group Managing Director

The basic salary inclusive of statutory employer contributions to the Employees Provident Fund for the Group Managing Director is determined by the Board, taking into account the performance of the individual, the consumer price index and information from independent sources on the rates of salary for similar positions in a selected group of comparable companies. Salary is reviewed annually by the NRC. The Group Managing Director abstained from deliberation of his remuneration at the Board meeting.

The adoption of the KPIs commenced during the financial year ended 31 March 2007, as part of the overall governance to enhance performance management, financial performance and shareholders' value of the Company. Following this, the KPIs were formulated based on two main segments ie. Corporate/Financial and Priorities. For the Group Managing Director and the Management Team, there was greater emphasis on sustainability of growth, underpinned by the relevant financial factors.

The performance based bonuses are strictly tied to the achievement of their KPIs. The bonus formula is designed to promote additional effort and initiatives beyond the KPI targets. Performance assessments of these personnel together with the rewards due were rigorously undertaken at the Management and NRC levels with the Board making the final determination pursuant to the recommendations of the Committee.

d) Remuneration of Key Senior Management Personnel

The NRC as well as the Board ensure that the remuneration packages of Directors and Key Senior Management Personnel are sufficiently attractive to retain persons of high calibre in tandem with their respective contribution for the year. This would ensure that the Group's remuneration packages remain competitive and in line with the Group's corporate objective so as to safeguard the interest of the shareholders.

e) Benefits-In-Kind

Other customary benefits, such as use of company car, driver and handphone expenses/allowance were made available to the Chairman and Group Managing Director as appropriate.

f) Terms and Conditions of Employment

The Group Managing Director is employed on terms and conditions as approved by the Board.

2. SHAREHOLDERS AND INVESTORS

2.1 Dialogue between the Company and Investors

The Board values dialogue with investors and appreciates the keen interest of shareholders and investors in the Group's performance. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group.

The Company communicates with its shareholders and stakeholders on regular basis through timely release of financial results on a quarterly basis, press releases and announcements to Bursa Malaysia which provide an overview of the Group's performance and operations for investment decision making, through accessible channels. In addition, the Company initiates dialogues with its shareholders and stakeholders as and when required. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.

The Group maintains a website at www.drb-hicom.com which can be conveniently accessed by the shareholders and the general public. The Group's website is updated from time to time to provide the latest and comprehensive information about the Group, including press releases and quarterly announcements of the Group results.

2.2 General Meetings

General Meetings are the principal forum for dialogue with shareholders. The Annual General Meeting and Extraordinary General Meeting(s) provide opportunity for interaction amongst shareholders, Directors and management. The Company sends out the Notice of the Annual General Meeting and annual reports to shareholders at least twenty-one (21) days before the date of the meeting. Items of special business included in the notice of the meeting are accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved. Circulars to Shareholders together with the Notices of Extraordinary General Meeting are sent out to shareholders at least fourteen (14) days before the date of the meeting.

Besides the usual agenda for the Annual General Meeting, the Board presents a comprehensive review of the progress and business performance of the Group as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The Board of Directors, Senior Management and relevant advisers are available to provide responses to questions raised and give clarifications to the shareholders during these meetings.

The results of all the resolutions set out in the Notice of the General Meeting were announced on the same day via Bursa Link which is accessible on the website of Company and Bursa Malaysia.

Any queries or concerns regarding the Group may be conveyed to the following persons:-

- i. Dato' Syed Mohamad bin Syed Murtaza
Chairman/Senior Independent Non-Executive Director
Telephone number : 603 2052 7689
Facsimile number : 603 2052 7696
E-mail : cclin@drb-hicom.com
- ii. Dato' Sri Haji Mohd Kamil bin Jamil
Group Managing Director
Telephone number : 603 2052 8554
Facsimile number : 603 2052 8654
E-mail : dmkj@drb-hicom.com
- iii. Dato' Khalid bin Abdol Rahman
Head, Corporate & Services
Telephone number : 603 2052 8172
Facsimile number : 603 2052 8928
E-mail : khalidAR@drb-hicom.com
- iv. Hamdan bin Ahammu
Head, Corporate Communications
Telephone number : 603 2052 8238
Facsimile number : 603 2052 7891
E-mail : hamdan@drb-hicom.com
- v. Chan Choy Lin, Carol
Head, Corporate Secretarial
Telephone number : 603 2052 7695
Facsimile number : 603 2052 7696
E-mail : cclin@drb-hicom.com

2.3 Dividend

The Company intends to maintain a consistent and regular dividend payment policy. The amount and timing for payments will depend on level of cash and retained earnings, projected levels of capital expenditure and other investment plans as the Board deems relevant.

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

Pursuant to Bursa Securities Listing Requirements, the Directors are responsible to present a true and fair assessment of the Group's position and prospects through the quarterly reports, issuance of Annual Audited Financial Statement and corporate announcements on significant developments affecting the Group. This would ensure that shareholders are provided with a balance and meaningful evaluation of the Group's performance.

The Board is assisted by the Audit Committee in scrutinising the financial statements and information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of DRB-HICOM and DRB-HICOM Group is set out on page 117 of this Annual Report.

3.2 Internal Control

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee periodically during its quarterly meetings. The review covers the Group's financial, accounting and reporting policies and practices, reports of the internal and external auditors and the adequacy of the system of internal controls to safeguard the shareholders' interests and Group's assets. The Group Internal Audit Division monitors compliance with policies and the effectiveness of internal control structures across the Group, whilst legal and regulatory compliance are the responsibilities of the Corporate & Services and Corporate Secretarial Divisions respectively.

The officers responsible are as follows:-

- i. Dato' Khalid bin Abdol Rahman
Head, Corporate & Services

YBhg Dato' Khalid holds a Master's Degree in Business Administration and has more than 20 years experience in corporate planning and corporate finance.

- ii. Mohammed bin Shukor Ismail
Head, Internal Audit

Encik Mohammed Shukor is an accountant by profession. He also holds a Masters Degree in Business Administration and is a Certified Internal Auditor. He has more than 20 years' experience in auditing and accounting.

- iii. Chan Choy Lin, Carol
Head, Corporate Secretarial

Ms Chan is an accountant by profession. She has more than 20 years' working experience in auditing, secretarial and accounting.

The Group's Statement on Internal Control, which provides an overview of the state of internal controls within the Group, is set out from pages 105 to 108 of this Annual Report.

3.3 Related Party Transactions

All related party transactions are reviewed by the Audit Committee to ensure compliance with Bursa Securities Listing Requirements and the appropriateness of such transactions before recommending to the Board for its approval. With regard to recurrent related party transactions ("RRPTs"), the Board has established and adopted the appropriate procedures to ensure such transactions will be negotiated and agreed at an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company.

The Shareholders' mandate in respect of RRPTs is obtained at the annual general meeting of the Company on a yearly basis prior to entering of such transactions. The breakdown of the aggregate value of RRPTs transacted during the financial year ended 31 March 2010 is disclosed on page 115 of the Annual Report in line with the disclosure and threshold requirements of Bursa Securities Listing Requirements. Other significant related party transactions are set out under the Notes to the Financial Statements on pages 217 to 218 of this Annual Report.

3.4 Relationship With External Auditors

The Audit Committee meets with the internal and external auditors at least twice a year to discuss any issues arising from their audits without the presence of the Executive Directors and Management. The Audit Committee also meets with the external auditors whenever it deems necessary. The external auditors also highlight to the Audit Committee and Board of Directors on matters that require Board's attention together with the recommended corrective actions thereof. The Management is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.

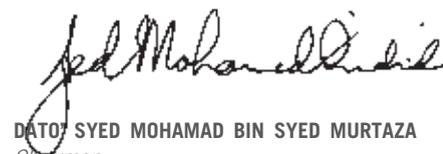
The role of the Audit Committee in relation to the external auditors may be found in the Report of the Audit Committee set out at pages 109 to 113. The Group has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The Audit Committee also reviews the proposed reappointment of the external auditors of the Company and their fees on annual basis to ensure that the independence of the external auditors is not compromised.

For the audit of the financial statements of DRB-HICOM and its subsidiaries for the financial year ended 31 March 2010, PricewaterhouseCoopers have confirmed their independence in accordance with the firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

- 3.5 The Board had approved the above statement in accordance with a resolution of the Board of Directors dated 15 July 2010.

Signed on behalf of the Board of Directors



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman

directors' statement on **internal control**

“THE BOARD OF DIRECTORS (“BOARD”) OF DRB-HICOM BERHAD AFFIRMS THAT ITS ROLE LIES AT THE VERY CORE OF CORPORATE GOVERNANCE. HENCE, THE BOARD’S COMMITMENT TOWARDS ENSURING AND MAINTAINING A SOUND SYSTEM OF INTERNAL CONTROL ENCOMPASSES GOOD GOVERNANCE AND RISK AND CONTROL PROCESSES WITHIN THE GROUP.”



The Board also emphasises the importance of internal control system and risk management practices of the Group that should be responsive to a dynamic and ever challenging business environment to enable the Group to continuously achieve its goals and objectives.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility and accountability for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework. It is recognised that the Group’s system of internal control can only provide reasonable but not absolute assurance against any occurrence of material misstatement or loss, and that the risk management process is designed to manage or minimise risks that hinder the Group from achieving its goals and objectives.

The Board confirms that there is a continuous process of reviewing and reporting of the adequacy and integrity of the Group’s system of internal control and risk management process coupled with formulation and revision of policies & procedures and management of performance rendering the governance system of the Group as effective to provide reasonable assurance in safeguarding shareholders’ investments, Group’s assets and other stakeholders’ interests.

INTERNAL CONTROL

The key components of internal control as subscribed by the Group can be categorised as follows:

1) Control Environment:

Board Committees

The Board acknowledges that ensuring sound governance requires effective interaction among the Board, Management, internal auditor and external auditor. The Board, in carrying out its responsibilities, is assisted by the committees namely the Audit, Nomination and Remuneration, Board Risk and Management Committees.

Audit Committee

The Audit Committee (“AC”), comprising four Independent Non-Executive Directors, provides oversight of the internal and external audit processes and reviews the reports of the auditors on adequacy and integrity of the systems of internal control and the financial statements of the Group. Please refer to pages 109 to 113 in the summary report on the activities of the AC.

Organisational Structure & Reporting Line

There is a formal organisation structure with clear lines of reporting and responsibility to ensure proper segregation of duties, authority and accountability within the Group.

Vision, Mission and Shared Values

Management has established vision and mission statements, and shared values to steer and provide direction to the employees towards achieving the goals and objectives of the Group.

Ethics and Business Practice

The Group's Code of Ethics and Business Practice outlines the standard of behaviour and ethics that is expected of employees of the Group in all business dealings.

2) Risk Assessment:

Enterprise Risk Management

Risk management is embedded within the system of internal controls and business environment. Managing risks is a shared responsibility and is integrated within the Group's governance, business processes and operations. Employees' commitment towards risk management process is continuously emphasised and enforced via awareness and monitoring by the Risk Management Department. Please refer to page 107 on summary elaboration of the Group's risk management process.

3) Control Activities:

Policies and Procedures

The Group has established policies and procedures to govern the various Group processes. This ensures consistency in practice whilst providing guidance and direction for proper management and governance of the operation and business activities within the Group.

Among the policies and procedures in place are the Financial Authority Limit, Human Resources, Information Technology, Procurement, Risk Management, Code of Ethics and Business Practices, Management Control and Internal Control Framework, Whistle Blower and Anti-Fraud Policies.

Whistle Blower Policy

The Whistle Blower Policy outlines the Group's commitment towards enabling employees to raise concerns in a responsible manner regarding any wrongdoing or malpractice without being subject to victimisation or discriminatory treatment, and to have such concerns properly investigated. The Policy promotes a culture of honesty, openness and transparency within the Group.

The Group encourages its employees to make any disclosure openly and honestly. All disclosures made under the Policy will be dealt with in confidence. It will be the task of the Group Internal Audit Division ("GIAD") or any other assigned investigating party to assess, investigate and report on the complaints or concerns raised.

Business Planning and Budgetary

The Group manages performance of the operating entities, within which business planning and budgetary exercise are established annually and actual performance are monitored periodically against set targets.

4) Information and Communication:

Timely communication of relevant information such as the Group's achievement and changes with regard to corporate and organisational structure and policies and procedures enabling employees to focus on and to perform their responsibilities effectively.

The Heads of operating entities within the Group also participate in business dialogue programmes with Senior Management of the Group to discuss strategies and challenges faced towards achieving the business goals and objectives.

5) Monitoring:

Internal Audit Function

The business processes and conduct of the operating entities within the Group are continuously assessed by the GIAD in the context of adequacy and effectiveness of the financial and operational controls and risk management. The GIAD reports to the Audit Committee and addresses to the Management all the audit observations noted in the course of their review and follows up and monitors the status of actions taken by the operating entities in addressing the audit observations. Please refer to page 113 on the statement on the internal audit function in the AC Report.

Besides, the Management themselves, under the various corporate head office functions such as procurement and information technology, also undertake periodically the reviews on compliance and adequacy of the control systems and procedures of the Group companies and operating units.

Performance Management

In order to nurture the quality and competencies of employees, continuing education, training and development programs are emphasised to enable employees to discharge their duties effectively.

Progressively, employees' performances are measured according to the sets of key performance indicators aligned to their functions as assigned to them in which they are expected to accomplish.

RISK MANAGEMENT

Overview

Risk Management is regarded by the Board of Directors of DRB-HICOM Berhad to be an integral part of business operations. To this end, the Board Risk Committee ("BRC") of DRB-HICOM Berhad has been established and entrusted with the overall responsibility for overseeing the risk management activities of the Group and approving appropriate risk management procedures and measurement methodologies across the organisation.

Risk Committees

The Board Risk Committee ("BRC") has a broad mandate to ensure the effective implementation and compliance of the objectives outlined in the Group Risk Management Policy of DRB-HICOM Berhad. The members of the BRC comprise three (3) Independent, Non-Executive Directors with the Group Managing Director, Group Chief Financial Officer and Head of Risk Management Department attending as invitees to the Committee.

The main underlying principles of the Group's Risk Management Policy are:

- Providing a policy and organisational structure for the management of risks that DRB-HICOM assumes in its activities;
- Defining risk management roles and responsibilities within the organisation and outlining control procedures to mitigate risks;
- Ensuring consistent and acceptable management of risk throughout the business;
- Defining a reporting framework to ensure effective communication of necessary risk management information to senior management and personnel engaged in risk management activities;
- Remaining flexible to accommodate the changing risk management needs of the organisation while maintaining control of the overall risk position;
- Detailing the approved methods for risk assessment; and
- Providing a system to accommodate the central accumulation of risk data.

The BRC of DRB-HICOM Berhad delegates to the Risk Management Committee ("RMC") the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of Management. The RMC shall also be responsible for ensuring the effective implementation of the Group Risk Management Policy, Framework and the management of risks and controls associated with Group operations as well as compliance with applicable laws and regulations. The RMC is responsible for periodical reporting of key risk exposures to the BRC.

The composition of the RMC shall comprise the Group Managing Director, Group Chief Financial Officer and Group Directors of the Business Sectors together with Heads of the relevant Divisions as invitees.

Risk Management Framework

The Group has in place a formal and structured Risk Management Framework developed in accordance with the COSO Enterprise Risk Management-Integrated Framework established by the Committee of Sponsoring Organisations of the Treadway Commission, USA. The framework essentially links the Group's corporate objectives and goals to its primary risks, controls and action plans to allow for a comprehensive and effective assessment of events that have adverse impacts on the Group's core businesses.

Accountability for Risk Management

Each sector (and each operating unit therein) is expressly responsible for managing the key risks associated with its business and investments. All material and significant risks shall be identified, assessed, analysed, treated, monitored and reported in accordance with the Group Risk Management Policy and Framework outlined above.

The Head of Risk Management Department regularly and periodically conducts workshops and briefings to Divisions within the Corporate Office, Business Sectors and the Operating Units to facilitate and improve on the awareness of risk management as well as to inculcate the risk culture within each of the prescribed entities to strengthen their risk management oversight and process.

Risk Reporting

The Group's Risk Management Policy and Framework provide for regular review and reporting. Such reports include an assessment on the significance of key risks impacting the Group's businesses as well as an evaluation of the effectiveness of controls and action plans put in place for additional controls. The key elements of the reporting process are:

- Review and discussion of key risks, controls and action plans at the Operating Units' monthly management meetings;
- Editing and updating of key risks, controls and status of action plans on a periodical basis;

- Digital confirmation and sign-off on all risks represented at the Divisional, Sectoral and Operating Unit levels on a quarterly basis;
- Quarterly presentation and review of the Risk Management Board Paper at each of the Operating Units' Board of Directors meetings;
- Presentation, review and discussion of the Sector's Top Key Risks by the RMC on a quarterly basis; and
- Presentation of the Group's Top Key Risks to the BRC as well as at the Board Meeting on a semi-annual basis.

CONCLUSION

For the financial year under review, the Board is of the opinion that the system of internal controls and risk management processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of DRB-HICOM Berhad. There were no major internal control weaknesses identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

The statement has been approved by the Board of Directors at its meeting on 15 July 2010.

audit committee report

“

THE BOARD OF DIRECTORS IS PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR (“FY”) ENDED 31 MARCH 2010.

”

1.0 COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the Audit Committee (AC) members as well as their attendance at meetings is set out below:

Director	Designation	Status of Directorship	Attendance at meetings
YBhg Datuk Haji Abdul Rahman bin Mohd Ramli	Chairman of the Audit Committee	Independent Non-Executive Director	5 out of 5 (100%)
YBhg Dato' Syed Mohamad bin Syed Murtaza	Member <i>(resigned w.e.f. 17 July 2009)</i>	Independent Non-Executive Director	1 out of 2 (50%)
YBhg Dato' Noorizan binti Shafie	Member <i>(resigned w.e.f. 26 November 2009)</i>	Non-Independent Non-Executive Director	4 out of 4 (100%)
YBhg Tan Sri Marzuki bin Mohd Noor	Member <i>(appointed w.e.f. 26 November 2009)</i>	Independent Non-Executive Director	1 out of 1 (100%)
Mr Ong Ie Cheong	Member	Independent Non-Executive Director	5 out of 5 (100%)
Mr Ooi Teik Huat	Member	Independent Non-Executive Director	5 out of 5 (100%)

Conforming to the requirements of the Malaysian Code on Corporate Governance (“MCCG”), all the current four members of the AC are Independent Non-Executive Directors. During the FY2009/10, two of the AC members had resigned and one new member was appointed.

The AC Chairman, YBhg Datuk Haji Abdul Rahman bin Mohd Ramli and one of the AC members, Mr Ooi Teik Huat, are members of the Malaysian Institute of Accountants (“MIA”) thereby complying with paragraph 15.09(1)(c)(i) of the Listing Requirements that requires at least one of the AC members fulfilling the financial expertise requisite.

In terms of attendance at the AC meetings, the quorum requirement for all five meetings held during FY2009/10 as indicated in the table above was fulfilled. The Group Managing Director (“GMD”) together with the Group Chief Financial Officer (“GCFO”) were invited to brief the AC on the Group’s financial performance and relevant corporate matters and to attend to any queries raised by the AC. The Head of Group Internal Audit Division (“GIAD”) attended all AC meetings and presented the internal audit reports to the AC. Other than results and reports of internal audits, the Head of GIAD also presented at the meetings the summary of audit activities, internal audit plan as well as audit staff strength. The external auditors also attended AC meetings to present the audit scope and plan, and the auditors’ report on the audited annual financial statements.

All issues discussed and deliberated during the AC meetings were minuted by the Company Secretary and the AC conveyed any matters of significant concern raised by the internal and external auditors to the Board.

2.0 TERMS OF REFERENCE

The AC shall be established to assist the Board in fulfilling its oversight responsibilities. The AC shall review and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance are properly managed and monitored.

2.1 Composition

The following requirements are to be fulfilled by the Board in the appointment of the AC from among its members:-

- a. the AC must be composed of no fewer than three (3) members, the majority of whom must be Independent Non-Executive Directors;
- b. the Chairman of the AC shall be appointed by the Board from among the Independent Non-Executive Directors and at least one member of the AC must be a member of the Malaysian Institute of Accountants or must have at least three (3) years’ working experience and;
 - i) must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- c. Alternate Directors shall not be appointed as a member of the AC; and subject to any regulatory disqualification, members of the AC shall not be removed except by the Board.
- d. In the event of any vacancy in the AC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. In any event the Board shall review the term of office and performance of the AC and each of its members at least once every three (3) years.

2.2 Meetings and Attendance

The quorum for all meetings of the AC shall not be less than three (3), a majority of whom shall be Independent Non-Executive Directors. The Chairman shall chair all meetings and in his absence, another Independent Non-Executive Director shall chair it.

- a. Meetings shall be held not less than four (4) times a year and the GMD, GCFO and Head of GIAD shall, by invitation, attend the meetings.

- b. The external auditors are normally invited to attend meetings as and when necessary.
- c. The AC shall meet separately with the internal and external auditors at least twice a year without the attendance of the Management.
- d. The Company Secretary shall be the Secretary of the AC and shall provide the necessary administrative and secretarial services for the effective functioning of the AC. The draft minutes shall be circulated to the AC members for comment and the signed minutes shall be tabled at the subsequent Board Meeting.

2.3 Authority

The Board has empowered the AC to:-

- a. investigate any activity within the scope of the AC's duties and its terms of reference and shall have full and unrestricted access to any information or documents relevant to the AC's activities;
- b. obtain independent legal or other professional advice as necessary;
- c. communicate directly with the external auditors, internal auditors and all employees of the Group;
- d. have adequate resources to perform its duties as set out in its terms of reference; and
- e. make recommendations for improvements of operating performance and management control arising from internal and external audit recommendations.

2.4 Responsibilities and Duties

The functions of the AC have been expanded to include matters specified in the Malaysian Code on Corporate Governance as follows:-

- a. **Risk Management and Internal Control**
Ensure that Management has in place an adequate system of risk management and internal control to safeguard shareholders' interests and the Company's assets.

- b. **Financial Reporting**

Review the annual and quarterly financial results of the Group focusing on, among others, financial disclosures, changes in accounting policies and practices and compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and Bursa Malaysia Main Market Listing Requirements.

- c. **Internal Audit**

In respect of the internal audit function:-

- i. to review the adequacy of the scope, functions, competency and resources of the GIAD and to assess whether it has the necessary authority to carry out its responsibilities with regards to the annual audit plan;
- ii. to review internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the GIAD;
- iii. to review any appraisal or assessment of the performance of the Head of GIAD as well as approve the appointment or termination of senior staff members of the GIAD; and
- iv. to discuss any issues from the audits with the Head of GIAD separately without the presence of Management.

- d. **External Audit**

With regards to external auditors:-

- i. to review and consider the appointment, resignation or termination of external auditors and their audit fee;
- ii. to discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure coordination where more than one audit firm is involved;
- iii. to review with the external auditors the audit plan, their evaluation of the systems of internal accounting controls, their audit report and the assistance given by the Company's officers to the external auditors;

- iv. to review the quarterly and year-end annual financial statements before submission to the Board and announcements to the Bursa Malaysia Securities Berhad, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Bursa Malaysia Main Market Listing Requirements and other legal requirements; and
 - to convene meeting at least twice a year on any issues from the audits, with the external auditors separately without the presence of Management.
 - v. to review the external auditor's Management Letter and Management's response.
- e. Other Responsibilities**
- i. to instruct the external and internal auditors that the AC expects to be advised if there are any areas that require their special attention including major findings of internal investigations and Management's response;
 - ii. to review any related party transactions that may arise within the Company or Group in complying with the Listing Requirements;
 - iii. to review any allocation of share options pursuant to the Employees' Share Option Scheme ("ESOS") granted to employees in the Group; and
 - iv. to consider and examine any other matters as the AC considers appropriate or as instructed by the Board of Directors.

3.0 SUMMARY OF ACTIVITIES

The following activities were carried out by the AC during the FY2009/10 in accordance with the terms of reference of the AC:-

- a. The AC deliberated with the external auditors the results of audit of the annual audited financial statements and their Report to the Audit Committee and the responses by the Management at its meeting;
- b. The AC reviewed the Statement on Internal Control and Statement on Corporate Governance prior to inclusion in the Company's Annual Report;
- c. The AC reviewed the Group's procedures in respect of recording recurrent related party transactions ("RRPT") and the propriety of proposed related party transactions to ensure that they were not more favorable to the related parties than those generally available to the public and were not detrimental to minority shareholders;
- d. The AC reviewed the Audit Plan with the external auditors encompassing their audit scope and proposed fees for the statutory audit and the review of the Directors' Statement on Internal Control for FY2009/10;
- e. The AC reviewed the unaudited quarterly financial results of the Group for FY2009/10 during the financial year and the annual audited financial statements of the Group and company for FY2009/10 at its meeting before recommending the same to the Board for approval subsequently;
- f. The AC reviewed and approved the GIAD's Annual Internal Audit Plan. The AC also reviewed the internal audit reports presented by GIAD at each AC meeting with respect to adequacy of audit resources, status of audit activities, audit findings and Management's responsiveness to the findings; and
- g. The AC members attended relevant mandatory accreditation and continuing education programmes during the financial year under review. AC members also attended briefings and visited various subsidiaries within the Group to acquire a better insight on related businesses and operations.

4.0 INTERNAL AUDIT FUNCTION

4.1 Roles and Responsibilities

The internal audit function is an integral part of the assurance structure of the Group. It is carried out by GIAD with its primary responsibility to provide reasonable assurance to the AC on the adequacy and effectiveness of the risk, control and governance processes within the Group by undertaking independent, objective and systematic reviews of the system of internal control and risk management of the Group companies and operating units.

However, those Group companies governed by the Banking and Financial Institutions Act, 1989 or regulated by Bank Negara Malaysia are under the purview of the AC and internal audit function of the respective financial institutions.

4.2 Audit Resources

The Head of GIAD, who reports directly to the AC, is assisted by 5 internal audit managers and 17 other internal auditors, making up the internal audit staff strength to 23. The AC reviews and approves the GIAD's annual audit plan and staff resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

During the FY2009/10, a total of RM2.29 million was incurred as part of resource allocation for the Group's internal audit function, covering mainly on manpower, travelling and training costs.

4.3 Audit Activities

During the FY2009/10, GIAD executed a total of 84 audits which comprised of scheduled and ad-hoc audit engagements including audit investigations covering the automotive manufacturing and distribution, property development and infrastructure, and services sectors. All of the internal audit activities in the financial year under review were undertaken in-house by the GIAD. None of the components of the internal audit function were outsourced to external service providers.

All findings resulting from the audits were reported to the AC, the Group Management and the relevant operating units. The Management of the operating units audited are accountable to ensure proper handling of the audit issues and implementation of their action plans within the timeframe specified. Actions taken by the operating units audited were followed up by GIAD and the status updated in the subsequent audits.

4.4 Quality Management System

The GIAD continues to maintain its quality assurance and continual improvement program covering its internal audit processes through the ISO 9001:2008 Quality Management System, which is subject to an in-house quality audit and external annual surveillance assessment by a certification body.

The GIAD is also subject to an external quality assessment review by a qualified independent assessor once every five years as required by the International Standards for the Professional Practice of Internal Auditing. The external quality assessment review by a qualified independent assessor was last conducted in 2007 and in this regard GIAD generally conforms to the International Standards for the Professional Practice of Internal Auditing.

additional compliance information

UTILISATION OF PROCEEDS

During the financial year, there was no financing raised by the Company which required the approval of Securities Commission.

SHARE BUYBACKS

During the financial year, there were no share buybacks by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”)

During the financial year, the Company did not sponsor any ADR or GDR programme.

VARIATION IN RESULTS

The Company did not release or announce any profit estimate, forecast or projection during the financial year under review.

PROFIT GUARANTEE

During the financial year, there was no profit guarantee issued by the Company.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

By a Resolution of the Annual General Meeting of the Company held on 10 September 2009, a mandate was granted by the shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into during the period 11 September 2009 to 15 September 2010 between the Company or its subsidiary companies and related parties, the latter being based on estimates. As required, below is a listing of the said transactions by related companies that are more than RM46 million as having been actually entered into during the financial year ended 31 March 2010:

No.	Transacting Parties	Interested Parties	Nature of Transaction	Actual Transacted Values from 1 April 2009 to 31 March 2010 (RM'000)
MOTOSIKAL DAN ENJIN NASIONAL SDN. BHD.				
1.	<ul style="list-style-type: none"> – Kawasaki Heavy Industries Ltd. – Sojitz Corporation 	<p>Major shareholders</p> <ul style="list-style-type: none"> – Kawasaki Heavy Industries Ltd. – Sojitz Corporation 	Provision of technical support, technology transfer, supply of CKD components and payment of royalties	50,298
				50,298

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts between the Company and its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

- (i) Operations and Maintenance Agreement between Rangkaian Positif Sdn. Bhd. ("RP") and Tanjung Bin Power Sdn. Bhd. ("Tanjung Bin") dated 25 July 2003 supplemented by supplemental agreements dated 4 August 2003 and 17 October 2003 ("O&M Agreement").

Pursuant to the O&M Agreement, RP is to provide operation and maintenance services ("Services") to the power plant owned by Tanjung Bin comprising three (3) coal-fired generating units with a total capacity of 2,100 MW, located in the State of Johor ("Tanjung Bin Power Plant") which generates electricity to be sold to Tenaga Nasional Berhad based on a concession period of twenty five (25) years ("Term"). For the period from 1 April 2009 to 31 March 2010, the Services rendered by RP for the Tanjung Bin Power Plant had amounted to RM285,395,916.

RP is a 100% subsidiary of the Company.

- (ii) Subcontract of Operations and Maintenance Agreement between Teknik Janakuasa Sdn. Bhd. (“TJSB”) and RP dated 12 October 2004 (“the Subcontract O&M Agreement”).

Pursuant to the Subcontract O&M Agreement, RP has subcontracted a part of its scope of works under the O&M Agreement (“Subcontract Services”) to TJSB. For the period from 1 April 2009 to 31 March 2010, the Subcontract Services rendered by TJSB to RP for the Tanjung Bin Power Plant had amounted to RM130,443,624.

The Company acquired 100% beneficial equity interest in RP from Tan Sri Dato’ Seri Syed Mokhtar Shah Syed Nor (“TSSM”) on 22 October 2008. TSSM also holds 90% equity interest in Etika Strategi which is a major shareholder of the Company.

SANCTIONS AND/OR PENALTIES IMPOSED

No sanctions and/or penalties were imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 March 2010, save for road traffic offenses, if any.

STATEMENT ON REVALUATION POLICY

The Group does not have any revaluation policy.

NON-AUDIT FEES

The amount of non-audit fees paid/payable to the external auditors and their affiliated companies by the Group for the financial year ended 31 March 2010 are as follows:

	RM’000
PricewaterhouseCoopers	1,148
PricewaterhouseCoopers Taxation Services Sdn. Bhd.	892
PricewaterhouseCoopers Capital Sdn. Bhd.	575
PricewaterhouseCoopers Advisory Services Sdn. Bhd.	2,505
	<hr/>
	5,120

statement of directors' responsibility

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Act, modified by the accounting policies as set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary company of the Group.

The Directors consider that in preparing the financial statements for the financial year ended 31 March 2010 set out on pages 119 to 230, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 July 2010.

financial statements

119	DIRECTORS' REPORT
124	INCOME STATEMENTS
125	BALANCE SHEETS
127	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
129	COMPANY STATEMENT OF CHANGES IN EQUITY
130	CASH FLOW STATEMENTS
133	NOTES TO THE FINANCIAL STATEMENTS
231	STATEMENT BY DIRECTORS
231	STATUTORY DECLARATION
232	INDEPENDENT AUDITORS' REPORT



The Directors of DRB-HICOM Berhad have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with investments in the automotive, services (including banking business), and property and infrastructure segments.

The principal activities of the subsidiary companies, jointly controlled entities and associated companies are described in Note 3 to the financial statements.

There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	543,265	207,481
Attributable to:		
Equity holders of the Company	472,298	207,481
Minority interest	70,967	—
	543,265	207,481

DIVIDENDS

Dividends paid/payable by the Company since 31 March 2009 were as follows:

	RM'000
In respect of the financial year ended 31 March 2009: Final gross dividend of 2.5 sen per share, less taxation of 25%, paid on 8 October 2009	36,248
In respect of the financial year ended 31 March 2010: Interim gross dividend of 1.5 sen per share, less taxation of 25% paid on 29 March 2010	21,749
Total dividends paid	57,997

The Directors now recommend the payment of a final gross dividend of 2.5 sen per share, less taxation of 25%, amounting to RM36,248,195 in respect of the financial year ended 31 March 2010, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) On 20 April 2009, HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, completed the disposal of its entire 33.33% equity interest in Continental Automotive Instruments Malaysia Sdn. Bhd. ("Continental") to Continental Automotive GmbH for a total cash consideration of RM10,290,000. As a result, Continental ceased to be an associated company of the Group.
- (b) On 24 December 2009, Glenmarie Properties Sdn. Bhd. (formerly known as HICOM Properties Sdn. Bhd.), a wholly-owned subsidiary company of the Group, completed the acquisitions of the entire equity interests in Benua Kurnia Sdn. Bhd. ("BKSB") and Neraca Prisma Sdn. Bhd. ("NPSB"). As a result, BKSB and NPSB became wholly-owned subsidiary companies of the Group. As part purchase consideration for the acquisitions of BKSB and NPSB, the Group had completed the disposals of Connemara, Serendah, Bukit Kledek, Gadek and Kupang estates for total sale consideration of RM341,742,000. The gain arising from the disposal of estates to the Group amounted to approximately RM211 million.
- (c) On 28 January 2010, the Company has incorporated a wholly-owned subsidiary company namely, HICOM University College Sdn. Bhd. ("HUCSB"). HUCSB is involved in higher educational and vocational training focusing on programmes to enhance the competency and skill of human capital for the automotive and automotive related industries.
- (d) On 29 March 2010, the non-interested shareholders of Edaran Otomobil Nasional Berhad ("EON"), a 79.05% owned subsidiary company of the Group, approved the special resolution in relation to the proposed selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Proposed SCR") at the Extraordinary General Meeting. The Proposed SCR will result in the reduction of EON's issued and paid-up share capital from RM248,992,823 comprising 248,992,823 EON Shares to RM168,164,209 comprising 168,164,209 EON Shares by way of cancelling a total of 80,828,614 EON Shares, as follows:
- (i) all the outstanding EON Shares held by non-interested shareholders involving 52,147,493 EON Shares; and
 - (ii) the balance of 28,681,121 EON Shares held by HICOM Holdings Berhad ("HICOM"), effectively a 100% owned subsidiary company of the Group.

Upon completion of the Proposed SCR, HICOM will hold 168,164,209 EON Shares, representing the entire issued and paid-up share capital of EON.

On 30 April 2010, the High Court of Malaya confirmed the reduction of the capital of EON pursuant to Section 64 of the Companies Act, 1965 and on 11 May 2010, the sealed court order was lodged with the Companies Commission of Malaysia. The SCR was completed on 17 June 2010. As a result, on 18 June 2010, EON became a wholly-owned subsidiary company of the Group.

Consequently, the entire issued and paid-up share capital of EON was removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Malaysia") with effect from 9.00am on Friday, 2 July 2010, pursuant to Paragraph 16.07(b) of the Main Market Listing Requirements of Bursa Malaysia.

- (e) On 16 April 2010, Edaran Otomobil Nasional Berhad ("EON"), a 79.05% owned subsidiary company of the Group, and Flora Areana Sdn. Bhd. ("FASB"), a wholly-owned subsidiary company of the Group, entered into a Share Sale Agreement ("SSA") for EON to acquire 137,500 ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital in Multi Automotive Service and Assist Sdn. Bhd. from FASB for a total cash consideration of RM137,500 ("Internal Reorganisation"). The Internal Reorganisation is pending the fulfilment of the conditions precedent stated in the SSA.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Syed Mohamad bin Syed Murtaza	(Chairman)
Dato' Sri Haji Mohd Khamil bin Jamil	(Group Managing Director)
Dato' Noorrizan binti Shafie	
Dato' Ibrahim bin Taib	
Datuk Haji Abdul Rahman bin Mohd Ramli	
Tan Sri Marzuki bin Mohd Noor	
Ong Ie Cheong	
Ooi Teik Huat	

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of deemed interests of Directors who held office at the end of the financial year, in shares of the Company and in its related corporations were as follows:

	Number of ordinary shares of RM1.00 each			As at 31 March 2010
	As at 1 April 2009	Acquired	Disposed	
The Company				
Indirect*				
Ong Ie Cheong	20,000	—	(20,000)	—
Holding Company				
Direct				
Dato' Sri Haji Mohd Khamil bin Jamil	30,000	—	—	30,000

* Interest of Spouse/Child of the Director.

Other than as disclosed above, according to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year held any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than emoluments disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee establishes and recommends the remuneration structure and policy for the Directors and Key Management Officers whereupon such recommendations are made to the Board of Directors for approval.

The Nomination and Remuneration Committee consists of the following Directors:

Dato' Syed Mohamad bin Syed Murtaza	(Chairman/Senior Independent Non-Executive Director)
Tan Sri Marzuki bin Mohd Noor	(Independent Non-Executive Director)
Ong Ie Cheong	(Independent Non-Executive Director)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors, other than as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the gain on disposal of the estates of the Group as disclosed in the income statement; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made.

HOLDING COMPANY

The Directors regard Etika Strategi Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 15 July 2010.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director

income statements

For The Financial Year Ended 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	4	6,314,134	6,101,427	323,223	231,475
Cost of sales	5(a)	(5,099,605)	(5,201,320)	—	—
Gross profit		1,214,529	900,107	323,223	231,475
Other income					
– gain on disposal of estates		211,433	—	—	—
– gain on disposal of investment in associated companies		—	567,481	—	—
– others		172,151	149,553	32,112	5,870
Selling and distribution costs		(144,073)	(141,848)	—	—
Administrative expenses		(742,965)	(519,111)	(44,706)	(24,577)
Other expenses		(113,437)	(219,359)	(13,860)	(46,224)
Finance costs	8	(68,566)	(95,655)	(28,765)	(43,327)
Share of results of jointly controlled entities (net of tax)	18	56,250	63,246	—	—
Share of results of associated companies (net of tax)	19	72,572	70,529	—	—
Profit before taxation	5(b)	657,894	774,943	268,004	123,217
Taxation	9	(114,629)	(49,562)	(60,523)	(37,411)
Net profit for the financial year		543,265	725,381	207,481	85,806
Attributable to:					
Equity holders of the Company		472,298	660,507		
Minority interest		70,967	64,874		
		543,265	725,381		
Gross dividends per share (sen)	10	4.00	15.833		
Basic earnings per share (sen)	11	24.43	47.41		

The notes set out on pages 133 to 230 form an integral part of the financial statements.

balance sheets

As At 31 March 2010

	Note	Group		Company	
		2010 RM'000	2009 Restated RM'000	2010 RM'000	2009 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	1,776,114	1,836,061	5,284	2,107
Prepaid lease properties	13	72,983	74,511	—	—
Investment properties	14	542,571	585,515	147,642	155,164
Land held for property development	16(b)	931,200	249,418	—	—
Subsidiary companies	17	—	—	4,162,886	4,155,886
– Investments		—	—	1,016,170	946,283
– Amounts due		—	—	—	—
Jointly controlled entities	18	331,925	334,083	9,800	9,800
Associated companies	19	409,691	417,321	71,803	71,803
Other investments	20(ii)&(iii)	1,191,961	879,254	—	—
Intangible assets	21	233,750	251,614	—	—
Deferred tax assets	22	130,635	139,465	—	—
Banking related assets					
– Investments: Held-to-maturity	20(i)(a)	28,224	28,346	—	—
– Investments: Available-for-sale	20(i)(b)	3,292,058	2,638,068	—	—
– Investments: Held-for-trading	20(i)(c)	—	10,228	—	—
– Financing of customers	23	5,166,102	4,672,622	—	—
– Statutory deposits with Bank Negara Malaysia	24	87,821	72,871	—	—
		14,195,035	12,189,377	5,413,585	5,341,043
CURRENT ASSETS					
Non-current assets held for sale	25	—	140,674	—	—
Inventories	26	657,065	681,807	—	—
Property development costs	16(a)	260,624	180,185	—	—
Trade and other receivables	27	1,167,169	1,304,033	20,480	92,314
Tax recoverable		125,557	152,151	18,367	17,435
Marketable securities	28	387,168	462,864	21,607	11,700
Short term deposits	29	1,201,953	892,119	118,010	38,234
Cash and bank balances	30	184,782	173,592	4,032	4,016
Banking related assets					
– Cash and short-term funds	31	5,775,383	3,569,105	—	—
– Investments: Held-to-maturity	20(i)(a)	—	2,545	—	—
– Investments: Available-for-sale	20(i)(b)	720,747	663,385	—	—
– Financing of customers	23	1,319,096	1,111,031	—	—
		11,799,544	9,333,491	182,496	163,699
TOTAL ASSETS		25,994,579	21,522,868	5,596,081	5,504,742

balance sheets (continued)

	Note	Group		Company	
		2010 RM'000	2009 Restated RM'000	2010 RM'000	2009 RM'000
EQUITY AND LIABILITIES					
Share capital	32	1,719,601	1,719,601	1,719,601	1,719,601
Reserves		2,860,135	2,441,143	3,091,720	2,942,236
Equity attributable to equity holders of the Company		4,579,736	4,160,744	4,811,321	4,661,837
Minority interest		1,242,774	1,199,756	—	—
TOTAL EQUITY		5,822,510	5,360,500	4,811,321	4,661,837
NON-CURRENT LIABILITIES					
Life assurance fund	33	1,528,124	1,252,965	—	—
Deferred income	34	78,177	74,940	—	—
Long term borrowings	35	902,153	930,357	191,000	96,000
Provision for liabilities and charges	36	690	830	—	—
Deferred tax liabilities	22	46,357	35,653	1,662	2,370
Banking related liabilities					
– Deposits from customers	37	2,398,293	2,323,244	—	—
		4,953,794	4,617,989	192,662	98,370
CURRENT LIABILITIES					
General and life insurance funds	38	519,838	433,067	—	—
Trade and other payables	39	1,880,961	1,527,352	401,098	589,535
Provision for liabilities and charges	36	4,536	10,005	—	—
Bank borrowings	40				
– Bank overdrafts		29,546	25,525	—	—
– Others		596,080	588,256	191,000	155,000
Current tax liabilities		28,788	—	—	—
Banking related liabilities					
– Deposits from customers	37	12,049,941	8,295,458	—	—
– Deposits and placements of banks and other financial institutions	41	16,361	125,815	—	—
– Bills and acceptances payables	42	92,224	538,901	—	—
		15,218,275	11,544,379	592,098	744,535
TOTAL LIABILITIES		20,172,069	16,162,368	784,760	842,905
TOTAL EQUITY AND LIABILITIES		25,994,579	21,522,868	5,596,081	5,504,742

The notes set out on pages 133 to 230 form an integral part of the financial statements. The details of the 2009 restatement are set out in Note 48 (iii) (e) to the financial statements.

consolidated statement of changes in equity

	Note	Issued and fully paid ordinary shares (Note 32) RM'000	Non-distributable				Retained Earnings RM'000	Equity attributable to equity holders of the Company RM'000	Minority Interest RM'000	Total RM'000
			Share Premium (Note 43) RM'000	Merger Reserve (Note 44) RM'000	Currency Translation Differences (Note 45) RM'000	Other Reserves (Note 45) RM'000				
2010										
At 1 April 2009		1,719,601	20,701	911,016	6,305	29,210	1,473,911	4,160,744	1,192,016	5,352,760
Adjustment to provisional goodwill	48(iii)(e)	—	—	—	—	—	—	—	7,740	7,740
As restated		1,719,601	20,701	911,016	6,305	29,210	1,473,911	4,160,744	1,199,756	5,360,500
Share of an associated company's reserves		—	—	—	—	184	—	184	—	184
Currency translation differences of subsidiary companies		—	—	—	245	—	—	245	863	1,108
Share of subsidiary companies' other reserves		—	—	—	—	36,602	(32,340)	4,262	1,827	6,089
Acquisition of additional interests in a subsidiary company	48(i)(a)	—	—	—	—	—	—	—	(137)	(137)
Net gain/(loss) not recognised in the income statement		—	—	—	245	36,786	(32,340)	4,691	2,553	7,244
Net profit for the financial year		—	—	—	—	—	472,298	472,298	70,967	543,265
Dividends paid to minority interest		—	—	—	—	—	—	—	(30,502)	(30,502)
Final dividend in respect of financial year ended 31 March 2009	10	—	—	—	—	—	(36,248)	(36,248)	—	(36,248)
Interim dividend in respect of financial year ended 31 March 2010	10	—	—	—	—	—	(21,749)	(21,749)	—	(21,749)
At 31 March 2010		1,719,601	20,701	911,016	6,550	65,996	1,855,872	4,579,736	1,242,774	5,822,510

consolidated statement of changes in equity (continued)

2009	Note	Issued and fully paid ordinary shares (Note 32) RM'000	Non-distributable				Retained Earnings RM'000	Equity attributable to equity holders of the Company RM'000	Minority Interest RM'000	Total RM'000
			Share Premium (Note 43) RM'000	Merger Reserve (Note 44) RM'000	Currency Translation Differences (Note 45) RM'000	Other Reserves (Note 45) RM'000				
		1,007,607	20,701	911,016	5,150	153,342	813,552	2,911,368	959,777	3,871,145
		—	—	—	—	(475)	—	(475)	—	(475)
		—	—	—	—	(4,560)	4,560	—	—	—
	49(v)(a)	—	—	—	—	(113,635)	113,635	—	—	—
		—	—	—	1,155	—	(1,165)	(10)	—	(10)
		—	—	—	—	1,538	3,033	4,571	3,982	8,553
		—	—	—	—	—	—	—	162,035	162,035
	48(iii)(b)&(c)	—	—	—	—	—	—	—	(60,350)	(60,350)
	48(iii)(e)	—	—	—	—	—	—	—	171,077	171,077
	49(iv)	—	—	—	—	(7,000)	7,000	—	—	—
		—	—	—	1,155	(124,132)	127,063	4,086	276,744	280,830
	32&48(iii)(d)&(e)	711,994	—	—	—	—	—	711,994	—	711,994
		—	—	—	—	—	660,507	660,507	64,874	725,381
		—	—	—	—	—	—	—	(109,379)	(109,379)
	10	—	—	—	—	—	(26,450)	(26,450)	—	(26,450)
	10	—	—	—	—	—	(100,761)	(100,761)	—	(100,761)
		1,719,601	20,701	911,016	6,305	29,210	1,473,911	4,160,744	1,192,016	5,352,760

The notes set out on pages 133 to 230 form an integral part of the financial statements.

company statement of changes in equity

	Note	Issued and fully paid ordinary shares (Note 32) RM'000	Non-distributable		Distributable	Total RM'000
			Share Premium (Note 43) RM'000	Merger Reserve (Note 44) RM'000	Retained Earnings (Note 47) RM'000	
2010						
At 1 April 2009		1,719,601	20,701	2,318,321	603,214	4,661,837
Net profit for the financial year		—	—	—	207,481	207,481
Final dividend in respect of the financial year ended 31 March 2009	10	—	—	—	(36,248)	(36,248)
Interim dividend in respect of the financial year ended 31 March 2010	10	—	—	—	(21,749)	(21,749)
At 31 March 2010		1,719,601	20,701	2,318,321	752,698	4,811,321
2009						
At 1 April 2008		1,007,607	20,701	2,318,321	644,619	3,991,248
Issue of ordinary shares for acquisitions of subsidiary companies (net of issuance cost)	32&48(iii) (d)&(e)	711,994	—	—	—	711,994
Net profit for the financial year		—	—	—	85,806	85,806
Final dividend in respect of the financial year ended 31 March 2008	10	—	—	—	(26,450)	(26,450)
Interim (special) dividend in respect of the financial year ended 31 March 2009	10	—	—	—	(100,761)	(100,761)
At 31 March 2009		1,719,601	20,701	2,318,321	603,214	4,661,837

cash flow statements

For The Financial Year Ended 31 March 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	543,265	725,381	207,481	85,806
Adjustments for non-cash items:				
Allowance for/(write back of) marketable securities and financing of customers (net)	96,235	47,927	(9,907)	27,081
Amortisation of				
– biological assets	—	80	—	—
– intangible assets	20,623	8,934	—	—
– prepaid lease properties	1,411	1,512	—	—
Depreciation of property, plant and equipment	134,930	135,776	459	446
Doubtful debts (net of write backs)	14,693	31,351	2,879	4,980
Finance costs	68,566	95,655	28,765	43,327
Impairment losses of				
– land held for property development	—	21,103	—	—
– non-current assets held for sale	—	5,795	—	—
– property, plant and equipment	71,336	14,678	—	—
Inventories written off/down (net of write backs)	10,255	36,557	—	—
Loss/(gain) on disposal of shares in:				
– subsidiary companies	—	(470)	—	—
– associated companies	201	(567,481)	—	—
Loss/(gain) on disposal of				
– investment properties	9	(55)	—	—
– estates	(211,433)	—	—	—
Marked to market loss/(gain) on derivatives (net)	4,371	—	—	—
Prepaid lease properties written off	—	1,011	—	—
Project expenditure written off	—	1,377	—	1,377
Provision for/(write back of) liabilities and charges (net)	2,802	5,460	—	—
Taxation	114,629	49,562	60,523	37,411
Dividend income (gross)	(3,171)	(4,321)	(279,053)	(183,538)
Excess of fair value of net assets acquired over purchase consideration	(137)	(28,007)	—	—
(Gain)/loss on disposal/write off of property, plant and equipment	(3,582)	2,217	(16)	(16)
(Gain)/loss on disposal of investments	(19,544)	9,949	—	—
(Gain)/loss on fair value adjustment of investment properties	(5,755)	38,200	7,522	7,588
Gain on waiver of payables/borrowings (net)	(20,135)	(4,142)	(20,135)	(4,021)
Gain arising from accretion of interest in a subsidiary company	—	(1,965)	—	—
Interest income	(31,750)	(53,961)	(33,858)	(37,748)
Net foreign exchange differences	(14,283)	8,859	—	—
(Reversal of)/allowance for impairment loss of investments	(13,237)	2,139	—	5,198
Share of results of jointly controlled entities (net of tax)	(56,250)	(63,246)	—	—
Share of results of associated companies (net of tax)	(72,572)	(70,529)	—	—
Cash inflow/(outflow) before working capital changes	631,477	449,346	(35,340)	(12,109)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)					
Amounts due to customers on contracts		(6,996)	(7,276)	—	—
General and life insurance funds		243,049	(94)	—	—
Inter-company balances		(92,665)	76,549	481	4,321
Inventories		10,154	47,269	—	—
Property development costs		3,821	(3,633)	—	—
Trade and other receivables		157,898	(62,749)	50,730	1,368
Trade and other payables		218,155	(84,351)	(37,720)	12,394
Financing of customers		(811,315)	133,026	—	—
Statutory deposits with Bank Negara Malaysia		(14,950)	234,300	—	—
Deposits with customers		3,829,532	(1,239,927)	—	—
Deposits and placements of banks and other financial institutions		(109,454)	(126,096)	—	—
Bills and acceptance payables		(446,677)	(91,778)	—	—
Net cash generated from/(used in) operations		3,612,029	(675,414)	(21,849)	5,974
Interest received		31,387	57,469	48,901	20,033
Dividends received		142,232	116,972	216,890	142,254
Finance cost paid		(52,646)	(117,781)	(28,277)	(40,879)
Taxation paid, net of refunds		(78,488)	(60,504)	—	—
Provision for liabilities and charges paid		(8,431)	(8,776)	—	—
Net cash inflow/(outflow) from operating activities		3,646,083	(688,034)	215,665	127,382
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of other investments by insurance subsidiary companies		(1,224,698)	(531,522)	—	—
Acquisition of investments by a banking subsidiary company		(1,166,334)	(734,189)	—	—
Acquisition of additional shares in subsidiary companies		—	(32,344)	(7,000)	(379,384)
Cost incurred on land held for property development		2,141	(6,977)	—	—
Expenditure on investment properties		(6,164)	(14,769)	—	—
Net cash (outflow)/inflow from acquisitions of subsidiary companies	48	(144,070)	4,267,713	—	—
Net cash inflow from disposal of subsidiary companies	49	—	3,782	—	—
Proceeds from disposal of associated companies	49	10,290	1,353,401	—	—
Proceeds from disposal/maturity of other investments by insurance subsidiary companies		1,117,300	410,615	—	—
Proceeds from disposal of investments by a banking subsidiary company		518,449	255,708	—	—
Proceeds from disposal of property, plant and equipment/investment properties		13,223	4,765	205	35
Purchase of property, plant and equipment/intangible assets		(135,110)	(160,675)	(3,825)	(337)
Subscription of shares by minority interest in subsidiary companies		—	164,000	—	—
Share issue costs paid		—	—	—	(5,370)
Net cash (outflow)/inflow from investing activities		(1,014,973)	4,979,508	(10,620)	(385,056)

cash flow statements (continued)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to minority interest		(30,502)	(109,379)	—	—
Dividends paid to shareholders		(57,997)	(127,211)	(57,997)	(127,211)
Fixed deposits held as security/maintained as sinking fund		(26,568)	(3,861)	—	—
Proceeds from bank borrowings		749,974	975,646	140,000	102,900
Repayment of borrowings		(769,315)	(1,968,815)	(9,000)	(794,373)
(Repayment of)/proceeds from loans to subsidiary/associated companies (net)		—	—	(198,256)	1,031,404
Net cash (outflow)/inflow from financing activities		(134,408)	(1,233,620)	(125,253)	212,720
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Effects of foreign currency translation		11	25	—	—
CASH AND CASH OF EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,599,213	1,541,334	42,250	87,204
CASH AND CASH OF EQUIVALENTS AT END OF THE FINANCIAL YEAR		7,095,926	4,599,213	122,042	42,250
(a) Cash and cash equivalents at end of the financial year comprise the following:					
Short term deposits		1,201,953	892,119	118,010	38,234
Cash and bank balances		184,782	173,592	4,032	4,016
Cash and short term funds of a banking subsidiary		5,775,383	3,569,105	—	—
Bank overdrafts		(29,546)	(25,525)	—	—
		7,132,572	4,609,291	122,042	42,250
Less: Fixed deposits held as security/sinking fund	29(b)	(36,646)	(10,078)	—	—
		7,095,926	4,599,213	122,042	42,250
(b) Non-cash transactions					
The principal non-cash transactions during the financial year comprise the following:					
(i) Acquisition of property, plant and equipment by means of hire purchase and finance lease	12(b)	1,797	22,099	—	—
(ii) Acquisitions of subsidiary companies via issuance of shares		—	717,364	—	717,364
(iii) Acquisitions of subsidiary companies partly paid via disposal of estates	48(i)(b)	341,742	—	—	—

The notes set out on pages 133 to 230 form an integral part of the financial statements.

notes to the financial statements

– 31 March 2010

1 PRINCIPAL ACTIVITIES

The Company is an investment holding company with investments in the automotive, services (including banking business), and property and infrastructure segments.

The principal activities of the subsidiary companies, jointly controlled entities and associated companies are described in Note 3 to the financial statements.

There have been no significant changes in these activities during the financial year.

The Directors regard Etika Strategi Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 5, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, unless otherwise stated below, have been used consistently in dealing with items which are considered material in relation to the financial statements:

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards (“FRSs”), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by the accounting policies set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary company of the Group.

The financial statements of the Group and of the Company are prepared under the historical cost convention except for those that are disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by the accounting policies set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary, requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. There are no areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements other than as disclosed in Note 54 to the financial statements.

2.2 Changes in accounting policies and effects arising from adoption of revised FRSs

The accounting policies and methods of computation adopted during the financial year are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2009.

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new MASB pronouncements

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's financial year ended 31 March 2010 and applicable to the Group.

The Group has not adopted the following FRSs that are not mandatory for the current financial year.

(i) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted**

Revised FRS 3 Business Combinations (effective for Group's financial year beginning on 1 April 2010).

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 4 Insurance Contracts (effective for Group's financial year beginning on 1 April 2010).

This standard allows an entity to address insurance contracts (including reinsurance contracts) that it issues, reinsurance contracts that it holds and financial instruments that it issues with a discretionary participation feature.

FRS 7 Financial Instruments: Disclosures (effective for Group's financial year beginning on 1 April 2010).

This new standard requires disclosures of information relating to the significance of financial instruments on an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date and how the entity manages those risks. The impact of applying FRS 7 on these financial statements upon its first adoption is not disclosed by virtue of exemption provided under paragraph 44AB of this standard.

FRS 8 Operating Segments (effective for Group's financial year beginning on 1 April 2010).

This new standard replaces FRS 114₂₀₀₄ Segment Reporting and it requires an entity to report financial and descriptive information about its operating segments on the same basis as those reported internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Revised FRS 101 Presentation of Financial Statements (effective for Group's financial year beginning on 1 April 2010).

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

FRS 123 Borrowing Costs (effective for Group's financial year beginning on 1 April 2010).

This standard supersedes FRS 123₂₀₀₄ and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new MASB pronouncements (Continued)

- (i) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted (Continued)**

Revised FRS 127 Consolidated and Separate Financial Statements (effective for Group's financial year beginning on 1 April 2011).

This revised standard requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

FRS 139 Financial Instruments: Recognition and Measurement (effective for Group's financial year beginning 1 April 2010).

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group.

FRS 140 Investment Property (effective for Group's financial year beginning 1 April 2010).

This standard requires assets under construction/development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model.

Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets the disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations and the treatment of planning to sell the controlling interest in a subsidiary.

Amendment to FRS 107 Statement of Cash Flows (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets the classification of expenditures on unrecognised assets.

Amendment to FRS 110 Events after the Reporting Period (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets the treatment of dividends declared after the end of the reporting period.

Amendment to FRS 116 Property, Plant and Equipment (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets the definition of recoverable amount and the treatment pertaining to the sale of assets held for rental.

Amendment to FRS 117 Leases (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets the classification of leases of land and buildings.

Amendment to FRS 118 Revenue (effective for Group's financial year beginning on 1 April 2010).

This amendment interprets in the treatment of costs of originating a loan and it determines whether an entity is acting as a principal or as an agent.

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance (effective for Group's financial year beginning on 1 April 2010).

This amendment deals in the treatment of government loans with a below market rate of interest and it is consistent with the terminology used in FRS 108.

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new MASB pronouncements (Continued)

(i) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted (Continued)**

Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for Group's financial year beginning on 1 April 2010).

The amendment removes the definition of the cost method and replaces it with a requirement to recognise dividends as income in the separate financial statements of the investor when its right to receive the dividends are established.

Amendment to FRS 128 Investment in Associates (effective for Group's financial year beginning on 1 April 2010).

This amendment requires the disclosures when investment in associates are accounting for at fair value through profit or loss and the treatment of impairment of investment in an associate.

Amendment to FRS 131 Interests in Joint Ventures (effective for Group's financial year beginning on 1 April 2010).

This amendment requires the disclosures when investment in jointly controlled entities are accounting for at fair value through profit or loss.

Amendments to FRS 132 Financial Instruments: Presentation and FRS 101(revised) Presentation of Financial Statements - Puttable financial instruments and obligations arising on liquidation (effective for Group's financial year beginning on 1 April 2010).

The amendments require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

Amendment to FRS 134 Interim Financial Reporting (effective for Group's financial year beginning on 1 April 2010).

This amendment deals in the disclosure of earnings per share in the interim financial reports.

Amendment to FRS 136 Impairment of Assets (effective for Group's financial year beginning on 1 April 2010).

This standard clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

IC Interpretation 9 Reassessment of Embedded Derivatives (effective for Group's financial year beginning on 1 April 2010).

This new interpretation requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first become a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract in which case reassessment is required.

IC Interpretation 10 Interim Financial Reporting and Impairment (effective for Group's financial year beginning on 1 April 2010).

This new interpretation does not allow an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost to be reversed at a subsequent balance sheet date.

IC Interpretation 12 Service Concession Arrangements (effective for Group's financial year beginning on 1 April 2011).

This new interpretation prescribes how concession operators should account for the rights and obligations arising from service concession arrangements with government. Depending on the contractual terms, the interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (licence) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new MASB pronouncements (Continued)

(i) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted (Continued)**

IC Interpretation 13 Customer Loyalty Programmes (effective for Group's financial year beginning on 1 April 2010).

This new interpretation clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the revenue in respect of the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The accounting impact to the Group is immaterial.

IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for Group's financial year beginning on 1 April 2010).

This new interpretation provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

IC Interpretation 15 Agreements for the Construction of Real Estate (effective for Group's financial year beginning on 1 April 2011).

This new interpretation supercedes FRS 201₂₀₀₄ and gives a significant impact to the real estate industry; particularly those involved in multiple-unit developments, such as apartments and condominiums and sell the unit before the construction is completed. It requires the entities to determine whether the sale and purchase agreements are construction service contracts or sale of goods and whether the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to the customers. The Group is assessing the accounting impact upon the application and adoption of this interpretation.

Amendments to IC Interpretation 9 (effective for Group's financial year beginning on 1 April 2011).

This interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

(ii) **Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and are not relevant to the Group**

Revised FRS 1

IC Interpretation 11

IC Interpretation 16

IC Interpretation 17

Amendment to FRS 119

Amendment to FRS 129

First-time Adoption of Financial Reporting Standards

FRS 2 – Group and Treasury Share Transactions

Hedges of a Net Investment in a Foreign Operation

Distributions of Non-cash Assets to Owners

Employee Benefits

Financial Reporting in Hyperinflationary Economies

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year.

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The Group's subsidiary companies are listed in Note 3 to the financial statements.

All the subsidiary companies are consolidated using the purchase method of accounting where the results of subsidiary companies acquired or disposed of during the financial year are included from the date on which control is transferred to the Group and are no longer consolidated from the date on which the control ceases. At the date of acquisition, the fair values of the subsidiary companies' identifiable assets acquired and liabilities and contingent liabilities assumed are determined and these values are reflected in the consolidated financial statements. The cost of an acquisition is measured as fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets including the cumulative amount of any currency exchange differences that relate to the subsidiary company and is recognised in the consolidated income statement.

The total assets and liabilities of subsidiary companies are included in the Group's balance sheet and the interests of minority shareholders in the net assets are stated separately. All significant inter-company transactions, balances and unrealised gains on transactions are eliminated on consolidation and unrealised losses on transactions are also eliminated unless cost cannot be recovered.

2.5 Minority interest

Minority interest represents the portion of profit or loss and net assets in subsidiary companies not held by the Group. Minority interest is initially measured at the minorities' share of fair values of the identifiable assets and liabilities of the acquiree at the date of acquisition.

The Group applies a policy of treating acquisition/disposal of shares from/to minority interest as transactions with parties external to the Group. Gains and losses resulting from disposal of shares in subsidiary companies to minority interest are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any considerations paid and the relevant share of the carrying value of net assets of the subsidiary acquired.

2.6 Jointly controlled entities

A jointly controlled entity is an enterprise which is neither a subsidiary company nor an associated company of the Group but over which there is a contractually agreed sharing of control by the Group with one or more parties over the strategic operating, investing and financial policy decisions. The decisions require the unanimous consent of the parties sharing control.

The Group's share of results of jointly controlled entities is included in the consolidated income statement using the equity method of accounting. In the consolidated balance sheet, the Group's interest in jointly controlled entities is stated at cost plus the Group's share of post acquisition retained profits and reserves less impairments. Where necessary, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

The Group's jointly controlled entities are listed in Note 3 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associated companies

An associated company is a company in which the Group is in a position to exercise significant influence in its management but which does not control and is neither a subsidiary company nor a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the associated company but not control over those policies.

The Group's share of results of associated companies is included in the consolidated income statement using the equity method of accounting. The share of the results of the associated company will not be taken into the Group's income statement when the carrying value of the investment in an associated company reaches zero unless the Group has incurred obligations or guaranteed obligations in respect of the associated company. In the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of post acquisition retained profits and reserves less impairment. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

The Group's associated companies are listed in Note 3 to the financial statements.

2.8 Investments

- **Subsidiary companies, jointly controlled entities and associated companies**

Investments in subsidiary companies, jointly controlled entities and associated companies are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

- **Marketable securities**

Quoted investments are stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments, except that if diminution in value of a particular non-current investment is not regarded as temporary, a write-down to average median market value is made against the value of that investment. Market value is determined by reference to the stock exchange closing price at the balance sheet date.

- **Other investments**

- (i) **Investments held by insurance subsidiary companies**

- (a) Investments in Malaysian Government Securities, Cagamas Papers and other approved debt securities as specified by Bank Negara Malaysia, are stated at cost, adjusted for the amortisation of premiums or the accretion of discounts calculated on a constant yield basis over the period from the date of purchase to maturity date except where there is an indication of impairment, the investment is written-down to its net realisable value. The amortisation of premiums and accretion of discounts are recognised in the income statement and/or revenue account.

- (b) Unquoted investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the income statement in the period in which the decline is identified.

- (ii) **Investments held by a banking subsidiary company**

- (a) *Investments held-for-trading*

- Investments are classified as held-for-trading if they are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. The investments held-for-trading will be stated at fair value and any gain or loss arising from a change in their values and derecognition of these investments are recognised in the income statements.

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investments (Continued)

• Other investments (Continued)

(ii) Investments held by a banking subsidiary company (Continued)

(b) *Investments available-for-sale*

Investments available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. The investments available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

(c) *Investments held-to-maturity*

Investments held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the banking subsidiary company have the positive intent and ability to hold to maturity. The investments held-to-maturity are measured at accreted/amortised cost based on effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of investments held-to-maturity are recognised in the income statement.

The estimated fair values for investments held-for-trading and investments available-for-sale are based on quoted and observable market prices at the balance sheet date. Where such quoted and observable market prices are not available, fair value is estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the estimated future cash flows are discounted based on current market rates for similar instruments at the balance sheet date.

(iii) Others

Other investments are shown at cost and an allowance for diminution in value is made, where in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the income statement in the period in which the decline is identified.

On disposal of investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

2.9 Investment properties

Investment properties comprise land and buildings that are held for long term rental yield and/or for capital appreciation and that are not occupied by the companies in the Group. Investment properties are stated at fair value, representing open-market values determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in the income statement in the period of the retirement or disposal.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Biological assets

Biological assets comprise new planting expenditure incurred up to the point of harvesting. This expenditure is capitalised and is not amortised, unless a different crop is planted on the existing land area, in which case the amount is written off in the year when the different crop is planted. Where the cost of new planting is incurred on leasehold land which has an unexercised period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight line basis. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to income statement in the year in which it is incurred.

2.12 Property, plant and equipment and depreciation

Freehold land is not depreciated as it has an infinite life. Depreciation on assets under construction commences when the assets are ready for their intended use. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

Where an indication of impairment exists, the carrying amount of the property, plant and equipment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each balance sheet date, the Group assesses whether there is any indication of impairment.

The estimated useful lives in years are as follows:

Buildings, golf course and improvements	3 – 98 years
Plant and machinery	5 – 30 years
Motor vehicles	3 – 10 years
Office equipment	3 – 10 years
Furniture and fittings	3 – 20 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

2.13 Prepaid lease properties

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease properties that are amortised over the lease term in accordance with the pattern of benefits provided. Short term leases are below 50 years and long term leases are above 50 years.

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies, jointly controlled entities and associated companies over the fair value of the Group's share of the identifiable net assets at the time of acquisition. Goodwill on acquisitions of subsidiary companies is included in the balance sheet as intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the income statement.

Goodwill arising on the acquisition of subsidiary companies is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in which it operates.

Goodwill on acquisitions of jointly controlled entities and associated companies is included in investment in jointly controlled entities and associated companies respectively. Such goodwill is tested for impairment as part of the overall balance.

2.15 Intangible assets other than goodwill

(i) Plant and assembly licenses and expenses incurred for development of products

Plant and assembly licences and expenses incurred for development of products are considered to have finite useful lives, and are amortised equally over the period of their expected benefit or charged to income statement in the financial year in which the related plant or product is abandoned or considered to be of no value.

(ii) Computer software

Costs that are directly associated with identifiable and unique software products which have probable benefits exceeding the cost beyond one year are recognised as intangible assets. Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital movement and added to the original cost of the software.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Computer software costs recognised as intangible assets are carried at cost and are amortised on a straight line basis over their estimated useful lives of 1 - 5 years.

(iii) Concession for the operation and maintenance of a power plant

Concession for the operation and maintenance of a power plant is recognised as an intangible asset. The concession is carried at cost and amortised on a straight line basis over the remaining concession period of approximately 22 years.

(iv) Core deposits of a banking subsidiary company

Core deposits are carried at cost and amortised on a straight line basis over a period of 5 years.

Where an indication of impairment exists, the carrying amount of the intangible assets is assessed and written down immediately to its recoverable amount.

Preliminary and pre-operating expenses are written off to the income statement in the financial year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Property development activities

(i) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (within current assets) when development work is to be undertaken and is expected to be completed within the normal operating cycle.

On disposal of land held for property development, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Property development costs

Where the outcome of a development can be reliably estimated, property development revenue and expenditure are recognised using the percentage of completion method. The percentage of completion is measured by reference to the development costs incurred to date in proportion to the estimated total costs for the property development.

Where the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of costs incurred that is probable will be recoverable. Property development costs on development units sold are recognised as an expense when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and are stated at lower of cost and net realisable value. Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where billings to purchasers exceed revenue recognised, the balance is shown as progress billings under payables (within current liabilities).

Revenue and profit from completed properties is recognised in accordance with the terms of the sale and purchase agreements.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Raw materials, work-in-progress, finished goods and consumables

Raw materials and consumables are stated at cost. Work-in-progress and finished goods represent raw materials, direct labours, direct charges and allocated process costs, where necessary. Cost is principally determined on a first-in, first-out basis.

(ii) Inventories of unsold properties

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate allocation of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Receivables

Other than financing of customers in relation to a banking subsidiary company as stated below, receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off in the financial year in which they are identified.

Financing of customers of a banking subsidiary company are stated after deducting allowance for possible losses. Specific allowances are made for impaired financing, which have been individually reviewed and specifically identified as substandard, doubtful or bad.

A general allowance based on a percentage of the financing portfolio is also made. These percentages are reviewed annually in light of past experiences and prevailing circumstances and an adjustment is made to the overall general allowances, if necessary.

Any uncollectible financing or portion of a financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the directors, there is no prospect of recovery.

Specific allowance provided for impaired financing on the following basis which is in compliance with the Bank Negara Malaysia ("BNM")/GP3:

- (i) assigning twenty percent (20%) for non-performing financing which are more than 3 months-in-arrears;
- (ii) assigning fifty percent (50%) for non-performing financing in arrears of 6 months; and
- (iii) assigning a hundred percent (100%) for non-performing financing in arrears of 9 months and above.

Additional allowances for impaired financing are provided when the recoverable amount is lower than the net book value of financing (outstanding amount of financing, net of specific allowances) and long outstanding non-performing financing on the following basis:

- (i) assigning fifty percent (50%) of the force sale value of the properties held as collateral for non-performing financing which are outstanding for more than 5 years but less than 7 years; and
- (ii) no value will be assigned for the collateral of non-performing financing which are outstanding for 7 years and above.

Any allowance made during the year is charged to the income statement.

BNM has granted indulgence to the banking subsidiary from complying with the requirement on the impairment of financing under BNM's Guidelines on Financial Reporting for Licensed Islamic Banks ("BNM/GP8-i") for the current and previous years. The variation is only on the classification of financing as non-performing whereby under BNM/GP8-i, the repayment in arrears are for more than six (6) months compared to banking subsidiary's practice of three (3) months.

Financing are classified as non-performing and sub-standard when repayments are in arrears for more than three (3) months from the first day of defaults or after maturity date.

The specific allowance for doubtful debts and financing of the banking subsidiary are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts, short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for in full, using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets are recognised to the extent that is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

2.21 Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. Dividends proposed after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

2.22 Borrowings

(i) Classification

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

(ii) Capitalisation of borrowing costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are expensed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Provisions

(i) Warranty and sales returns

A provision is made for the estimated liability on all products still under warranty and provision for sales returns is made for estimated returns of goods as at the balance sheet date. These provisions are arrived at based on service and sales returns historical data.

(ii) Restructuring, mutual separation schemes and voluntary separation scheme costs

Restructuring, mutual separation scheme and voluntary separation scheme provisions mainly comprise employee termination costs and other related costs and are recognised in the financial year in which the Group becomes legally or constructively committed to payment.

(iii) Provision for claims in relation to a general insurance subsidiary company

Claims liabilities are determined based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, inclusive of provisions for claims yet to be reported. The liabilities are net of recoveries and including related claims handling costs.

Delays can be experienced in the notification as well as in the development and settlement of claims; therefore the ultimate cost of these claims cannot be ascertained with exact certainty at the balance sheet date.

An independent actuary computes the liability using a set of standard actuarial projection methods based on empirical data, current assumptions and discussions with management on the company's current business, underwriting and claims processes.

The liability as determined by the actuary is inclusive of a regulatory risk margin for adverse deviation. No discount for the time value of money is applied to the liability.

(iv) Provision for claims in relation to a life insurance subsidiary company

Claims and settlement costs that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer is notified.

Recoveries on reinsurance claims are accounted for in the same financial year as the original claims are recognised.

Claims and provisions for claims arising on life insurance policies including settlement costs, less reinsurance recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

- (a) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates; and
- (b) death, surrender and other benefits without due dates are treated as claims payable, on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

The benefits payable under investment-linked businesses are in respect of net cancellation of units and are recognised as surrender.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and Company.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's and Company's contributions to the defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and Company have no further payment obligations.

(iii) Termination benefits

Termination benefits are payable to an entitled employee whenever the employment has to be terminated before the normal retirement date or when the employee accepts mutual/voluntary separation in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2.25 General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, premium liabilities and claims liabilities.

Premium liabilities

Premium liabilities refer to the higher of:

- (a) the aggregate of the unearned premium reserves ("UPR"); or
- (b) the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall general insurance company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force as at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and allows for expected future premium refunds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 General insurance underwriting results (Continued)

Unearned premium reserves

UPR represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used, as follows:

- (i) 25% method for marine cargo, aviation cargo and transit;
- (ii) 1/24th method for all other classes of Malaysian general policies reduced by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by BNM;
- (iii) 1/8th method for all other classes of overseas inward business with a deduction of 20% for acquisition costs; and
- (iv) time appointment method for policies with insurance periods other than 12 months.

Acquisition costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2.26 Life insurance underwriting results

The surplus transferable from the life insurance fund to the income statement is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders, made in accordance with the provisions of the Insurance Act, 1996 and related regulations by the appointed actuary. In the event the actuarial valuation indicates that a transfer is required from the Shareholders' fund, the transfer from the income statement to the life insurance fund is made in the financial year of the actuarial valuation.

In the consolidated financial statements, all life insurance underwriting results are reflected through movements in the life assurance fund.

Premium income

Premium income includes premium recognised in the life fund and the investment-linked funds.

Premium income of the life fund is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relates.

Premium income of the investment-linked funds is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Commission and agency expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the life insurance revenue account in the financial year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period; the percentage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total costs.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as expenses when incurred.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings periodically. Where costs incurred and recognised profit (less recognised losses) exceeds progress billings, the balance is shown as amounts due from customers on construction contracts under current assets. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is shown as amounts due to customers on construction contracts under current liabilities.

2.28 Assets under lease arrangements

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets acquired under finance lease arrangements are included in property, plant and equipment and the capital element of the leasing commitments is shown under borrowings. The lease rentals are treated as consisting of capital and interest element. The capital element is applied to reduce the outstanding obligations and the interest element is charged to income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance lease are depreciated over the useful lives of equivalent owned assets or its lease term, if shorter.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental payments on operating leases are charged to the income statement in the financial year they become payable.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.29 Revenue recognition

Other than revenue recognition policies mentioned elsewhere in the summary of significant accounting policies, set out below are other significant revenue recognition policies used by the Group:

(i) Sale of goods

Sales are recognised upon delivery of goods, net of sales tax, returns, discounts and allowances.

notes to the financial statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Revenue recognition (Continued)

(ii) Rendering of services

(a) *Solid waste management*

Revenue from management services, solid waste disposal and tipping fees is recognised upon performance of services less discounts.

(b) *Vehicle inspection income*

Income from inspection of vehicles is recognised upon the rendering of inspection services.

(c) *Ground handling services*

Revenue from ground handling, inflight catering and cargo handling is recognised upon performance of services less discounts.

(d) *Premium income of a general insurance subsidiary company*

Premium income is recognised in a financial year in respect of risks assumed during that particular financial year. Premiums from direct business are recognised during the financial year upon the issuance of insurance policies. Premiums in respect of risks accepted for which policies have not been issued as of the balance sheet date are accrued at that date.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Outward reinsurance premiums are recognised in the same accounting period as the original policy to which the reinsurance relates.

(e) *Operation and maintenance of a power plant*

Revenue from operation and maintenance is recognised upon performance of services less discounts.

(f) *Fee and other income recognition for a banking subsidiary company*

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

(iii) Others

(a) *Income from financing of a banking subsidiary company*

Income from financing of customers is recognised based on the constant rate of return method. Income includes the amortisation of premium and accretion of discount. Income from investments is recognised on an effective yield basis.

Where a customer's financing account is classified as non-performing, income is suspended until it is realised on a cash basis. Financing income recognised prior to the non-performing classification is treated as uncollectible, thus an additional amount of specific allowance is made. Customers' accounts are classified as non-performing where repayments are in arrears for more than three months from the first day of default for financing; and three months from the first day of default for trade bills, bankers acceptances, trust receipts and other instruments of similar nature.

(b) *Dividend income*

Dividends are recognised when the Group's right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

Transactions in foreign currencies during the financial year are converted into functional currency at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currency are translated into Ringgit Malaysia at rates of exchange approximating those ruling on the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The assets and liabilities of foreign subsidiary companies that have a functional currency other than RM are translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at average exchange rates. Exchange differences are recognised in the statement of changes in equity as currency translation reserves.

On disposal of foreign subsidiary companies, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.31 Banking related liabilities

Deposits from customers, deposits and placement of banks and financial institutions are stated at placement values. Bills and acceptances payables represent the banking subsidiary company's own bills and acceptances rediscounted and outstanding in the market.

2.32 Financial instruments

Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or other financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Financial instruments (Continued)

Financial instruments recognised on the balance sheet

The particular recognition and measurement method for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

All derivatives financial instruments relating to a banking subsidiary company including profit rate and foreign currency swaps are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statement unless they are part of a hedging relationship which qualifies for hedge accounting where the gain or loss is recognised as follows:

(i) *Fair value hedge*

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) *Cash flow hedge*

Gains and losses on the hedging instrument, to the extent that the hedge is effective, are deferred in a separate component of equity. The ineffective part of any gain or loss is recognised in the income statement. The deferred gains and losses are released to the income statement in the periods when the hedged item affects the income statement.

Financial instruments not recognised on the balance sheet

Exchange gains and losses arising on forward foreign exchange contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

Fair value estimation

The fair value of publicly traded financial instruments is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques such as estimated discounted value of future cash flows, are used to determine fair value. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying value of financial assets and liabilities of the Group at the balance sheet date approximated their fair value except as disclosed in the relevant notes to the financial statements.

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

2.34 Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but disclosed its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date.

3 COMPANIES IN THE GROUP

The principal activities of the companies in the Group and the effective interest of the Group as at 31 March 2010 therein are shown below:

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES				
Subsidiary companies of DRB-HICOM Berhad:				
Gadek (Malaysia) Berhad	100.00	100.00	Investment holding	31 March
HICOM Holdings Berhad	100.00	100.00	Investment holding	31 March
PUSPAKOM Sdn. Bhd. ("PUSPAKOM")	100.00	100.00	Inspection of commercial vehicles for roadworthiness	31 March
DRB-HICOM Defence Technologies Sdn. Bhd.	100.00	100.00	Manufacture, supply, maintenance marketing, refurbishment or retrofitting of military and commercial vehicles, equipment and spare parts	31 March

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of DRB-HICOM Berhad: (Continued)				
DRB-HICOM Auto Solutions Sdn. Bhd.	100.00	100.00	Vehicle importation, vehicle pre-delivery inspection and value added services for provision of logistics and related services to vehicles	31 March
* Rangkaian Positif Sdn. Bhd.	100.00	100.00	Operations and maintenance services of a power plant	31 March
§ HICOM University College Sdn. Bhd.	100.00	—	Higher educational and vocational training institution	31 March
* Bank Muamalat Malaysia Berhad	70.00	70.00	Islamic banking business and related financial services	31 March
Motosikal Dan Enjin Nasional Sdn. Bhd. ("MODENAS")	70.00	70.00	Manufacture, assemble and distribute motorcycles, related spare parts and accessories	31 March
* Hicomobil Sdn. Bhd.	100.00	100.00	Dormant	31 March
Intrakota Komposit Sdn. Bhd.	70.00	70.00	Dormant	31 March
DRB-HICOM Export Corporation Sdn. Bhd.	71.65	71.65	Dormant	31 March
Subsidiary company of DRB-HICOM Defence Technologies Sdn. Bhd.:				
Defence Services Sdn. Bhd.	100.00	100.00	Specialised defence engineering works including refurbishment and upgrading of armoured vehicles	31 March
Subsidiary companies of Gadek (Malaysia) Berhad:				
Mega Consolidated Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Uni.Asia Capital Sdn. Bhd.	51.00	51.00	Investment holding	31 March
* Ladang Gadek Development Sdn. Bhd.	100.00	100.00	Cultivation and marketing of oil palm. Estate disposed as at 31 March 2010	31 March
* Ladang Kupang Development Sdn. Bhd.	100.00	100.00	Cultivation and marketing of rubber and oil palm. Estate disposed as at 31 March 2010	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Uni.Asia Capital Sdn. Bhd.:				
Uni.Asia Life Assurance Berhad	51.00	51.00	Underwriting of life insurance business including investment-linked business	31 March
Uni.Asia General Insurance Berhad	34.73	34.73	Underwriting of all classes of general insurance business	31 March
Subsidiary companies of PUSPAKOM:				
Puspakom Teknik Sdn. Bhd.	100.00	100.00	Supply and maintenance of automobile associated equipment	31 March
Flora Areana Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Subsidiary company of Flora Areana Sdn. Bhd.:				
Multi Automotive Service and Assist Sdn. Bhd.	55.00	55.00	Membership recruitment, providing vehicle assistance and supply of auto related products and services	31 March
Subsidiary company of MODENAS:				
Edaran Modenas Sdn. Bhd.	70.00	70.00	Distribution of motorcycles, related spare parts and accessories and servicing of motorcycles	31 March
Subsidiary companies of Bank Muamalat Malaysia Berhad:				
* Muamalat Venture Sdn. Bhd.	70.00	70.00	Islamic venture capital	31 March
* Muamalat Invest Sdn. Bhd.	70.00	70.00	Provision of fund management services	31 March
* Muamalat Nominees (Tempatan) Sdn. Bhd.	70.00	70.00	Dormant	31 March
* Muamalat Nominees (Asing) Sdn. Bhd.	70.00	70.00	Dormant	31 March

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad:				
HICOM Berhad	100.00	100.00	Management of projects, rental of properties and investment holding	31 March
HICOM Diecastings Sdn. Bhd.	100.00	100.00	Manufacturing and supplying diecast parts for motorcycles, automobiles and other applications	31 March
HICOM Engineering Sdn. Bhd.	100.00	100.00	Manufacturing casted and machined parts and components	31 March
USF-HICOM Holdings Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Automotive Corporation Holdings Sdn. Bhd.	100.00	100.00	Investment holding	31 March
HICOM Builders Sdn. Bhd.	100.00	100.00	Property investment and development, civil engineering and building construction	31 March
Desa Puchong Sdn. Bhd.	100.00	100.00	Cultivation of oil palm and property development. Estate disposed as at 31 March 2010	31 March
KL Airport Services Sdn. Bhd.	100.00	100.00	Superintendent of airport's operation systems and provision of related ground handling, inflight catering, cargo handling and warehousing space services	31 March
HICOM Polymers Industry Sdn. Bhd.	100.00	100.00	Distribution of automotive and industrial after-market products	31 March
* NSE Development Sdn. Bhd.	100.00	100.00	Cultivation and marketing of oil palm. Estate disposed as at 31 March 2010	31 March
* Bukit Kledek Development Sdn. Bhd.	100.00	100.00	Cultivation and marketing of rubber and oil palm. Estate disposed as at 31 March 2010	31 March
HICOM Technical and Engineering Services Sdn. Bhd.	100.00	100.00	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
HICOM Vertex Sdn. Bhd.	100.00	100.00	Dormant	31 March
Glenmarie Development (Pahang) Sdn. Bhd. <i>(formerly known as HICOM Dewan Development Sdn. Bhd.)</i>	100.00	100.00	Dormant	31 March
Edaran Otomobil Nasional Berhad ("EON")	79.05	79.05	Marketing of Proton motor vehicles, related spare parts and servicing of vehicles	31 March
* Scott & English (Malaysia) Sdn. Bhd.	70.00	70.00	Importation, distribution and servicing of industrial, marine and engineering products	31 March
Comtrac Sdn. Bhd.	70.00	70.00	Construction works and the provision of projects and development management services	31 March
Oriental Summit Industries Sdn. Bhd.	70.00	70.00	Contract manufacturing of motorcycle and automobile parts and components	31 March
* Scott & English Electronics Holdings Sdn. Bhd.	70.00	70.00	Investment holding	31 March
PHN Industry Sdn. Bhd.	62.50	62.50	Manufacturing stamped metal parts, sub-assembly of automotive components for the motor industry and design and manufacture of dies	31 March
Alam Flora Sdn. Bhd.	60.53	60.53	Management of integrated solid waste	31 March
Proton City Development Corporation Sdn. Bhd.	60.00	60.00	Property development, civil and building construction	31 March
HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.	51.00	51.00	Manufacture and sale of thermo plastic and thermo setting products	31 March
HICOM Petro-Pipes Sdn. Bhd.	51.00	51.00	Dormant	31 March

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Berhad:				
* Glenmarie Properties Sdn. Bhd. <i>(formerly known as HICOM Properties Sdn. Bhd.)</i>	100.00	100.00	Investment holding	31 March
* Connemara Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
HB Property Development Sdn. Bhd.	100.00	100.00	Property investment	31 March
* HICOM Megah Sdn. Bhd.	92.46	92.46	Investment holding	31 March
Glenmarie Cove Development Sdn. Bhd.	89.50	89.50	Investment holding and property development	31 March
Subsidiary company of HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.:				
@* HICOM Automotive Plastics (Thailand) Ltd.	50.99	50.99	Manufacture of plastic injected parts and plastic injection moulds for automotive industry	31 March
Subsidiary company of USF-HICOM Holdings Sdn. Bhd.:				
* USF-HICOM (Malaysia) Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and their related spare parts and accessories	31 March
Subsidiary company of Automotive Corporation Holdings Sdn. Bhd.:				
Automotive Corporation (Malaysia) Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and their related spare parts and accessories	31 March
Subsidiary company of USF-HICOM (Malaysia) Sdn. Bhd.:				
* HICOM Premier Malaysia Sdn. Bhd.	100.00	100.00	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of HICOM Premier Malaysia Sdn. Bhd.:				
* Euro Truck & Bus (Malaysia) Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of KL Airport Services Sdn. Bhd.:				
KLAS Engineering Services Sdn. Bhd.	100.00	100.00	Provision of aircraft maintenance, engineering and custom forwarding agent services	31 March
Subsidiary company of HICOM Builders Sdn. Bhd.:				
Imatex Management Services Sdn. Bhd.	100.00	100.00	Provision of management services	31 March
Subsidiary companies of Automotive Corporation (Malaysia) Sdn. Bhd.:				
Auto Prominence (M) Sdn. Bhd.	100.00	100.00	Dormant	31 March
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	93.00	93.00	Assembly of motor vehicles and other road transport vehicles	31 March
Subsidiary companies of EON:				
EON Properties Sdn. Bhd.	79.05	79.05	Investment and management of properties	31 March
Automotive Conversion Engineering Sdn. Bhd.	79.05	79.05	Conversion and modification of motor vehicles and distribution of car accessories	31 March
Euromobil Sdn. Bhd.	79.05	79.05	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March
EON Auto Mart Sdn. Bhd.	79.05	79.05	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March
EONMobil Sdn. Bhd.	79.05	79.05	Dormant	31 March

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of EON: (Continued)				
EON Trading Sdn. Bhd.	79.05	79.05	Dormant	31 March
EON Resorts Sdn. Bhd.	79.05	79.05	Dormant	31 March
EON Technologies Sdn. Bhd.	79.05	79.05	Dormant	31 March
Corporate Galaxy Sdn. Bhd.	79.05	79.05	Dormant	31 March
Liku Nostalgia Sdn. Bhd.	79.05	79.05	Dormant	31 March
Subsidiary company of EON Trading Sdn. Bhd.:				
EON Inovasi Sdn. Bhd.	79.05	79.05	Dormant	31 March
Subsidiary company of EON Technologies Sdn. Bhd.:				
EON Network Systems Sdn. Bhd.	79.05	79.05	Dormant	31 March
Subsidiary companies of Scott & English (Malaysia) Sdn. Bhd.:				
* HICOM United Leasing Sdn. Bhd.	70.00	70.00	Sales, servicing and rental of machinery and equipment	31 March
* Scott & English Trading (Sarawak) Sdn. Bhd.	35.70	35.70	Trading of heavy machinery and equipment, spare parts and electrical appliances	31 March
^* Myanmar Scott & English Company Limited	70.00	70.00	Dormant	31 March
+* Scott & English (Cambodia) Limited (under voluntary liquidation)	70.00	70.00	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Oriental Summit Industries Sdn. Bhd.:				
Automotive Components Engineering Centre Sdn. Bhd.	70.00	70.00	Contract design and manufacturing of dies and jigs for automobile industry. Ceased operations during the financial year	31 March
* OSI Manufacturing Sdn. Bhd.	—	70.00	Dormant	31 March
Subsidiary companies of Comtrac Sdn. Bhd.:				
Comtrac Trading Sdn. Bhd.	70.00	70.00	Trading of construction materials	31 March
Isti-Emas Sdn. Bhd.	70.00	70.00	Dormant	31 March
Comtrac Premises Sdn. Bhd.	70.00	70.00	Dormant	31 March
[§] Stagwell Sdn. Bhd.	70.00	100.00	Dormant	31 March
Comtrac Development Sdn. Bhd.	70.00	42.00	Dormant	31 March
Comtrac Builders Sdn. Bhd.	67.90	67.90	Supply, installation and construction of precast building works, manufacturing, supply and installation of precast component and provision of upgrading and renovation works	31 March
Comtrac-Sabkar Development Sdn. Bhd.	35.70	35.70	Construction works and property development	31 March
Comtrac Glenview Sdn. Bhd.	35.70	35.70	Investment holding and property development	31 March
Subsidiary company of Comtrac Glenview Sdn. Bhd.:				
Glenview Management Corporation Sdn. Bhd.	35.70	35.70	Property management	31 March

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Glenmarie Properties Sdn. Bhd.:				
* HICOM Indungan Sdn. Bhd.	100.00	100.00	Property development	31 March
* Kenyir Splendour Berhad	100.00	100.00	Resort management	31 March
HICOM Facility Management Berhad	100.00	100.00	Provision of facility management services	31 March
* Jubli Premis Sdn. Bhd.	100.00	100.00	Dormant	31 March
§* Benua Kurnia Sdn. Bhd.	100.00	—	Dormant	31 March
§* Neraca Prisma Sdn. Bhd.	100.00	—	Dormant	31 March
* Puncak Permai Sdn. Bhd.	58.00	58.00	Investment holding	31 March
Subsidiary company of HICOM Megah Sdn. Bhd.:				
#* Corwin Holding Pte. Ltd.	83.21	83.21	Owner and operator of a shopping mall	31 March
Subsidiary companies of HICOM Indungan Sdn. Bhd.:				
* Rebak Island Marina Berhad	60.00	60.00	Operation of a marina resort and property holding	31 March
* HICOM Tan & Tan Sdn. Bhd.	50.00	50.00	Dormant	31 March
Subsidiary company of Puncak Permai Sdn. Bhd.:				
* Horsedale Development Berhad	70.60	70.60	Property development, management of hotel and golf resort	31 March
Subsidiary company of Horsedale Development Berhad:				
* Kesturi Hektar Sdn. Bhd.	70.60	70.60	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Technical and Engineering Services Sdn. Bhd.:				
HICOM Ventures Sdn. Bhd.	100.00	100.00	Dormant	31 March
HICOM Environmental Sdn. Bhd. <i>(under voluntary liquidation)</i>	51.00	51.00	Dormant	31 March
Subsidiary companies of Intrakota Komposit Sdn. Bhd.:				
S.J. Kenderaan Sdn. Bhd.	70.00	70.00	Dormant	31 March
Mega Komposit Auto Sdn. Bhd.	70.00	70.00	Dormant	31 March
Gemilang Komposit Auto Sdn. Bhd.	70.00	70.00	Dormant	31 March
Syarikat Pengangkutan Malaysia Sendirian Berhad	69.99	69.99	Dormant	31 March
Intrakota Consolidated Berhad	47.34	47.34	Dormant	31 March
S.J. Binateknik Sdn. Bhd.	42.00	42.00	Dormant	31 March
Toong Fong Omnibus Company Sendirian Berhad	39.06	39.06	Dormant	31 March
JOINTLY CONTROLLED ENTITIES				
Jointly controlled entity of DRB-HICOM Berhad:				
* Isuzu Malaysia Sdn. Bhd.	49.00	49.00	Importation, assembly and distribution of motor vehicles, components and parts	31 December

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
JOINTLY CONTROLLED ENTITIES (Continued)				
Jointly controlled entities of HICOM Holdings Berhad:				
* HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.	48.00	48.00	Manufacture and assembly of motorcycle engines and components	31 March
^v * MBM Alam Flora W.L.L.	48.00	48.00	Provision of waste management clearing services	31 December
* HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.	45.00	45.00	Manufacture and assembly of motorcycle engines and parts	31 March
Jointly controlled entities of EON:				
* Mitsubishi Motors Malaysia Sdn. Bhd.	37.94	37.94	Distribution of motor vehicles, vehicle components, spare parts and accessories	31 March
Proton Parts Centre Sdn. Bhd.	36.62	36.62	Warehousing and distribution of motor vehicles, spare parts and accessories	31 March
Jointly controlled entity of Horsedale Development Berhad:				
* HICOM-Gamuda Development Sdn. Bhd.	35.30	35.30	Housing and property development and rental of properties	31 March
Jointly controlled entities of Comtrac Sdn. Bhd.:				
^{\$} * Comtrac Businessworld Sdn. Bhd.	—	35.00	Dormant	31 March
^{\$} * Comtrac-Concrete Constructions Sdn. Bhd.	—	34.30	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
ASSOCIATED COMPANIES				
Associated companies of DRB-HICOM Berhad:				
* HICOM-Chevrolet Sdn. Bhd.	49.00	49.00	Distributor for motor vehicles. Ceased operations during the financial year	31 December
Suzuki Malaysia Automobile Sdn. Bhd.	40.00	40.00	Assembly and sale of motor vehicles, accessories and components	31 March
Honda Malaysia Sdn. Bhd.	34.00	34.00	Assembly, manufacture and sale of motor vehicles, accessories and components	31 March
* Marak Unggul Sdn. Bhd.	29.99	29.99	Dormant	31 December
Associated companies of HICOM Holdings Berhad:				
* ISUZU HICOM Malaysia Sdn. Bhd.	49.00	49.00	Manufacturing, assembly and sale of commercial vehicles	31 March
* Continental Automotive Instruments Malaysia Sdn. Bhd.	—	33.33	Manufacture and sale of instrument panels/clusters, speedometers, sensors, transducers and senders for the transportation industry	31 December
* ZF Steerings (Malaysia) Sdn. Bhd.	30.00	30.00	Manufacture and assembly of mechanical and power rack and pinion steering systems	31 December
* Suzuki Motorcycle Malaysia Sdn. Bhd.	29.00	29.00	Investment holding and manufacture, assembly and distribution of motorcycles and parts	31 December
* Niro Ceramic (M) Sdn. Bhd.	22.25	23.17	Manufacturing and trading of ceramic tiles	31 December
* TRW Steering & Suspension (Malaysia) Sdn. Bhd.	20.00	20.00	Manufacturing and sale of automobile tierods, tierod ends and suspension ball joints, stabiliser links, steering linkages and power steering gear	31 December
* Midea Scott & English Electronics Sdn. Bhd.	40.00	40.00	Trading in consumer electrical and electronics household products	31 December

notes to the financial statements (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2010 %	2009 %		
ASSOCIATED COMPANIES (Continued)				
Associated companies of EON:				
*SRT-EON Security Services Sdn. Bhd.	31.62	31.62	Provision of security services	30 June
Johnson Controls Automotive Holding (M) Sdn. Bhd.	23.72	23.72	Manufacturing of car seats, seat paddings, steering wheels, and other car interior parts, investment holding and property letting	30 September

[§] The changes in the effective equity interest in these companies in the Group are as disclosed in Notes 48, 49 and 55.

* These companies in the Group are audited by other firms of auditors other than PricewaterhouseCoopers, Malaysia and its member firms of PricewaterhouseCoopers International Limited.

The country of incorporation is Singapore.

+ The country of incorporation is Cambodia.

^ The country of incorporation is Myanmar.

@ The country of incorporation is Thailand.

∨ The country of incorporation is Bahrain.

All the other companies are incorporated in Malaysia.

4 REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	3,622,887	3,991,310	—	—
Rendering of services	1,485,230	1,225,573	—	—
Insurance business	386,181	399,447	—	—
Banking	766,479	318,836	—	—
Construction contracts	19,779	16,457	—	—
Sale of land and development properties	33,578	149,804	—	—
Dividends (gross)	—	—	279,053	183,538
Rental income	—	—	12,292	12,001
Interest income from subsidiary/associated companies	—	—	31,878	35,936
	6,314,134	6,101,427	323,223	231,475

5 PROFIT BEFORE TAXATION

(a) Cost of sales

	Group	
	2010 RM'000	2009 RM'000
Cost of inventories	3,292,223	3,646,395
Cost of services rendered	1,044,020	962,272
Cost of insurance business	411,932	361,379
Cost of banking	302,711	131,625
Cost of contract and property development	48,719	99,649
	5,099,605	5,201,320

notes to the financial statements (continued)

5 PROFIT BEFORE TAXATION (CONTINUED)

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

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Allowance for/(write back of) marketable securities and financing of customers (net)		96,235	47,927	(9,907)	27,081
Amortisation of					
– biological assets	15	—	80	—	—
– intangible assets	21	20,623	8,934	—	—
– prepaid lease properties	13	1,411	1,512	—	—
Auditors' remuneration					
– current year		2,015	1,782	140	140
– prior year		26	10	—	—
Contribution for Albukhary International University		50,000	—	5,000	—
Depreciation of property, plant and equipment	12	134,930	135,776	459	446
Directors' emoluments	6	6,313	7,539	846	896
Doubtful debts (net of write backs)		14,693	31,351	2,879	4,980
Impairment losses of					
– investment in an associated company		—	—	—	5,198
– land held for property development	16(b)	—	21,103	—	—
– non-current assets held for sale		—	5,795	—	—
– property, plant and equipment	12	71,336	14,678	—	—
Inventories written off/down (net of write backs)		10,255	36,557	—	—
Loss/(gain) on disposal of investment properties		9	(55)	—	—
Loss/(gain) on disposal of shares in					
– subsidiary companies		—	(470)	—	—
– associated companies		201	(567,481)	—	—
Marked to market loss/(gain) on derivatives (net)		4,371	—	—	—
Prepaid lease properties written off	13	—	1,011	—	—
Project expenditure written off		—	1,377	—	1,377
Property, plant and equipment written off	12	1,682	3,173	—	—
Provision for/(write back of) liabilities and charges (net)	36	2,802	5,460	—	—
Rental of plant and machinery and equipment		15,802	13,083	—	—
Rental of premises		34,361	26,293	—	—
Replanting expenditure for biological assets		973	930	—	—
Staff costs	7	696,175	579,417	—	—
Dividend income (gross)					
– quoted		(1,544)	(2,990)	—	—
– unquoted		(1,627)	(1,331)	(279,053)	(183,538)
Excess of fair value of net assets acquired over purchase consideration		(137)	(28,007)	—	—
Gain arising from accretion of interest in a subsidiary company		—	(1,965)	—	—

5 PROFIT BEFORE TAXATION (CONTINUED)

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

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(Gain)/loss on fair value adjustment of investment properties	14	(5,755)	38,200	7,522	7,588
(Gain)/loss on disposal of investments		(19,544)	9,949	—	—
Gain on disposal of					
– estates		(211,433)	—	—	—
– property, plant and equipment		(5,264)	(956)	(16)	(16)
Gain on waiver of payables/borrowings		(20,135)	(4,142)	(20,135)	(4,021)
Interest income on					
– short term deposits		(31,750)	(53,961)	(1,980)	(1,812)
– subsidiary companies		—	—	(31,878)	(34,989)
– associated company		—	—	—	(947)
Net foreign exchange differences		(14,283)	8,859	—	—
Rental income of premises		(27,717)	(20,842)	(12,292)	(12,001)
Rental income of plant and machinery and equipment		(474)	(830)	—	—
(Reversal of)/allowance for impairment loss of investments		(13,237)	2,139	—	—

6 DIRECTORS' EMOLUMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-executive Directors:				
– fees	896	985	708	746
– allowances and other benefits	1,288	1,466	138	150
Executive Directors:				
– salaries, bonuses, allowances and other benefits	3,697	4,576	—	—
– defined contribution plan	432	512	—	—
	6,313	7,539	846	896

notes to the financial statements (continued)

7 STAFF COSTS

	Group	
	2010 RM'000	2009 RM'000
Salaries, wages, bonuses, allowances and other benefits	619,641	524,079
Defined contribution plan	70,534	53,900
Termination benefits	6,000	1,438
	696,175	579,417

8 FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on borrowings	65,687	93,125	28,765	43,327
Hire purchase and finance lease charges	2,879	2,530	—	—
	68,566	95,655	28,765	43,327

9 TAXATION

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Arising in Malaysia:					
Current taxation		111,257	51,439	61,286	36,638
Deferred taxation	22	9,888	8,261	(708)	1,668
Outside Malaysia:					
Current taxation		31	30	—	—
		121,176	59,730	60,578	38,306
Arising in Malaysia:					
Over provision of current taxation in respect of prior financial years		(6,547)	(10,168)	(55)	(895)
Total taxation charge		114,629	49,562	60,523	37,411

9 TAXATION (CONTINUED)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
The explanation of the relationship between taxation charge and profit before taxation is as follows:				
Numerical reconciliation of effective taxation charge				
Profit before taxation	657,894	774,943	268,004	123,217
Tax calculated at the Malaysian tax rate of 25% (2009: 25%)	164,474	193,736	67,001	30,804
Tax effects of:				
– share of results of jointly controlled entities	(19,990)	(19,417)	—	—
– share of results of associated companies	(24,727)	(24,038)	—	—
– expenses not deductible for tax purposes	73,963	63,805	1,181	12,106
– income not subject to tax	(68,771)	(160,416)	(7,604)	(4,604)
– tax losses/temporary differences not recognised	7,159	2,997	—	—
– different tax rates	(734)	4,580	—	—
– utilisation of previously unrecognised tax losses	(10,198)	(1,517)	—	—
Over provision of current taxation in respect of prior financial years	(6,547)	(10,168)	(55)	(895)
Taxation charge	114,629	49,562	60,523	37,411

Unabsorbed tax losses, unutilised capital allowances, unutilised investment tax allowances and unutilised reinvestment allowances of the Group which are available for set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:

	Group	
	2010 RM'000	2009 RM'000
Unabsorbed tax losses	1,066,001	1,088,774
Unutilised capital allowances	252,159	241,543
Unutilised investment tax allowances	42,287	42,287
Unutilised reinvestment allowances	126,737	126,737

notes to the financial statements (continued)

10 DIVIDENDS

Dividends paid, declared and proposed are as follows:

	Group and Company	
	2010 RM'000	2009 RM'000
Dividend paid		
In respect of the financial year ended 31 March 2009:		
Final gross dividend of 2.5 sen (2008: Final gross dividend of 3.5 sen) per share, less taxation of 25% (2008: 25%)	36,248	26,450
In respect of the financial year ended 31 March 2010:		
Interim gross dividend of 1.5 sen (2009: Interim (special) gross dividend of 13.333 sen) per share, less taxation of 25% (2009: 25%)	21,749	100,761

At the forthcoming Annual General Meeting of the Company, a final gross dividend in respect of the financial year ended 31 March 2010 of 2.5 sen (2009: 2.5 sen) per share less taxation of 25% (2009: 25%), amounting to RM36,248,195 (2009: RM36,248,195) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be paid in the financial year ending 31 March 2011 when approved by shareholders.

11 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's net profit attributable to equity holders of the Company by the weighted average number of shares in issue during the financial year.

	Group	
	2010	2009
Net profit attributable to equity holders of the Company (RM'000)	472,298	660,507
Weighted average number of ordinary shares in issue ('000)	1,933,237	1,393,286
Basic earnings per share (sen)	24.43	47.41

12 PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Freehold land RM'000	Buildings, golf course and improvements RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Capital work- in-progress RM'000	Total RM'000
Net book value at 1 April 2008		310,024	939,670	296,810	23,074	87,555	27,139	29,681	1,713,953
Acquisition of subsidiary companies	48(iii) (d)&(e)	30,000	68,043	—	462	12,499	16,026	—	127,030
Additions		4,788	15,896	41,404	4,103	20,663	5,668	90,338	182,860
Disposals		—	(4)	(645)	(2,429)	(102)	(194)	—	(3,374)
Written off	5	—	(677)	(278)	(108)	(153)	(79)	(1,878)	(3,173)
Depreciation charge	5	—	(29,070)	(63,452)	(5,422)	(27,821)	(10,011)	—	(135,776)
Impairment losses	5	—	(13,512)	(1,142)	—	(13)	(11)	—	(14,678)
Currency translation differences		(203)	(538)	(1,107)	—	(21)	(1)	—	(1,870)
Reclassification		(840)	(31,179)	80,353	(2)	2,512	743	(51,587)	—
Reclassification from intangible assets	21	—	—	—	—	146	—	—	146
Reclassification of non-current assets held for sale	25	(45,897)	(510)	(135)	(194)	(30)	(22)	—	(46,788)
Transfers from investment properties	14	—	11,733	—	—	—	—	—	11,733
Transfers from property development activities	16(a)	—	5,998	—	—	—	—	—	5,998
Net book value at 31 March 2009		297,872	965,850	351,808	19,484	95,235	39,258	66,554	1,836,061

notes to the financial statements (continued)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Note	Freehold land RM'000	Buildings, golf course and improvements RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Capital work- in-progress RM'000	Total RM'000
Additions		—	9,450	37,160	4,319	27,885	7,332	52,481	138,627
Disposals		(593)	(555)	(3,234)	(1,307)	(728)	(9)	(366)	(6,792)
Written off	5	—	(567)	(538)	(26)	(519)	(25)	(7)	(1,682)
Depreciation charge	5	—	(19,187)	(66,382)	(4,718)	(31,956)	(12,687)	—	(134,930)
Impairment losses	5	(1,541)	(34,301)	(27,815)	(1)	(386)	(288)	(7,004)	(71,336)
Currency translation differences		191	489	809	—	9	1	—	1,499
Reclassification		713	381	41,691	(1)	9,327	—	(52,111)	—
Transfers from/(to) investment properties	14	15,000	(333)	—	—	—	—	—	14,667
Net book value at 31 March 2010		311,642	921,227	333,499	17,750	98,867	33,582	59,547	1,776,114
NET BOOK VALUE AT 31 MARCH 2010									
Cost		328,183	1,556,094	1,385,157	47,341	464,971	206,590	66,551	4,054,887
Accumulated depreciation		—	(453,812)	(1,012,729)	(29,590)	(364,116)	(172,716)	—	(2,032,963)
Accumulated impairment losses		(16,541)	(181,055)	(38,929)	(1)	(1,988)	(292)	(7,004)	(245,810)
Net book value		311,642	921,227	333,499	17,750	98,867	33,582	59,547	1,776,114
NET BOOK VALUE AT 31 MARCH 2009									
Cost		312,872	1,554,312	1,321,521	49,550	442,194	199,848	66,554	3,946,851
Accumulated depreciation		—	(441,710)	(958,528)	(30,066)	(345,357)	(160,586)	—	(1,936,247)
Accumulated impairment losses		(15,000)	(146,752)	(11,185)	—	(1,602)	(4)	—	(174,543)
Net book value		297,872	965,850	351,808	19,484	95,235	39,258	66,554	1,836,061

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Note	Freehold land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value at 1 April 2008		—	1,800	392	177	240	221	2,830
Additions		—	—	—	1	1	335	337
Disposals		—	—	(20)	—	—	—	(20)
Transfers to a subsidiary company		—	—	—	(38)	—	(556)	(594)
Depreciation charge	5	—	(200)	(95)	(75)	(76)	—	(446)
Net book value at 31 March 2009		—	1,600	277	65	165	—	2,107
Additions		—	—	500	325	—	—	825
Transfer from a subsidiary company		3,000	—	—	—	—	—	3,000
Disposals		—	—	(189)	—	—	—	(189)
Depreciation charge	5	—	(200)	(162)	(32)	(65)	—	(459)
Net book value at 31 March 2010		3,000	1,400	426	358	100	—	5,284
NET BOOK VALUE AT 31 MARCH 2010								
Cost		3,000	12,154	525	1,214	749	—	17,642
Accumulated depreciation		—	(10,754)	(99)	(856)	(649)	—	(12,358)
Net book value		3,000	1,400	426	358	100	—	5,284
NET BOOK VALUE AT 31 MARCH 2009								
Cost		—	12,154	618	889	749	—	14,410
Accumulated depreciation		—	(10,554)	(341)	(824)	(584)	—	(12,303)
Net book value		—	1,600	277	65	165	—	2,107

(a) Certain property, plant and equipment of the Group with a net book value of RM345,665,000 (2009: RM356,131,000) have been charged as security for bank borrowings (Notes 35 and 40).

notes to the financial statements (continued)

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The details of motor vehicles, plant and machinery, and office equipment acquired under hire purchase and finance lease agreements of the Group are as follows:

	Hire purchase and finance lease	
	2010 RM'000	2009 RM'000
Additions during the financial year:		
– Plant and machinery	1,797	19,074
– Capital work-in-progress	—	3,025
	1,797	22,099
Net book value at financial year end:		
– Motor vehicles	1,360	1,772
– Plant and machinery	36,651	45,248
– Office equipment	233	738
– Capital work-in-progress	—	3,025
	38,244	50,783

(c) The title deeds to the freehold land of certain subsidiary companies amounting to RM12,824,000 (2009: RM15,355,000) are in the process of being registered in the names of the subsidiary companies.

13 PREPAID LEASE PROPERTIES

	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group				
Net book value				
At 1 April 2008		9,536	67,489	77,025
Acquisition of a subsidiary company	48(iii)(e)	—	265	265
Amortisation charge	5	(313)	(1,199)	(1,512)
Written off	5	—	(1,011)	(1,011)
Transfers from investment properties	14	181	177	358
Transfers to non-current assets held for sale	25	(17)	(597)	(614)
At 31 March 2009		9,387	65,124	74,511
Amortisation charge	5	(322)	(1,089)	(1,411)
Transfers to investment properties	14	—	(117)	(117)
At 31 March 2010		9,065	63,918	72,983

13 PREPAID LEASE PROPERTIES (CONTINUED)

	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group			
Net book value at 31 March 2010			
Cost	11,237	74,262	85,499
Accumulated amortisation	(2,172)	(10,344)	(12,516)
Net book value	9,065	63,918	72,983
Net book value at 31 March 2009			
Cost	11,237	74,406	85,643
Accumulated amortisation	(1,850)	(9,282)	(11,132)
Net book value	9,387	65,124	74,511

- (a) Certain prepaid lease properties of the Group with net book value of RM26,082,000 (2009: RM22,985,000) have been charged as security for bank borrowings (Notes 35 and 40).
- (b) The title deeds to the leasehold land of certain subsidiary companies amounting to RM13,741,000 (2009: RM13,982,000) are in the process of being registered in the names of the subsidiary companies.

14 INVESTMENT PROPERTIES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 April		585,515	609,286	155,164	162,752
Additions		6,176	18,193	—	—
Disposals		(1,035)	(380)	—	—
Currency translation differences		(4,294)	8,324	—	—
Transfers to property, plant and equipment	12	(14,667)	(11,733)	—	—
Transfers from/(to) prepaid lease properties	13	117	(358)	—	—
Transfers to land held for property development	16(b)	(40,000)	—	—	—
Transfers from inventories		5,004	—	—	—
Transfers from non-current assets held for sale		—	383	—	—
Changes in fair value during the financial year	5	5,755	(38,200)	(7,522)	(7,588)
At 31 March		542,571	585,515	147,642	155,164

notes to the financial statements (continued)

14 INVESTMENT PROPERTIES (CONTINUED)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
The disclosure on income and expenses of investment properties are as below:				
Rental income	22,933	22,107	12,292	12,001
Direct operating expenses from investment properties that generated rental income during the financial year	10,189	10,688	256	424
Direct operating expenses from investment properties that did not generate rental income during the financial year	344	1,441	—	—

- (a) The fair value of the investment properties of the Group and the Company were based on valuations by independent professional qualified valuers. Valuations for the investment properties were based on current prices in an active market.
- (b) The titles to certain properties included in investment properties with a carrying value of RM39,422,000 (2009: RM33,880,000) are in the process of being transferred to an insurance subsidiary company.
- (c) Certain investment properties of the Group with carrying value of RM443,393,000 (2009: RM443,971,000) have been charged as security for bank borrowings (Notes 35 and 40).

15 BIOLOGICAL ASSETS

	Note	Group	
		2010 RM'000	2009 RM'000
Net book value			
At 1 April		—	19,743
Amortisation charge	5	—	(80)
Transfers to non-current assets held for sale	25	—	(19,663)
At 31 March		—	—

16 PROPERTY DEVELOPMENT ACTIVITIES

(a) Property development costs

	Note	Group	
		2010 RM'000	2009 RM'000
At cost			
At 1 April			
Land		125,861	136,112
Development costs		628,190	659,176
Accumulated costs charged to income statement		(573,866)	(594,849)
		180,185	200,439
Less: Completed developments in previous years			
– Land		(10,765)	(9,898)
– Development costs		(171,660)	(63,481)
– Accumulated costs charged to income statement		182,425	73,379
		—	—
Add: Costs incurred during the financial year			
– Land		—	263
– Development costs		21,031	35,295
		21,031	35,558
Transfers from land held for property development	16(b)	86,329	2,442
Less: Costs recognised as an expense in income statement during the financial year		(23,663)	(31,926)
Transfers to inventories		(3,258)	(20,330)
Transfers to property, plant and equipment	12	—	(5,998)
At 31 March		260,624	180,185
At end of the financial year			
Land		140,709	125,861
Development costs		535,019	628,190
Accumulated costs charged to income statement		(415,104)	(573,866)
		260,624	180,185

notes to the financial statements (continued)

16 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)

(b) Land held for property development

	Note	Group	
		2010 RM'000	2009 RM'000
At cost			
At 1 April			
Land		132,409	196,221
Development costs		138,112	133,083
Accumulated impairment losses		(21,103)	—
		249,418	329,304
Acquisition of a subsidiary company	48(i)(b)	727,900	—
Add: Costs incurred during the financial year – Development costs		211	6,978
		977,529	336,282
Transfers from investment properties	14	40,000	—
Transfers to property development costs	16(a)	(86,329)	(2,442)
Transfers to non-current assets held for sale	25	—	(63,319)
Impairment losses	5	—	(21,103)
		931,200	249,418
At 31 March		931,200	249,418
At end of the financial year			
Land		874,157	132,409
Development costs		78,146	138,112
Accumulated impairment losses		(21,103)	(21,103)
		931,200	249,418

Included in property development costs and land held for property development is interest on borrowings capitalised for the financial year amounting to RM3,778,000 (2009: RM5,342,000).

Land amounting to RM1,046,258,000 (2009: RM319,283,000) belonging to subsidiary companies, included in property development costs and land held for property development, have been charged as security for bank borrowings (Notes 35 and 40) and bank guarantee.

17 SUBSIDIARY COMPANIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	4,211,563	4,204,563
Less: Accumulated impairment losses	(48,677)	(48,677)
	4,162,886	4,155,886
Amounts due from subsidiary companies (non-trade)	1,244,922	1,172,251
Less: Allowance for doubtful debts	(228,752)	(225,968)
	1,016,170	946,283

The details of the subsidiary companies are listed in Note 3 to the financial statements.

The amounts due from subsidiary companies are unsecured and have no fixed terms of repayment. Interest is charged at 4.00% to 6.40% (2009: 4.00% to 6.40%) per annum on RM792,860,000 (2009: RM731,160,000) of the outstanding amounts.

The fair value of the amounts due from subsidiary companies is RM989,620,000 (2009: RM929,118,000).

18 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share of net assets	331,925	334,083	—	—
Unquoted shares, at cost	—	—	9,800	9,800

The details of the jointly controlled entities, all of which are unquoted, are listed in Note 3 to the financial statements.

notes to the financial statements (continued)

18 JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's share of the assets, liabilities, revenue and expenses of the jointly controlled entities is as follows:

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	103,353	106,135
Current assets	421,080	363,501
Non-current liabilities	(34,874)	(33,745)
Current liabilities	(157,634)	(101,808)
Share of net assets	331,925	334,083
Revenue	992,074	808,528
Expenses	(915,834)	(725,865)
Profit before taxation	76,240	82,663
Taxation	(19,990)	(19,417)
Net profit	56,250	63,246
(a) Capital commitments for property, plant and equipment		
– contracted	3,724	337
– not contracted	8,079	6,215
	11,803	6,552

(b) There are no contingencies relating to jointly controlled entities.

19 ASSOCIATED COMPANIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share of net assets	409,691	417,321	—	—
Unquoted shares, at cost	—	—	71,803	71,803

The details of the associated companies are listed in Note 3 to the financial statements.

The Group's share of the assets, liabilities, revenue and expenses of the associated companies is as follows:

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	188,412	209,065
Current assets	536,724	502,821
Non-current liabilities	(11,793)	(26,421)
Current liabilities	(303,652)	(268,144)
Share of net assets	409,691	417,321
Revenue	1,541,698	1,675,337
Expenses	(1,444,399)	(1,580,770)
Profit before taxation	97,299	94,567
Taxation	(24,727)	(24,038)
Net profit	72,572	70,529
(a) Capital commitments for property, plant and equipment		
– contracted	403	1,271
– not contracted	12,244	16,079
	12,647	17,350

(b) There are no contingencies relating to associated companies.

(c) The accumulated share of losses that have not been recognised by the Group amounted to RM11,859,000 (2009: RM11,859,000).

notes to the financial statements (continued)

20 OTHER INVESTMENTS

		Group	
		2010 RM'000	2009 RM'000
(i)	Held by a banking subsidiary company		
(a)	Investments: Held-to-maturity		
	At amortised cost		
	Corporate bonds, at cost	30,285	32,952
	Accumulated impairment loss	(2,061)	(2,061)
	Total held-to-maturity investments	28,224	30,891
	Non-current	28,224	28,346
	Current	—	2,545
		28,224	30,891
(b)	Investments: Available-for-sale		
	At fair value		
	<u>Quoted securities:</u>		
	Malaysian government investment certificates	1,181,505	857,450
	Cagamas bonds	115,647	100,507
	Khazanah bonds	—	182,813
	Islamic private debt securities	2,596,505	1,977,744
	Sukuk	115,043	172,870
	Negotiable instrument of deposit certificates	—	5,964
		4,008,700	3,297,348
	<u>Unquoted securities:</u>		
	Shares	4,105	4,105
	Total available-for-sale investments	4,012,805	3,301,453
	Non-current	3,292,058	2,638,068
	Current	720,747	663,385
		4,012,805	3,301,453
(c)	Investments: Held-for-trading		
	At fair value		
	Malaysian government investment certificates	—	10,228

20 OTHER INVESTMENTS (CONTINUED)

	Group	
	2010 RM'000	2009 RM'000
(ii) Held by insurance subsidiary companies		
(a) <u>Quoted securities:</u>		
Malaysian Government Securities, at cost	120,786	125,126
Amortisation of premiums	(104)	(517)
	120,682	124,609
(b) <u>Unquoted securities:</u>		
Corporate debt securities, at cost	1,030,292	704,107
Accretion of discounts net of amortisation of premiums	450	9,137
Less: Allowance for diminution in value	(4,670)	(4,765)
	1,026,072	708,479
(c) Unquoted shares, at cost	2,374	2,374
Less: Allowance for diminution in value	(178)	(176)
	2,196	2,198
Sub-total	1,148,950	835,286
(iii) Held by other Group companies		
(a) <u>Quoted securities:</u>		
Quoted shares in Malaysia, at cost	1,688	1,688
Less: Allowance for diminution in value	—	(985)
	1,688	703
(b) Subordinated bonds	6,000	6,000
Less: Allowance for diminution in value	(6,000)	(6,000)
	—	—
(c) <u>Unquoted securities:</u>		
Unquoted shares, at cost	47,686	48,239
Less: Allowance for diminution in value	(6,363)	(4,974)
	41,323	43,265
Sub-total	43,011	43,968
Total (excluding other investments held by a banking subsidiary company)	1,191,961	879,254

notes to the financial statements (continued)

20 OTHER INVESTMENTS (CONTINUED)

(a) The carrying amounts of other investments at balance sheet date approximated their fair values except for the following:

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Malaysian Government Securities	120,682	120,682	124,609	126,612
Corporate debt securities, unquoted	1,026,072	1,035,780	708,479	711,571
Quoted shares	1,688	1,802	703	703
	1,148,442	1,158,264	833,791	838,886

(b) The carrying amounts of unquoted shares at balance sheet date approximated their fair values.

21 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Operation and maintenance concession RM'000	Core deposits RM'000	Computer software RM'000	Licences/ Product development expenditure RM'000	Total RM'000
Group							
2010							
At 1 April 2009		49,423	161,931	56,300	1,217	803	269,674
Adjustment to provisional goodwill	48(iii)(e)	(18,060)	—	—	—	—	(18,060)
As restated		31,363	161,931	56,300	1,217	803	251,614
Additions		—	—	—	2,224	535	2,759
Amortisation charge	5	—	(7,202)	(12,300)	(414)	(707)	(20,623)
At 31 March 2010		31,363	154,729	44,000	3,027	631	233,750
2010							
Cost		31,363	164,932	61,400	3,678	3,803	265,176
Accumulated amortisation		—	(10,203)	(17,400)	(651)	(3,172)	(31,426)
Carrying amount		31,363	154,729	44,000	3,027	631	233,750

21 INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Operation and maintenance concession RM'000	Core deposits RM'000	Computer software RM'000	Licences/ Product development expenditure RM'000	Total RM'000
Group							
2009							
At 1 April 2008		21,313	—	—	361	1,362	23,036
Acquisition of subsidiary companies	48(iii)(d)&(e)	10,050	164,932	61,400	—	—	236,382
Additions		—	—	—	1,095	181	1,276
Amortisation charge	5	—	(3,001)	(5,100)	(93)	(740)	(8,934)
Reclassification to property, plant and equipment	12	—	—	—	(146)	—	(146)
At 31 March 2009		31,363	161,931	56,300	1,217	803	251,614
2009							
Cost		31,363	164,932	61,400	1,454	3,268	262,417
Accumulated amortisation		—	(3,001)	(5,100)	(237)	(2,465)	(10,803)
Carrying amount		31,363	161,931	56,300	1,217	803	251,614

The carrying amount of goodwill was allocated to three of the Group's cash generating units (CGUs), namely defence services (RM4,665,000), airport ground handling services (RM16,648,000) and banking (RM10,050,000). The recoverable amounts of the three CGUs were determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on approved financial budgets. Cash flows beyond the budgeted period were extrapolated using estimated terminal growth rates. Based on these, the recoverable amount of goodwill exceeded its carrying value.

notes to the financial statements (continued)

22 DEFERRED TAXATION

	Note	Group		Company	
		2010 RM'000	2009 Restated RM'000	2010 RM'000	2009 RM'000
At 1 April		73,212	37,644	(2,370)	(702)
Adjustment to provisional goodwill	48(iii)(e)	30,600	—	—	—
As restated		103,812	37,644	(2,370)	(702)
Acquisition of subsidiary companies	48	—	81,504	—	—
Movement in life assurance fund		(7,112)	(7,075)	—	—
Movement in the equity (Charged)/credited into income statement	9	(2,534)	—	—	—
– Investments		(14,637)	2,572	—	—
– Property, plant and equipment		(5,250)	(13,816)	708	(1,668)
– Property development expenditure		—	7,735	—	—
– Provisions		12,383	1,204	—	—
– Receivables		(22,629)	3,035	—	—
– Tax losses		20,272	(9,031)	—	—
– Unearned premium reserve		(27)	40	—	—
		(9,888)	(8,261)	708	(1,668)
At 31 March		84,278	103,812	(1,662)	(2,370)
Subject to income tax					
<i>Deferred tax assets (before offsetting)</i>					
Property, plant and equipment		59,708	60,190	3,593	3,136
Investments		7,635	20,509	—	—
Provisions		22,880	12,208	—	—
Receivables		63,244	90,161	—	—
Unearned premium reserve		8	35	—	—
Tax losses		36,585	16,313	—	—
		190,060	199,416	3,593	3,136
Offsetting		(59,425)	(59,951)	(3,593)	(3,136)
Deferred tax assets (after offsetting)		130,635	139,465	—	—

22 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2010 RM'000	2009 Restated RM'000	2010 RM'000	2009 RM'000
Subject to income tax				
<i>Deferred tax liabilities (before offsetting)</i>				
Property, plant and equipment	(101,872)	(92,972)	(5,255)	(5,506)
Investments	(3,908)	(918)	—	—
Provisions	—	(1,711)	—	—
Receivables	(2)	(3)	—	—
	(105,782)	(95,604)	(5,255)	(5,506)
Offsetting	59,425	59,951	3,593	3,136
Deferred tax liabilities (after offsetting)	(46,357)	(35,653)	(1,662)	(2,370)
Presented after appropriate offsetting as follows:				
Deferred tax assets	130,635	139,465	—	—
Deferred tax liabilities	(46,357)	(35,653)	(1,662)	(2,370)
	84,278	103,812	(1,662)	(2,370)

23 FINANCING OF CUSTOMERS

	Group	
	2010 RM'000	2009 Restated RM'000
Cash line	428,225	448,309
Term financing		
– Home financing	4,076,724	4,000,029
– Syndicated financing	164,712	209,671
– Hire purchase receivables	1,557,575	1,472,203
– Leasing receivables	205,120	140,035
– Other term financing	3,425,429	2,374,811
Trust receipts	140,769	154,593
Claims on customers under acceptance credits	730,361	742,273
Staff financing	89,202	97,413
Revolving credits	498,891	609,742
	11,317,008	10,249,079
Less: Unearned income	(3,909,046)	(3,487,551)
	7,407,962	6,761,528

notes to the financial statements (continued)

23 FINANCING OF CUSTOMERS (CONTINUED)

	Group	
	2010 RM'000	2009 Restated RM'000
Less: Financing sold to Cagamas	(380,846)	(397,626)
Less: Allowance for bad and doubtful financing:	7,027,116	6,363,902
– General	(207,014)	(215,079)
– Specific	(334,904)	(365,170)
Total net financing, advances and other financing	6,485,198	5,783,653
Non-current	5,166,102	4,672,622
Current	1,319,096	1,111,031
	6,485,198	5,783,653
Fair values	7,660,251	6,983,135

The fair values of financing of customers are estimated based on expected future cash flows of contractual instalments payments, discounted at applicable and prevailing rates at balance sheet date offered for similar facilities to new borrowers with similar credit profiles. In respect of non-performing financing, the fair values are deemed to approximate the carrying values, which are net of specific allowance for bad and doubtful financing.

24 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

- (a) The statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amounts of which are determined at set percentages of total eligible liabilities.
- (b) The carrying amounts as at balance sheet date approximated their fair values.

25 NON-CURRENT ASSETS HELD FOR SALE

	Note	Group	
		2010 RM'000	2009 RM'000
Property, plant and equipment	12	—	46,788
Prepaid lease properties	13	—	614
Biological assets	15	—	19,663
Land held for property development	16(b)	—	63,319
Associated company		—	10,290
		—	140,674

26 INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
Raw materials	54,568	49,621
Work-in-progress	131,209	68,640
Finished goods	409,434	499,777
Consumables	33,603	28,882
Completed units of unsold properties	28,251	34,887
	657,065	681,807

Certain inventories of subsidiary companies amounting to RM14,448,000 (2009: RM10,439,000) have been pledged as security for bank borrowings (Notes 35 and 40).

notes to the financial statements (continued)

27 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables		811,182	823,990	11,868	62,418
Less: Allowance for doubtful debts		(91,170)	(103,212)	(9,198)	(9,198)
		720,012	720,778	2,670	53,220
Other receivables		308,731	285,772	2,201	2,055
Less: Allowance for doubtful debts		(35,169)	(31,005)	(2,031)	(1,936)
		273,562	254,767	170	119
Amounts due from subsidiary companies		—	—	16,922	37,774
Less: Allowance for doubtful debts		—	—	(149)	(149)
		—	—	16,773	37,625
Amounts due from jointly controlled entities		7,783	11,623	18	4
Amounts due from associated companies		17,980	60,407	637	900
Amounts due from related parties		111,002	81,800	—	—
Amounts due from customers on contracts	46	6,451	970	—	—
Accrued billings		402	402	—	—
Deposits		18,848	161,883	41	305
Prepayments		11,129	11,403	171	141
		173,595	328,488	867	1,350
		1,167,169	1,304,033	20,480	92,314
The currency exposure profile of trade and other receivables is as follows:					
– Ringgit Malaysia		1,149,521	1,286,392	20,480	92,314
– US Dollar		9,059	12,734	—	—
– Thai Baht		3,946	2,653	—	—
– Others		4,643	2,254	—	—
		1,167,169	1,304,033	20,480	92,314

27 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The Group's and the Company's normal trade credit terms range from 30 to 60 days (2009: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis.
- (b) Included in trade receivables of the Group and the Company is an amount of RM2,670,000 (2009: RM53,220,000) owing by the Government in respect of Electrified Double Track Project.
- (c) Included in other receivables for the Group is an amount of RM28,070,000 (2009: RM29,835,000) in respect of reimbursement of certain operating expenditure of a subsidiary company due from the Ministry of Finance.
- (d) In previous financial year, included in deposits was an amount of RM141,771,000 relating to the deposit paid for the acquisitions as disclosed in Note 48 (i) (b).
- (e) All other amounts due from subsidiary companies, jointly controlled entities and associated companies are non-interest bearing, unsecured and have no fixed terms of repayment.

28 MARKETABLE SECURITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Lower of cost and market value				
Shares, warrants and other instruments quoted				
– in Malaysia	231,006	413,315	—	—
– outside Malaysia	156,162	49,549	21,607	11,700
	387,168	462,864	21,607	11,700

29 SHORT TERM DEPOSITS

- (a) Short term deposits consist of deposits with licensed banks and are denominated in Ringgit Malaysia.
- (b) Certain deposits with licensed banks of the Group amounting to RM36,646,000 (2009: RM10,078,000) have been pledged as security for banking facilities.
- (c) Included in short term deposits is the maintenance reserve account of approximately RM36,948,000 (2009: RM30,886,000) maintained by a subsidiary company performing operations and maintenance services to a power plant, pursuant to the Operations and Maintenance Agreement.

notes to the financial statements (continued)

29 SHORT TERM DEPOSITS (CONTINUED)

(d) The weighted average effective annual interest rates of short term deposits at the end of the financial year are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Deposits with bank	2.34	2.36	2.20	1.82

(e) Deposits of the Group and Company have an average maturity period of 82 (2009: 132) and 22 (2009: 12) days respectively.

30 CASH AND BANK BALANCES

(a) Bank balances are deposits held at call with banks and are non-interest bearing.

(b) Included in cash and bank balances of the Group are bank accounts maintained pursuant to the Housing Developers (Control & Licensing) Act 1966, amounting to RM16,174,000 (2009: RM13,024,000).

(c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
– Ringgit Malaysia	175,027	158,584	4,032	4,016
– US Dollar	4,053	11,953	—	—
– Singapore Dollar	3,959	1,923	—	—
– Others	1,743	1,132	—	—
	184,782	173,592	4,032	4,016

31 CASH AND SHORT-TERM FUNDS OF A BANKING SUBSIDIARY COMPANY

	Group	
	2010 RM'000	2009 RM'000
Cash and balances with banks and other financial institutions	152,804	128,869
Money at call and interbank placements with remaining maturities not exceeding one month	5,622,579	3,440,236
	5,775,383	3,569,105

31 CASH AND SHORT-TERM FUNDS OF A BANKING SUBSIDIARY COMPANY (CONTINUED)

(a) The currency exposure profile of the cash and short-term funds of a banking subsidiary company is as follows:

	Group	
	2010 RM'000	2009 RM'000
– Ringgit Malaysia	5,615,516	3,374,787
– US Dollar	140,196	115,969
– Japanese Yen	12,401	—
– Euro	7,148	73,871
– Others	122	4,478
	5,775,383	3,569,105

(b) The weighted average effective annual interest rates of cash and short-term funds of a banking subsidiary at the end of the financial year are as follows and the average maturity period is not exceeding one month:

	Group	
	2010 %	2009 %
Cash and short-term funds	2.25	3.00

32 SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of Shares '000	Nominal Value RM'000	Number of Shares '000	Nominal Value RM'000
Authorised:				
Ordinary shares of RM1.00 each	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid:				
Ordinary shares:				
At 1 April	1,933,237	1,719,601	1,007,607	1,007,607
Issued (Note 48 (iii) (d) & (e))	—	—	925,630	711,994
At 31 March	1,933,237	1,719,601	1,933,237	1,719,601

notes to the financial statements (continued)

33 LIFE ASSURANCE FUND

Based on the actuarial valuation of the Life Assurance Fund made up to 31 March 2010, the actuary was satisfied that the assets available in the Life Assurance Fund are sufficient to meet its long term liabilities to policyholders.

	Group	
	2010 RM'000	2009 RM'000
Actuarial liabilities		
At 1 April	1,202,643	1,171,774
Add: – Increase in policy reserves	216,476	11,016
– Bonus allocated to participating policyholders, including interim bonus from normal surplus	—	20,444
Less: Interim bonus	—	(591)
At 31 March	1,419,119	1,202,643
Unallocated surplus		
At 1 April	50,322	76,129
Add/(Less): Surplus/(deficit) arising during the financial year	106,598	(2,363)
Less: – Bonus allocated to participating policyholders, including interim bonus from normal surplus	(19,915)	(20,444)
– Transfer to income statement	(28,000)	(3,000)
At 31 March	109,005	50,322
Life policyholders' fund as at end of financial year:		
Actuarial liabilities	1,419,119	1,202,643
Unallocated surplus	109,005	50,322
	1,528,124	1,252,965

34 DEFERRED INCOME

This represents club membership licence fees received in advance by a subsidiary company, net of amounts recognised as income in the financial statements.

35 LONG TERM BORROWINGS

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Secured					
• Hire purchase and finance lease liabilities		26,320	37,268	—	—
– Portion repayable within 12 months included under bank borrowings	40	(9,991)	(13,915)	—	—
		16,329	23,353	—	—
• Long term loans		382,793	452,215	—	—
– Portion repayable within 12 months included under bank borrowings	40	(75,357)	(63,144)	—	—
		307,436	389,071	—	—
• Long term loans under Islamic financing		370,221	263,843	236,000	96,000
– Portion repayable within 12 months included under bank borrowings	40	(79,977)	(34,054)	(45,000)	—
		290,244	229,789	191,000	96,000
Unsecured					
• Long term loans under Islamic financing		250,000	250,000	—	—
• Long term loans		—	60,000	—	—
– Portion repayable within 12 months included under bank borrowings	40	—	(60,000)	—	—
		—	—	—	—
• Deferred liability		38,144	38,144	—	—
		902,153	930,357	191,000	96,000

notes to the financial statements (continued)

35 LONG TERM BORROWINGS (CONTINUED)

- (a) The hire purchase and finance lease liabilities are secured against the respective assets acquired. The long term loans are secured against certain freehold and leasehold lands under property, plant and equipment, prepaid lease properties, investment properties, property development costs and inventories (Notes 12, 13, 14, 16 and 26).
- (b) The long term loans under Islamic financing relates to Subordinated Bonds under the Shariah principle of Bai' Bithaman Ajil of a banking subsidiary company. The Bonds are under a 10 non-callable 5 basis feature, with a profit rate of 6.25% per annum payable semi-annually. Under the 10 non-callable 5 basis feature, the banking subsidiary company has the option to redeem the Bonds on the fifth anniversary or any semi-annual date thereafter. Should the banking subsidiary company decide not to exercise its option to redeem the Bonds, the holders of the Bonds will be entitled to an annual incremental step-up profit rate from the beginning of the 6th year to the final maturity date.
- (c) The weighted average effective annual interest rates at the end of the financial year are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Hire purchase and finance lease liabilities	2.69	3.78	—	—
Long term loans (secured and unsecured)	3.04	4.13	—	—
Long term loans under Islamic financing	5.65	6.32	4.66	6.15

- (d) The currency exposure profile of the long term borrowings is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
– Ringgit Malaysia	690,208	710,785	191,000	96,000
– Singapore Dollar	211,945	219,572	—	—
	902,153	930,357	191,000	96,000

35 LONG TERM BORROWINGS (CONTINUED)

(e) Hire purchase and finance lease liabilities

	Group	
	2010 RM'000	2009 RM'000
Minimum hire purchase and finance lease payments:		
– not later than 1 year	11,782	16,616
– later than 1 year and not later than 2 years	11,552	11,910
– later than 2 years and not later than 3 years	3,314	8,196
– later than 3 years and not later than 4 years	2,875	5,979
– later than 4 years and not later than 5 years	79	456
– later than 5 years	—	10
	29,602	43,167
Future finance charges on hire purchase and finance lease	(3,282)	(5,899)
Present value of hire purchase and finance lease liabilities	26,320	37,268
Representing hire purchase and finance lease liabilities:		
– non-current	16,329	23,353
– current (included in Note 40)	9,991	13,915
	26,320	37,268

(f) The deferred liability is in respect of amounts owing of RM38,144,000 (2009: RM38,144,000) by a solid waste subsidiary company to local municipalities in relation to the transfer of certain units of movables assets from these municipalities to the subsidiary company.

notes to the financial statements (continued)

35 LONG TERM BORROWINGS (CONTINUED)

(g) The exposure of long term borrowings, excluding deferred liability, to interest rate risk is as follows:

	Maturity profile					
	Carrying amount RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
Group						
2010						
Fixed rate (Fair value risk)						
Hire purchase and finance lease liabilities	16,329	8,015	5,601	2,629	84	—
Long term loans (secured and unsecured)	50,442	16,430	16,878	8,865	3,763	4,506
Long term loans under Islamic financing	540,244	77,777	88,502	58,595	29,370	286,000
	607,015	102,222	110,981	70,089	33,217	290,506
Floating rate (Cash flow risk)						
Long term loans (secured and unsecured)	256,994	7,784	9,985	207,725	5,250	26,250
	864,009	110,006	120,966	277,814	38,467	316,756
2009						
Fixed rate (Fair value risk)						
Hire purchase and finance lease liabilities	23,353	9,690	7,670	5,594	394	5
Long term loans (secured and unsecured)	50,382	33,275	2,526	3,240	3,240	8,101
Long term loans under Islamic financing	479,789	46,612	48,158	52,858	25,119	307,042
	553,524	89,577	58,354	61,692	28,753	315,148
Floating rate (Cash flow risk)						
Long term loans (secured and unsecured)	338,689	59,584	42,273	15,687	208,245	12,900
	892,213	149,161	100,627	77,379	236,998	328,048
Company						
2010						
Fixed rate (Fair value risk)						
Long term loan under Islamic financing	84,000	12,000	12,000	12,000	12,000	36,000
Floating rate (Cash flow risk)						
Long term loan under Islamic financing	107,000	33,000	33,000	33,000	8,000	—
	191,000	45,000	45,000	45,000	20,000	36,000
2009						
Fixed rate (Fair value risk)						
Long term loan under Islamic financing	96,000	12,000	12,000	12,000	12,000	48,000

35 LONG TERM BORROWINGS (CONTINUED)

(h) Fair value

- Fair values of fixed rate long term borrowings and deferred liability are as follows:

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Deferred liability	38,144	36,053	38,144	36,139
Hire purchase and finance lease liabilities	16,329	15,456	23,353	31,826
Long term loans (secured and unsecured)	50,442	48,086	50,382	51,211
Long term loans under Islamic financing	540,244	530,547	479,789	464,586
	645,159	630,142	591,668	583,762

- The fair values of loan term loans under Islamic financing relates to Subordinated Funds under the Shariah principle of Bai' Bithaman Ajil of a banking subsidiary company and are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for borrowings with similar risks profiles.

36 PROVISION FOR LIABILITIES AND CHARGES

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
Group				
2010				
At 1 April		10,217	618	10,835
Currency translation differences		20	—	20
Charge	5	3,811	870	4,681
Utilised		(8,254)	(177)	(8,431)
Unused amounts reversed	5	(903)	(976)	(1,879)
At 31 March		4,891	335	5,226
Non-current		690	—	690
Current		4,201	335	4,536
		4,891	335	5,226

notes to the financial statements (continued)

36 PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
Group				
2009				
At 1 April		13,651	519	14,170
Currency translation differences		(19)	—	(19)
Charge	5	10,027	1,247	11,274
Utilised		(8,583)	(193)	(8,776)
Unused amounts reversed	5	(4,859)	(955)	(5,814)
At 31 March		10,217	618	10,835
Non-current		830	—	830
Current		9,387	618	10,005
		10,217	618	10,835

37 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY

	Group	
	2010 RM'000	2009 RM'000
Non-Mudharabah Fund		
Demand deposits	2,674,435	2,742,645
Saving deposits	626,145	577,937
Negotiable Islamic debts certificates	1,299,566	1,154,933
Others	18,776	21,665
	4,618,922	4,497,180
Mudharabah Fund		
General investment deposits	8,385,149	5,116,846
Special general investment deposits	1,444,163	1,004,676
	9,829,312	6,121,522
	14,448,234	10,618,702
Non-current	2,398,293	2,323,244
Current	12,049,941	8,295,458
	14,448,234	10,618,702

37 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY (CONTINUED)

- (a) The fair value of deposits from customers are estimated to approximate their carrying amounts as the profit rates are determined at the end of their holding periods based on the actual profits generated from the assets invested.
- (b) The currency exposure profile of the deposits from customers of a banking subsidiary company is as follows:

	Group	
	2010 RM'000	2009 RM'000
– Ringgit Malaysia	14,448,234	10,122,418
– US Dollar	—	496,284
	14,448,234	10,618,702

- (c) The maturity period of the deposits from customers of a banking subsidiary company is as follows:

	Group	
	2010 RM'000	2009 RM'000
– not later than 6 months	11,682,889	7,791,999
– later than 6 months and not later than 1 year	367,052	503,459
– later than 1 year and not later than 5 years	2,398,293	2,323,244
	14,448,234	10,618,702

38 GENERAL AND LIFE INSURANCE FUNDS

	Group	
	2010 RM'000	2009 RM'000
Outstanding claims:		
Provision for outstanding claims	441,516	350,308
Recoverable from reinsurers	(76,214)	(74,284)
Net outstanding claims	365,302	276,024
Unearned premium reserves	154,536	157,043
	519,838	433,067

notes to the financial statements (continued)

39 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables		590,201	630,345	4,731	73,747
Other payables and accruals		1,164,644	700,686	17,613	5,963
Progress billings		4,643	19,008	—	—
Amounts due to subsidiary companies		—	—	378,754	509,825
Amounts due to jointly controlled entities		11,004	24,275	—	—
Amounts due to associated companies		35,439	68,037	—	—
Amounts due to related parties		74,283	82,739	—	—
Amounts due to customers on contracts	46	747	2,262	—	—
		1,880,961	1,527,352	401,098	589,535
(a) The currency exposure profile of trade and other payables is as follows:					
– Ringgit Malaysia		1,785,829	1,445,918	401,098	589,535
– Singapore Dollar		40,513	39,187	—	—
– Japanese Yen		6,660	19,077	—	—
– Thai Baht		10,729	6,221	—	—
– US Dollar		35,633	9,250	—	—
– Others		1,597	7,699	—	—
		1,880,961	1,527,352	401,098	589,535

(b) The Group's and the Company's normal trade payables terms range from 30 to 90 days (2009: 30 to 90 days).

(c) Included in amounts due to subsidiary companies are interest bearing loans amounting to RM372,068,000 (2009: RM503,210,000). Interest is charged at 2.25% (2009: 4.00%) per annum on the interest bearing loans. The loans are unsecured and have no fixed terms of repayment.

(d) All other amounts due to subsidiary companies, jointly controlled entities and associated companies are non-interest bearing, unsecured and have no fixed terms of repayment.

(e) Included in other payables and accruals is balance purchase price to Danaharta Hartanah Sdn. Bhd. ("Danaharta") for the land held for property development of the newly acquired subsidiary companies as disclosed in Note 48 (i) (b). The amount is payable within 36 months from 30 June 2008 and is secured by a bank guarantee given to Danaharta of RM238,950,000.

40 BANK BORROWINGS

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(i) Bank overdrafts					
– secured		20,897	16,102	—	—
– unsecured		8,649	9,423	—	—
		29,546	25,525	—	—
(ii) Other bank borrowings					
Secured					
Bankers acceptances		72,980	34,165	—	—
Revolving credits		24,100	3,000	—	—
Hire purchase and finance lease liabilities – portion repayable within 12 months	35	9,991	13,915	—	—
Long term loans – portion repayable within 12 months	35	75,357	63,144	—	—
Long term loans under Islamic financing – portion repayable within 12 months	35	79,977	34,054	45,000	—
Unsecured					
Bankers acceptances		158,051	179,561	—	—
Revolving credits		171,134	196,400	146,000	155,000
Short term loans		4,490	4,017	—	—
Long term loans – portion repayable within 12 months	35	—	60,000	—	—
		596,080	588,256	191,000	155,000
		625,626	613,781	191,000	155,000

(a) The currency exposure profile of bank overdrafts and other bank borrowings is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
– Ringgit Malaysia	611,666	604,966	191,000	155,000
– Thai Baht	4,490	4,017	—	—
– Singapore Dollar	9,470	4,798	—	—
	625,626	613,781	191,000	155,000

notes to the financial statements (continued)

40 BANK BORROWINGS (CONTINUED)

(b) The secured bank overdrafts, bankers acceptances, letters of credit, revolving credits, and short term loans are secured by way of fixed and floating charges over certain property, plant and equipment, prepaid lease properties, investment properties, property development costs and inventories (Notes 12, 13, 14, 16 and 26).

(c) The weighted average effective annual interest rates of the bank overdrafts and other bank borrowings at the end of the financial year are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Bank overdrafts	7.25	6.63	—	—
Bankers acceptances	3.36	3.07	—	—
Revolving credits	4.87	5.55	4.87	5.17
Short term loans	2.30	3.15	—	—

41 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2010 RM'000	2009 RM'000
Non-Mudharabah		
Bank Negara Malaysia	16,361	16,362
Licensed banks	—	36,503
Licensed Islamic banks	—	72,950
	16,361	125,815

The above are denominated in Ringgit Malaysia and the average maturity period is not exceeding six months (2009: six months).

42 BILLS AND ACCEPTANCES PAYABLES

(a) Bills and acceptance payables are denominated in Ringgit Malaysia and the average maturity period is not exceeding six months (2009: six months).

(b) The weighted average effective annual interest rate of bills and acceptances payables at the end of the financial year is as follows:

	Group	
	2010 %	2009 %
Bills and acceptances payables	2.93	2.34

43 SHARE PREMIUM

	Group and Company	
	2010 RM'000	2009 RM'000
At 1 April/31 March	20,701	20,701

44 MERGER RESERVE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 April/31 March	911,016	911,016	2,318,321	2,318,321

Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premiums on the shares issued by the Company as consideration for the acquisitions of certain subsidiary companies in the financial year ended 31 March 2001 are not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger reserve.

45 CURRENCY TRANSLATION DIFFERENCES AND OTHER RESERVES

	Group	
	2010 RM'000	2009 RM'000
Non-distributable		
Capital redemption reserve arising from redemption of preference shares	2,156	2,156
Share of associated companies' statutory reserve	4,599	4,415
Share of subsidiary companies' statutory reserve	38,140	1,538
Asset revaluation reserve on step up acquisition of subsidiary companies	21,101	21,101
Currency translation differences	6,550	6,305
	72,546	35,515
At 1 April	35,515	158,492
Share of subsidiary company's statutory reserve	36,602	1,538
Currency translation differences of subsidiary companies	245	1,155
Share of an associated company's reserve	184	(475)
Transfer of associated companies' statutory reserve	—	(4,560)
Release of statutory reserves on disposal of an associated company	—	(113,635)
Disposal of a subsidiary company	—	(7,000)
At 31 March	72,546	35,515

notes to the financial statements (continued)

46 CONSTRUCTION CONTRACTS

	Note	Group	
		2010 RM'000	2009 RM'000
Aggregate contract costs incurred		83,435	131,304
Recognised profits less losses		12,642	19,829
		96,077	151,133
Less: Progress billings		(90,373)	(152,425)
		5,704	(1,292)
Analysed as follows:			
Amounts due from customers on contracts	27	6,451	970
Amounts due to customers on contracts	39	(747)	(2,262)
		5,704	(1,292)

47 RETAINED EARNINGS

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

As at 31 March 2010, the Company has sufficient Section 108 tax credits (which expires on 31 December 2013) to pay RM240,182,000 (2009: RM298,179,000) of the retained earnings of the Company as franked dividends. In addition, the Company has tax exempt income of RM159,842,000 (2009: RM153,742,000) as at 31 March 2010, available to frank as tax exempt dividends.

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES

2010

(i) Subsidiary companies

- (a) On 10 April 2009, Comtrac Sdn. Bhd., effectively a 70% indirect subsidiary company of the Group, acquired the remaining 40% equity stake in HICOM-TNB Properties Sdn. Bhd. (“HICOM-TNB”) for a cash consideration of RM1.00. As a result, HICOM-TNB became a 70% indirect subsidiary company of the Group. On 30 April 2009, HICOM-TNB has changed its name to Comtrac Development Sdn. Bhd.

The acquisition of the remaining equity ownership in HICOM-TNB is regarded as a transaction with the minority interest and an excess of fair value of net assets acquired over purchase consideration of RM137,000 which has been recognised in the income statement.

- (b) On 24 December 2009, Glenmarie Properties Sdn. Bhd. (formerly known as HICOM Properties Sdn. Bhd.), a wholly-owned subsidiary company of the Group, completed the acquisitions of the entire equity interests in Benua Kurnia Sdn. Bhd. (“BKSB”) and Neraca Prisma Sdn. Bhd. (“NPSB”). As a result, BKSB and NPSB became wholly-owned subsidiary companies of the Group.

The purchase consideration of the above acquisitions amounting to RM483,513,000 (excluded the replacement of existing bank guarantee in favour of Danaharta amounted to RM238,950,000) were satisfied in the following manner:

- (i) the disposal of five (5) DRB-HICOM Group’s plantation lands comprising Connemara, Serendah, Bukit Kledek, Gadek and Kupang estates at RM341,742,000; and
- (ii) the balance of RM141,771,000 was satisfied by cash.

As part purchase consideration for the acquisitions of BKSB and NPSB, the Group had completed the disposals of Connemara, Serendah, Bukit Kledek, Gadek and Kupang estates for total sale consideration of RM341,742,000 as at 31 March 2010.

The acquisitions of BKSB and NPSB have been accounted for as purchases of assets and the excess of purchase cost over the carrying value of net assets acquired have been recognised as part of land held for property development acquired in the consolidated balance sheet.

Details of the increase in value of the land held for property development recognised from the acquisitions are as follows:

	RM'000
Purchase consideration	483,513
Add: Expenses directly attributable to the acquisition, paid in cash	2,346
<hr/>	
Total purchase consideration	485,859
Less: Carrying value of net assets acquired	(35,840)
<hr/>	
Increase value in land held for property development recognised	450,019

notes to the financial statements (continued)

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2010 (Continued)

(i) Subsidiary companies (Continued)

(b) (Continued)

Details of the net assets acquired are as follows:

	Carrying value RM'000	Fair value RM'000
Land held for property development	277,881	727,900
Trade and other receivables	456	456
Cash and bank balances	47	47
Trade and other payables	(242,544)	(242,544)
Net assets acquired	35,840	485,859

Details of cash flow arising from the acquisitions are as follows:

	RM'000
Total purchase consideration	485,859
Less: Proceeds on disposal of estates	(341,742)
Purchase consideration, settled in cash	144,117
Cash and cash equivalents arising from subsidiary companies acquired	(47)
Cash outflow on acquisitions of subsidiary companies	144,070

(c) On 28 January 2010, the Company has incorporated a wholly-owned subsidiary company namely, HICOM University College Sdn. Bhd. ("HUCSB"). HUCSB is involved in higher educational and vocational training focusing on programmes to enhance the competency and skill of human capital for the automotive and automotive related industries.

(ii) Associated company

On 31 December 2009, HICOM Holdings Berhad ("HHB") converted its Convertible Redeemable Loan Stock of RM163,374 into 100,848 new ordinary shares of RM1.00 each at the conversion price of RM1.28 in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic"). As a result, HHB's shareholding in Niro Ceramic reduced from 23.17% to 22.25%.

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2009

(iii) Subsidiary companies

- (a) Pursuant to the Rights Issue undertaken by Alam Flora Sdn. Bhd. (“AFSB”), the Group subscribed for a total of 24 million new ordinary shares of RM1.00 each in AFSB. As a result, the Group’s shareholding in AFSB increased from 55% to 60.53% in July 2008.
- (b) On 8 September 2008, the Company completed the acquisition of an additional 15% equity interest in Motosikal Dan Enjin Nasional Sdn. Bhd. (“MODENAS”) from Khazanah Nasional Berhad for a cash consideration of RM24 million. As a result, the Group’s shareholding in MODENAS increased from 55% to 70%.
- (c) On 18 September 2008, HICOM Holdings Berhad acquired an additional 9.03% equity interest in PHN Industry Sdn. Bhd. (“PHN”) from Nagoya Oak Industries Co. Ltd. for a cash consideration of RM8.13 million. As a result, the Group’s equity interest in PHN increased from 53.47% to 62.5%.
- (d) On 23 September 2008, the shareholders of the Company approved the proposed acquisition of 100% equity interest in Rangkaian Positif Sdn. Bhd. (“RP”) for a purchase consideration of RM720,000,000 to be satisfied entirely by the issuance of 376,963,350 new ordinary shares of RM1.00 each in DRB-HICOM at an implied value of RM1.91 per share.

On 22 October 2008, the Company completed the acquisition of the entire equity interest in RP for RM292,146,596 via the issuance of 376,963,350 new ordinary shares of RM1.00 each at a fair value of RM0.775 per share. As a result, RP became a wholly-owned subsidiary company of the Group.

The acquisition of RP has been accounted for as a purchase of asset and the excess of fair value of purchase cost over the estimated net assets acquired have been classified as a concession asset within intangible assets in the consolidated balance sheet.

Details of the operation and maintenance concession arising from the acquisition are as follows:

	RM'000
Issue of ordinary shares at fair value (net of issuance cost of RM2,159,000)	289,988
Add: Expenses directly attributable to the acquisition, paid in cash	4,616
<hr/>	
Purchase consideration	294,604
Fair value of net assets acquired	(129,672)
<hr/>	
Intangible assets – operation and maintenance concession recognised	164,932

notes to the financial statements (continued)

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2009 (Continued)

(iii) Subsidiary companies (Continued)

(d) (Continued)

Details of the net assets acquired are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	64	64
Other investments	29	29
Trade and other receivables	34,770	34,770
Tax recoverable	83,988	83,988
Cash and bank balances	43,944	43,944
Trade and other payables	(33,110)	(33,110)
Deferred tax liabilities	(13)	(13)
Net assets acquired	129,672	129,672

Details of cash flow arising from the acquisition are as follows:

	RM'000
Purchase consideration, settled in cash	4,616
Cash and cash equivalents arising from subsidiary company acquired	(43,944)
Cash inflow on acquisition of subsidiary company	(39,328)

- (e) On 23 September 2008, the shareholders of the Company approved the proposed acquisition of 70% equity interest in Bank Muamalat Malaysia Berhad ("BMMB") for a purchase consideration of RM1,069,900,000 to be satisfied entirely by the issuance of 548,666,666 new ordinary shares of RM1.00 each in DRB-HICOM at an implied value of RM1.95 per share.

On 22 October 2008, the Company completed the acquisition of 70% equity interest in BMMB for RM425,216,666 via the issuance of 548,666,666 new ordinary shares of RM1.00 each at a fair value of RM0.775 per share. As a result, BMMB became a 70% subsidiary company of the Group.

As part of the conditions precedent to the completion of the acquisition of BMMB, Bank Negara Malaysia ("BNM") requires the Company to divest a 30% equity interest in its investment in BMMB within a period to be agreed with BNM.

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2009 (Continued)

(iii) Subsidiary companies (Continued)

(e) (Continued)

Upon completion of the acquisition of BMMB, the Group carried out the Purchase Price Allocation exercise which involves identifying and determining the fair value to be assigned to the identifiable asset, liabilities and contingent liabilities of the acquired entity. The initial accounting resulted in goodwill on consolidation amounting to RM28,110,000 recognised in the previous financial year.

Subsequently, the Group completed its Purchase Price Allocation exercise within the stipulated time period resulting in an adjustment to the provisional goodwill previously recognised amounting to RM18,060,000 in the financial statements of the Group.

The following balances were restated in accordance with FRS 3 Business Combinations:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidated balance sheet			
<u>As at 31 March 2009</u>			
Intangible assets			
– Goodwill	49,423	(18,060)	31,363
– Other intangible assets	220,251	—	220,251
Deferred tax assets	108,865	30,600	139,465
Banking related assets – financing of customers	4,677,422	(4,800)	4,672,622
Minority interest	1,192,016	7,740	1,199,756

Details of the goodwill arising from the acquisition are as follows:

	As previously stated RM'000	As restated RM'000
Issue of ordinary shares at fair value (net of issuance cost of RM3,211,000)	422,006	422,006
Add: Expenses directly attributable to the acquisition, paid in cash	5,284	5,284
Purchase consideration	427,290	427,290
Fair value of net assets acquired	(399,180)	(417,240)
Goodwill on consolidation	28,110	10,050

notes to the financial statements (continued)

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2009 (Continued)

(iii) Subsidiary companies (Continued)

(e) (Continued)

Details of net assets acquired are as follows:

	Carrying value RM'000	As previously stated – Fair value RM'000	As restated – Fair value RM'000
Property, plant and equipment	43,966	126,966	126,966
Prepaid lease properties	265	265	265
Intangible assets	1,219	61,400	61,400
Deferred tax assets	46,917	50,917	81,517
Trade and other receivables	104,275	104,275	104,275
Banking related assets			
– Investments: Held-to-maturity	30,891	30,891	30,891
– Investments: Available-for-sale	2,891,066	2,828,466	2,828,466
– Investments: Held-for-trading	5,062	5,062	5,062
– Financing of customers	6,148,110	5,932,710	5,927,910
– Statutory deposits with Bank Negara Malaysia	307,171	307,171	307,171
– Cash and short-term funds	4,233,669	4,233,669	4,233,669
Trade and other payables	(120,316)	(120,316)	(120,316)
Banking related liabilities			
– Deposits from customers	(11,858,629)	(11,858,629)	(11,858,629)
– Deposits and placements of banks and other financial institutions	(251,911)	(251,911)	(251,911)
– Bills and acceptances payables	(630,679)	(630,679)	(630,679)
Bank borrowings	(250,000)	(250,000)	(250,000)
Minority interest	(210,323)	(171,077)	(178,817)
Net assets acquired	490,753	399,180	417,240

Details of cash flow arising from the acquisition are as follows:

	RM'000
Purchase consideration, settled in cash	5,284
Cash and cash equivalents arising from subsidiary company acquired	(4,233,669)
Cash inflow on acquisition of subsidiary company	(4,228,385)

48 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)

2009 (Continued)

(iii) Subsidiary companies (Continued)

(e) (Continued)

BMMB contributed revenue of RM318,836,000 and profit after taxation of RM47,840,000 to the Group for the period from the date of acquisition to 31 March 2009. Had the acquisition taken effect at the beginning of the financial year, the revenue and profit after taxation contributed to the Group would have been RM779,206,000 and RM55,888,000 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary company to reflect the additional depreciation/amortisation that would have been charged assuming the fair value adjustments had applied from 1 April 2008, together with the consequential tax effects.

The total net cash inflow on acquisitions of subsidiary companies as above (items (d) and (e)) are RM4,267,713,000.

(iv) Associated company

On 31 December 2008, HICOM Holdings Berhad ("HHB") converted its Convertible Redeemable Loan Stock of RM163,374 into 127,635 new ordinary shares of RM1.00 each at the conversion price of RM1.28 in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic"). As a result, HHB's shareholding in Niro Ceramic reduced from 24.50% to 23.17%.

49 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES

2010

(i) Subsidiary companies

(a) On 5 June 2009, Comtrac Sdn. Bhd. acquired the entire 100% equity stake in Stagwell Sdn. Bhd. ("Stagwell") from a wholly-owned subsidiary company of the Group, Automotive Corporation (Malaysia) Sdn. Bhd. via an internal reorganisation for a cash consideration of RM1,500. As a result, the Group's shareholding in Stagwell diluted from 100% to 70%.

The changes in shareholdings in Stagwell did not have a material impact to the Group.

(b) On 20 February 2010, OSI Manufacturing Sdn. Bhd. ("OSIM"), an indirect 70% owned subsidiary company of the Group, was stricken off under Section 308 of the Companies Act, 1965. As a result, OSIM was ceased to be a subsidiary company of the Group.

(ii) Jointly controlled entities

(a) On 7 November 2009, Comtrac Businessworld Sdn. Bhd. ("Comtrac Businessworld") (under members' voluntary winding up), effectively a 35% indirect dormant jointly controlled entity of DRB-HICOM Berhad was dissolved. As a result, Comtrac Businessworld ceased to be a jointly controlled entity of the Group.

(b) On 6 February 2010, Comtrac-Concrete Constructions Sdn. Bhd. ("Comtrac-Concrete Constructions") (under members' voluntary winding up), effectively a 35% indirect dormant jointly controlled entity of DRB-HICOM Berhad was dissolved. As a result, Comtrac-Concrete Constructions ceased to be a jointly controlled entity of the Group.

(iii) Associated company

On 20 April 2009, HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, completed the disposal of its entire 33.33% equity interest in Continental Automotive Instruments Malaysia Sdn. Bhd. ("Continental") to Continental Automotive GmbH for a total cash consideration of RM10,290,000. As a result, Continental ceased to be an associated company of the Group. There was no gain or loss arising from the disposal to the Group.

notes to the financial statements (continued)

49 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES (CONTINUED)

2009

(iv) Subsidiary company

On 7 August 2008, Scott & English Electronics Holdings Sdn. Bhd. ("SEEH"), effectively a 70% indirect subsidiary company of the Group, completed the disposal of its entire 100% equity interest in Scott & English Electronics Sdn. Bhd. ("SEE") for a total cash consideration of RM6.58 million to the following parties:

- Midea Refrigeration (Hong Kong) Ltd. – 51%;
- HICOM Holdings Berhad – 40%; and
- Eastern Trinity Sdn. Bhd. – 9%.

As a result, SEE ceased to be a 70% indirect subsidiary company of the Group and became a 40% indirect associated company of the Group. On 17 October 2008, SEE changed its name to Midea Scott & English Electronics Sdn. Bhd.

The effect of the disposal of the subsidiary company as above, up to the date of disposal on the results of the Group is shown below:

	RM'000
Revenue	10,815
<hr/>	
Profit after taxation	(315)
<hr/>	

The effect of the disposals of the subsidiary company on the financial position of the Group is shown below:

	RM'000
Property, plant and equipment	598
Inventories	10,399
Trade and other receivables	7,833
Cash and bank balances	667
Trade and other payables	(973)
Provision for liabilities and charges	(503)
Bank overdrafts	(515)
Bank borrowings	(11,396)
<hr/>	
Net assets disposed	6,110
Gain on disposal	470
<hr/>	
Total disposal proceeds	6,580
Less: Reclassification of the subsidiary company as an associated company	(2,646)
Less: Cash and bank balances of the subsidiary company disposed	(667)
Add: Bank overdraft of the subsidiary company disposed	515
<hr/>	
Net cash inflow on disposal	3,782
<hr/>	

49 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES (CONTINUED)

2009 (Continued)

(v) Associated companies

- (a) On 23 June 2008, HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, completed the disposal of its entire 20.2% equity interest in EON Capital Berhad to Primus Pacific Partners 1 L.P. for a cash consideration of approximately RM1.35 billion. As a result, EON Capital Berhad ceased to be an associated company of the Group. The gain arising from the disposal amounted to approximately RM567 million.
- (b) On 22 December 2008, Proton Cars (Europe) Limited ("PCE"), a 44.4% associated company of Edaran Otomobil Nasional Berhad, was dissolved. As a result, PCE ceased to be an associated company of the Group.

50 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions which were carried out on terms and conditions attainable in transactions with unrelated parties.

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Sale of goods/services to:				
– Jointly controlled entities	35,756	33,058	—	—
– Associated companies	73,917	85,904	—	—
– Related parties	335,782	140,695	—	—
(b) Purchase of goods/services from:				
– Jointly controlled entities	393,419	408,479	—	—
– Associated companies	245,473	340,612	—	—
– Related parties	248,098	142,124	—	—
(c) Interest income:				
– Subsidiary companies	—	—	31,878	34,989
(d) Dividend income:				
– Subsidiary companies	—	—	173,608	144,008
– Associated companies	—	—	105,445	39,530

notes to the financial statements (continued)

50 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(e) Inter-company loan to:				
– Subsidiary companies				
Disbursement	—	—	61,700	117,209
Repayment	—	—	—	149,892
– Associated companies				
Repayment	—	23,914	—	23,914
(f) Inter-company loan from:				
– Subsidiary companies				
Proceeds	—	—	—	1,109,807
Repayment	—	—	136,556	135,000
– Related parties				
Proceeds	—	19,600	—	—
(g) Year end balances – banking				
– Related parties				
Revolving credits	106,816	125,361	—	—
Bank guarantee	125,805	125,000	—	—
Bonds purchased	229,608	229,608	—	—
Trade line	210,361	—	—	—
Short term deposits	455,656	58,851	—	—
Term loan	58,575	—	—	—
– Associated companies				
Trade line	17,530	—	—	—
Short term deposits	39,778	—	—	—
(h) Key management compensation:				
– Salaries, bonuses, allowances and other benefits	6,917	6,353	—	—
– Defined contribution plan	862	749	—	—

Apart from the above, the balances outstanding with related parties in respect of the above transactions are disclosed in Notes 17, 27 and 39 to the financial statements.

51 CAPITAL AND OTHER COMMITMENTS

(a) Non-banking

	Group	
	2010 RM'000	2009 RM'000
(i) Authorised capital expenditure not provided for in the financial statements		
– contracted for	36,561	72,516
– not contracted for	155,791	134,535
	192,352	207,051
Analysed as follows:		
Property, plant and equipment	192,352	207,051
(ii) Lease commitments:		
Commitments under non-cancellable operating leases		
– repayable within 1 year	1,026	943
– repayable within 2 to 5 years	1,052	538
	2,078	1,481
(iii) Commitments for forward foreign exchange contracts	187,289	75,203

The currency exposure profile and the expiry period for the forward foreign exchange contracts are as follows:

Group	Contractual amounts ('000)	Equivalent amount in Ringgit Malaysia ('000)	Average contractual rate	Expiry dates
2010				
Japanese Yen	358,290	13,103	100 ¥ = RM3.657	1 April to 27 September 2010
Thai Baht	40,719	4,242	Baht 100 = RM10.417	5 April to 30 September 2010
US Dollar	46,803	163,108	USD1 = RM3.485	1 April 2010 to 31 March 2011
Euro Dollar	1,460	6,716	Euro 1 = RM4.600	1 April to 31 May 2010
Singapore Dollar	50	120	SGD 1 = RM2.400	15 April to 16 April 2010

notes to the financial statements (continued)

51 CAPITAL AND OTHER COMMITMENTS (CONTINUED)

(a) Non-banking (Continued)

Group	Contractual amounts ('000)	Equivalent amount in Ringgit Malaysia ('000)	Average contractual rate	Expiry dates
2009				
Japanese Yen	728,592	27,861	100 ¥ = RM3.824	1 April to 24 August 2009
Thai Baht	5,718	609	Baht 100 = RM10.650	1 April to 25 May 2009
US Dollar	11,857	42,045	USD1 = RM3.546	1 April 2009 to 31 January 2010
Euro Dollar	959	4,688	Euro 1 = RM4.888	15 April to 15 July 2009

The net unrecognised loss/(gain) on open contracts which hedge anticipated future foreign currency transactions amounted to RM8,765,000 (2009: RM1,997,000). These are deferred until the related sales and purchases are transacted, at which time they are included in the measurement of such transactions.

(b) Banking

(i) The value of contracts of financial instruments of a banking subsidiary company with off-balance sheet risk, traded in the ordinary course of business, classified by remaining year to maturity or next repricing date (whichever is earlier), are as follows:

Items	Principal Amount RM'000	< 1 month RM'000	>1 – 3 months RM'000	>3 – 6 months RM'000	>6 – 12 months RM'000	> 12 months RM'000
2010						
Foreign Exchange						
– Forwards	290,089	4,507	107,423	81,482	96,677	—
– Swaps	750,309	129,235	233,348	110,911	211,539	65,276
Total	1,040,398	133,742	340,771	192,393	308,216	65,276
2009						
Foreign Exchange						
– Forwards	406,914	11,402	28,052	9,739	357,721	—
– Swaps	688,961	280,191	246,585	—	162,185	—
Total	1,095,875	291,593	274,637	9,739	519,906	—

Foreign exchange related contracts are subject to market risk and credit risk.

51 CAPITAL AND OTHER COMMITMENTS (CONTINUED)

(b) Banking (Continued)

(ii) Risk weighted exposures of a banking subsidiary company are as follows:

As at 31 March 2010

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	609	609	612
Trade-related contingencies	80,091	16,018	13,996
Transaction related contingencies	1,993,954	996,977	490,906
Obligations under an on-going underwriting agreement	75,000	37,500	7,500
Housing financing sold directly and indirectly to Cagamas with recourse	380,846	380,846	194,646
Credit extension commitment			
– Maturity within one year	993,178	—	—
– Maturity exceeding one year	993,599	496,799	301,332
Foreign exchange related contracts	1,214,752	29,820	15,362
	5,732,029	1,958,569	1,024,354

As at 31 March 2009

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	7,844	7,844	8,040
Trade-related contingencies	75,271	15,054	10,437
Transaction related contingencies	1,819,475	909,737	386,888
Obligations under an on-going underwriting agreement	77,000	38,500	7,700
Housing financing sold directly and indirectly to Cagamas with recourse	397,625	397,625	79,525
Credit extension commitment – Maturity exceeding one year	1,156,690	578,345	382,557
Foreign exchange related contracts	1,904,461	28,364	24,302
Profit related contracts	100,000	100	20
Other commitments	989,350	—	—
	6,527,716	1,975,569	899,469

notes to the financial statements (continued)

52 CONTINGENT LIABILITIES (UNSECURED)

Except as disclosed below, there are no contingencies as at the balance sheet date.

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Guarantees given to financial institutions in respect of facilities granted to subsidiary companies	—	—	112,498	163,867
(b) Performance bonds and guarantees given to third parties	168,986	167,800	2,452	2,452

53 GROUP SEGMENT REPORTING

The Group principally operates in Malaysia in the following main industry segments:

Industry segment	Description
Automotive	Manufacturing, assembly, pre-delivery inspection, distribution and sale of motor vehicles, motorcycles and special purpose vehicles including sale of related spares and services.
Property and infrastructure	Property holding, development and construction works and facility management services.
Concession services	Vehicle inspection, solid waste management, airport ground handling business and operations and maintenance services of a power plant.
Insurance services	General and life insurance services.
Other services	Trading in engineering products and higher education and vocational training institution.
Banking	Islamic banking and related financial services.

(a) Primary reporting format – business segment

Inter-segment revenue comprises revenue to other business segments carried out on an arm's length basis.

Segment results represent segment revenue less segment expenses. Unallocated expenses represent corporate operating and administrative expenses.

Segment assets consist primarily of property, plant and equipment, prepaid lease properties, biological assets, investment properties, inventories, receivables, property development costs, land held for property development, other investments, marketable securities, banking related assets, cash and bank balances and exclude interest bearing short term deposits, taxation assets and investments in jointly controlled entities and associated companies and non-current assets held for sale. Segment liabilities comprise mainly of payables, banking related liabilities and exclude items such as interest bearing borrowings, taxation liabilities and liabilities relating to non-current assets held for sale. Unallocated liabilities consist of accruals on corporate operating and administrative expenses.

Capital expenditure comprises additions to property, plant and equipment, prepaid lease properties, investment properties, biological assets, intangible assets, land held for property developments and property development activities.

53 GROUP SEGMENT REPORTING (CONTINUED)

(b) Secondary reporting format – geographical segment

The Group's secondary format by geographical location, is not shown as the activities of the Group are predominantly in Malaysia and the overseas segment does not contribute to more than 10% of the consolidated revenue and assets.

Primary reporting format – business segment

	Automotive RM'000	Property & Infrastructure RM'000	Concession Services RM'000	Insurance Services RM'000	Other Services RM'000	Banking RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2010								
Revenue								
Total revenue	3,663,053	188,997	1,108,434	397,100	305,403	767,318	26,602	6,456,907
Inter-segment revenue	(61,227)	(36,646)	(4,598)	(10,919)	(1,942)	(839)	(26,602)	(142,773)
External revenue	3,601,826	152,351	1,103,836	386,181	303,461	766,479	—	6,314,134
Segment results	703	171,500	166,860	(10,203)	24,877	205,734	61,537	621,008
Unallocated expenses								(55,120)
Interest income								31,750
Finance cost								(68,566)
Share of results of jointly controlled entities (net of tax)	41,969	14,281	—	—	—	—	—	56,250
Share of results of associated companies (net of tax)	68,934	5,093	—	—	(1,455)	—	—	72,572
Profit before taxation								657,894
Taxation								(114,629)
Net profit for the financial year								543,265

notes to the financial statements (continued)

53 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Property & Infrastructure RM'000	Concession Services RM'000	Insurance Services RM'000	Other Services RM'000	Banking RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2010								
Other information								
Segment assets	2,057,102	1,994,793	781,316	1,815,524	242,430	16,676,842	226,811	23,794,818
Interest bearing short term deposits								1,201,953
Taxation assets								256,192
Jointly controlled entities	198,102	133,823	—	—	—	—	—	331,925
Associated companies	377,664	31,958	—	—	69	—	—	409,691
Total assets								25,994,579
Segment liabilities	725,034	527,711	299,679	2,303,722	64,268	14,657,281	14,699	18,592,394
Interest bearing borrowings								1,489,635
Taxation liabilities								75,145
Unallocated liabilities								14,895
Total liabilities								20,172,069
Capital expenditure	60,307	18,308	14,003	3,934	2,792	47,271	2,149	148,764
Depreciation and amortisation	71,505	10,045	33,595	7,446	7,168	24,517	2,689	156,965
Impairment loss	57,094	13,875	367	—	—	17,009	—	88,345

53 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Property & Infrastructure RM'000	Concession Services RM'000	Insurance Services RM'000	Other Services RM'000	Banking RM'000	Investment Holding RM'000	Group RM'000
Financial year ended								
31 March 2009								
Revenue								
Total revenue	4,029,004	180,061	866,790	405,410	366,580	319,234	24,929	6,192,008
Inter-segment revenue	(37,694)	(13,800)	(2,296)	(5,963)	(5,501)	(398)	(24,929)	(90,581)
External revenue	3,991,310	166,261	864,494	399,447	361,079	318,836	—	6,101,427
Segment results	(17,217)	(160,671)	79,310	(27,886)	35,212	90,818	143,723	143,289
Unallocated expenses								(27,908)
Interest income								53,961
Gain on disposal of investments in associated companies								567,481
Finance cost								(95,655)
Share of results of jointly controlled entities (net of tax)	40,607	22,639	—	—	—	—	—	63,246
Share of results of associated companies (net of tax)	67,106	3,856	—	—	(433)	—	—	70,529
Profit before taxation								774,943
Taxation								(49,562)
Net profit for the financial year								725,381

notes to the financial statements (continued)

53 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Property & Infrastructure RM'000	Concession Services RM'000	Insurance Services RM'000	Other Services RM'000	Banking RM'000	Investment Holding RM'000	Group RM'000
Financial year ended								
31 March 2009								
Other information								
Segment assets	2,094,329	1,470,939	767,495	1,528,425	311,638	13,043,975	230,254	19,447,055
Interest bearing short term deposits								892,119
Taxation assets								291,616
Jointly controlled entities	185,891	148,192	—	—	—	—	—	334,083
Associated companies	382,243	27,354	—	—	7,724	—	—	417,321
Non-current assets held for sale	10,363	130,311	—	—	—	—	—	140,674
Total assets								21,522,868
Segment liabilities	707,685	359,821	286,783	1,798,173	81,556	11,367,287	12,665	14,613,970
Interest bearing borrowings								1,505,994
Taxation liabilities								35,551
Unallocated liabilities								6,853
Total liabilities								16,162,368
Capital expenditure	105,541	36,245	38,731	3,782	4,366	9,640	1,139	199,444
Depreciation and amortisation	82,177	9,231	30,723	5,181	4,917	10,690	3,383	146,302
Impairment loss	19,832	60,631	98	—	—	1,525	—	82,086

54 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unutilised capital allowances, unutilised investment tax allowances and unutilised reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits together with future tax planning strategies.

(ii) Estimate of fair value of investment properties

The Group estimates the fair values of its investment properties using current prices in an active market. The principal assumptions underlying these valuations are those relating to rentals, market yields, maintenance requirements and capitalisation rates and current prices of similar properties or property prices in less active markets adjusted accordingly.

Independent professional valuation is obtained as a basis for these estimates.

(iii) Provision for product warranties

Certain subsidiary companies make provisions for product warranties based on an assessment of historical experience and industry average for defective productions. The identification of defect liability requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the provision for product warranties and will be charged to income statement as defective works and product warranty expenses in the period such an estimate has been changed.

The carrying amounts of provision for product warranties of defective works are disclosed in Note 36.

(iv) Construction contracts and property development activities

The Group recognises revenue based on percentage of completion method. The stage of completion is measured by reference to the costs incurred to date to the estimated total costs. Judgment is required in determining the stage of completion, the extent of the costs incurred, the estimated total revenue (other than fixed price contracts) and costs, as well as the recoverability of the receivables. In making the judgment, the Group relied on past experience and work of specialists.

(v) Impairment of property, plant and equipment

The Group tests property, plant and equipment for impairment if there are any indicators of impairment. The recoverable amounts were determined based on value in use or fair value less costs to sell, where appropriate. Based on these calculations, an impairment charge of RM71,336,000 (2009: RM14,678,000) was recognised during the financial year.

notes to the financial statements (continued)

54 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(vi) Deferred liability

Deferred liability consists of amount due to municipalities from solid waste management business. The Group has disclosed the amounts due to municipalities of RM38,144,000 (2009: RM38,144,000) as non-current liabilities in the financial statements. The Concession Agreement and the Supplemental Concession Takeover Agreement have yet to be finalised. The Concession Agreement is currently being reviewed whilst the Supplemental Concession Takeover Agreement is currently being drafted.

(vii) Fair value estimate of investments of a banking subsidiary company

Where the quoted and observable market prices of certain investments are not available, fair value is estimated using pricing models or discounted cash flow techniques. The usage of these models and techniques require the banking subsidiary company of the Group to make certain estimates and assumptions, including but not limited to estimated future cash flows and discount rates.

(viii) Allowance for losses on advances and financing of a banking subsidiary company

Specific allowances are made for doubtful debts which have been individually reviewed and specifically identified as substandard, bad or doubtful. The individual assessment of financing may include making estimates and judgments about the counterparty's financial position, fair value of the underlying collaterals and future recoverable cash flows in workout/restructuring arrangements.

55 SIGNIFICANT EVENTS

- (a) On 20 April 2009, HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, completed the disposal of its entire 33.33% equity interest in Continental Automotive Instruments Malaysia Sdn. Bhd. ("Continental") to Continental Automotive GmbH for a total cash consideration of RM10,290,000. As a result, Continental ceased to be an associated company of the Group.
- (b) On 24 December 2009, Glenmarie Properties Sdn. Bhd. (formerly known as HICOM Properties Sdn. Bhd.), a wholly-owned subsidiary company of the Group, completed the acquisitions of the entire equity interests in Benua Kurnia Sdn. Bhd. ("BKSB") and Neraca Prisma Sdn. Bhd. ("NPSB"). As a result, BKSB and NPSB became wholly-owned subsidiary companies of the Group. As part purchase consideration for the acquisitions of BKSB and NPSB, the Group had completed the disposals of Connemara, Serendah, Bukit Kledek, Gadek and Kupang estates for total sale consideration of RM341,742,000. The gain arising from the disposal of estates to the Group amounted to approximately RM211 million.
- (c) On 28 January 2010, the Company has incorporated a wholly-owned subsidiary company namely, HICOM University College Sdn. Bhd. ("HUCSB"). HUCSB is involved in higher educational and vocational training focusing on programmes to enhance the competency and skill of human capital for the automotive and automotive related industries.

56 SUBSEQUENT EVENTS

(a) On 29 March 2010, the non-interested shareholders of Edaran Otomobil Nasional Berhad (“EON”), a 79.05% owned subsidiary company of the Group, approved the special resolution in relation to the proposed selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 (“Proposed SCR”) at the Extraordinary General Meeting. The Proposed SCR will result in the reduction of EON’s issued and paid-up share capital from RM248,992,823 comprising 248,992,823 EON Shares to RM168,164,209 comprising 168,164,209 EON Shares by way of cancelling a total of 80,828,614 EON Shares, as follows:

- (i) all the outstanding EON Shares held by non-interested shareholders involving 52,147,493 EON Shares; and
- (ii) the balance of 28,681,121 EON Shares held by HICOM Holdings Berhad (“HICOM”), effectively a 100% owned subsidiary company of the Group.

Upon completion of the Proposed SCR, HICOM will hold 168,164,209 EON Shares, representing the entire issued and paid-up share capital of EON.

On 30 April 2010, the High Court of Malaya confirmed the reduction of the capital of EON pursuant to Section 64 of the Companies Act, 1965 and on 11 May 2010, the sealed court order was lodged with the Companies Commission of Malaysia. The SCR was completed on 17 June 2010. As a result, on 18 June 2010, EON became a wholly-owned subsidiary company of the Group.

Consequently, the entire issued and paid-up share capital of EON was removed from the Official List of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) with effect from 9.00am on Friday, 2 July 2010, pursuant to Paragraph 16.07(b) of the Main Market Listing Requirements of Bursa Malaysia.

(b) On 16 April 2010, Edaran Otomobil Nasional Berhad (“EON”), a 79.05% owned subsidiary company of the Group, and Flora Areana Sdn. Bhd. (“FASB”), a wholly-owned subsidiary company of the Group, entered into a Share Sale Agreement (“SSA”) for EON to acquire 137,500 ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital in Multi Automotive Service and Assist Sdn. Bhd. from FASB for a total cash consideration of RM137,500 (“Internal Reorganisation”). The Internal Reorganisation is pending the fulfilment of the conditions precedent stated in the SSA.

57 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group’s financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group’s businesses whilst managing its interest rate, foreign currency exchange, credit, liquidity and cash flow, market, insurance and pricing, operational and profit rate risks.

(i) Interest rate risk

The Group’s primary interest rate risk relates to interest-bearing borrowings and investments in marketable securities and other interest-bearing financial instruments. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowing instruments. The Group’s exposure to risk that the value of a financial instrument will fluctuate due to changes in market interest rates is provided in the respective notes to financial statement.

(ii) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currency. Foreign exchange exposures in transactional currencies other than its functional currency of the operating entities are kept to an acceptable level. Material foreign currencies transaction exposures are hedged, mainly with forward foreign exchange contracts.

notes to the financial statements (continued)

57 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk

Credit risk is the potential loss arising from customers or counterparties failing to meet their financial contractual obligations. The Group seeks to control credit risk by ensuring its customers or counterparties have sound financial standing and credit history. The Group has no significant concentration of credit risk due to its diverse customer base.

(iv) Liquidity and cash flow risk

The Group manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding requirements are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

(v) Market risk

Market risk is the potential loss which can arise for positions held by the Group due to adverse changes in the level of market prices or price-influencing parameters in the financial markets. The adverse changes can occur in interest rate, rate of return, foreign exchange and equity markets. The Group regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risks.

(vi) Insurance and pricing risks

The principal activity of a life insurance subsidiary company is to provide insurance protection against risks such as mortality, morbidity, disability and personal accidents. The mortality and morbidity risks are managed through risk assessment before a policy is underwritten. The maximum underwriting exposure is limited through exclusion, cover limits and reinsurance arrangements. The pricing risk relates to the risk of inadequacy of premium. Re-pricing of product is conducted at regular interval of two (2) years or shorter, if required. Experience studies are conducted to determine realistic assumptions. Stress tests and bonus reserve valuations are done by the appointed actuary to assess the solvency position.

(vii) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group manages risks strategically through the risk committees.

(viii) Profit rate risk

The banking subsidiary company of the Group is exposed to the risk associated with the effects of fluctuations in the prevailing levels of profit rate on the financial position and cash flows of its portfolio. The fluctuations in profit rate can be influenced by changes in interest rates that affect the value of financial instruments under its portfolio. Profit rate risk is monitored and managed by the Risk Management Department to protect the income from operations.

58 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 July 2010.

statement by directors

Pursuant to Section 169(15) of The Companies Act, 1965

We, Dato' Syed Mohamad bin Syed Murtaza and Dato' Sri Haji Mohd Khamil bin Jamil, two of the Directors of DRB-HICOM Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 124 to 230 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by the accounting policies set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary company of the Group.

In accordance with a resolution of the Board of Directors dated 15 July 2010.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director

statutory declaration

Pursuant to Section 169(16) of The Companies Act, 1965

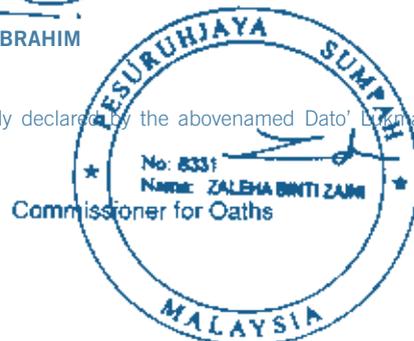
I, Dato' Lukman bin Ibrahim, the officer primarily responsible for the financial management of DRB-HICOM Berhad, do solemnly and sincerely declare that the financial statements set out on pages 124 to 230 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



DATO' LUKMAN BIN IBRAHIM

Subscribed and solemnly declared by the abovenamed Dato' Lukman bin Ibrahim at Shah Alam in Malaysia on 15 July 2010.

Before me,



Commissioner for Oaths

Commissioner for Oaths

NO. 6A JALAN WAI C TSC
SEKSYEN 11
40100 SHAH ALAM
SELANGOR DARUL EHSAN

independent auditors' report

To The Members of DRB-HICOM Berhad (Incorporated in Malaysia) (203430-W)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of DRB-HICOM Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 124 to 230.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by the accounting policies set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary company of the Group. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, modified by the accounting policies set out in the Bank Negara Malaysia Guidelines and Shariah principles for a banking subsidiary company of the Group, so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

232

DRB-HICOM BERHAD
annual report 2010

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS
(No AF: 1146)
Chartered Accountants

Kuala Lumpur
15 July 2010



MOHAMMAD FAIZ BIN MOHAMMAD AZMI
(No.2025/03/12(J))
Chartered Accountant

other information

- 235 ANALYSIS OF SHAREHOLDINGS
- 238 SHARE PERFORMANCE CHART
- 239 MATERIAL PROPERTIES OF DRB-HICOM GROUP
- 241 GROUP CORPORATE DIRECTORY
- 245 NOMINATION OF AUDITORS
 - FORM OF PROXY



analysis of shareholdings

AS AT 21 JULY 2010

Class of Securities	:	Ordinary shares of RM1.00 each
Authorised Share Capital	:	RM2,000,000,000.00
Issued and Fully Paid-up Capital	:	RM1,933,237,051 comprising 1,933,237,051 ordinary shares of RM1.00 each
Voting Rights	:	Every member of the Company present in person or by proxy shall have one vote on a show of hands, and in the case of poll, shall have one vote for each share he holds.
Number of Shareholders	:	48,790

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Total Holdings	% Holdings
1 – 99	464	0.95	10,810	0.00*
100 – 1,000	22,424	45.96	16,693,628	0.86
1,001 – 10,000	21,653	44.38	80,343,773	4.16
10,001 – 100,000	3,816	7.82	108,445,533	5.61
100,001 – 96,661,851(**)	429	0.88	411,279,929	21.27
96,661,852 and Above(***)	4	0.01	1,316,463,378	68.10
Total	48,790	100.00	1,933,237,051	100.00

Remarks: * Less than 0.01%
 ** Less than 5% of issued shares
 *** 5% and above of issued shares

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	Number of Shares	% of Issued Shares
1.	Etika Strategi Sdn. Bhd.	944,098,391	48.84
2.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account For Etika Strategi Sdn. Bhd. (KLM)</i>	136,963,350	7.08
3.	Employees Provident Fund Board	136,191,200	7.04
4.	Khazanah Nasional Berhad	99,210,437	5.13
5.	AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	58,080,100	3.00
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>CMS Trust Management Berhad For Employees Provident Fund</i>	35,387,500	1.83

analysis of shareholdings (continued)

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	Number of Shares	% of Issued Shares
7.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>CMS Trust Management Berhad For Tenaga Nasional Berhad Retirement Benefit Trust Fund (RB-TNB-CMS)</i>	14,153,600	0.73
8.	AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	11,092,100	0.57
9.	Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank Berhad (ETP)</i>	11,060,300	0.57
10.	Tai Tak Estates Sdn. Bhd.	10,952,653	0.57
11.	Permodalan Nasional Berhad	10,275,000	0.53
12.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For JPMorgan Chase Bank, National Association (NORGES BK NLEND)</i>	10,000,000	0.52
13.	Citigroup Nominees (Asing) Sdn. Bhd. <i>CBNY For Dimensional Emerging Markets Value Fund</i>	9,932,000	0.51
14.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore For Focus Oriented Corporation</i>	9,068,900	0.47
15.	Citaria Sdn. Bhd.	8,873,972	0.46
16.	M & A Nominee (Asing) Sdn. Bhd. <i>Exempt An For UOB Kay Hian Pte. Ltd. (A/C Clients)</i>	7,641,500	0.40
17.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore For Lien Chin Hui</i>	7,537,900	0.39
18.	HDM Nominees (Asing) Sdn. Bhd. <i>Exempt An For UOB Kay Hian (Hong Kong) Limited (Clients)</i>	7,273,600	0.38
19.	Lembaga Tabung Angkatan Tentera	6,137,100	0.32
20.	Yap Ah Fatt	4,600,000	0.24
21.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For Morgan Stanley & Co. International PLC (Client)</i>	4,462,900	0.23
22.	Tengku Uzir bin Tengku Ubaidillah	4,269,100	0.22
23.	M & A Nominee (Asing) Sdn. Bhd. <i>UOB Kay Hian Private Limited For Monconcept Investments Pte. Ltd.</i>	4,136,100	0.21
24.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For The Bank Of New York Mellon (Mellon Acct)</i>	3,805,089	0.20
25.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG Singapore For Creon Investments Limited</i>	3,500,000	0.18

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	Number of Shares	% of Issued Shares
26.	RHB Nominees (Tempatan) Sdn. Bhd. <i>RHB Investment Management Sdn. Bhd. For Kumpulan Wang Persaraan (Diperbadankan)</i>	3,114,700	0.16
27.	Citigroup Nominees (Asing) Sdn. Bhd. <i>CBNY For DFA Emerging Markets Small Cap Series</i>	3,111,600	0.16
28.	GEO-Mobile Asia Sdn. Bhd.	3,010,000	0.16
29.	HSBC Nominees (Asing) Sdn. Bhd. <i>HSBC SG For Lee Rubber Company Pte. Ltd.</i>	2,962,747	0.15
30.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For JPMorgan Chase Bank, National Association (NORGES BK LEND)</i>	2,402,800	0.12

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest		Total % of Issued Shares
	Number of Shares Held	% of Issued Shares	Number of Shares Held	% of Issued Shares	
Etika Strategi Sdn. Bhd.	1,081,061,741	55.92%	—	—	55.92%
Employees Provident Fund Board	176,078,700	9.11%	—	—	9.11%
Khazanah Nasional Berhad	99,210,437	5.13%	—	—	5.13%
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	—	—	1,081,061,741 ^a	55.92%	55.92%

Note:-

^a By virtue of his deemed interest in the shares through Etika Strategi Sdn. Bhd. in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED COMPANIES

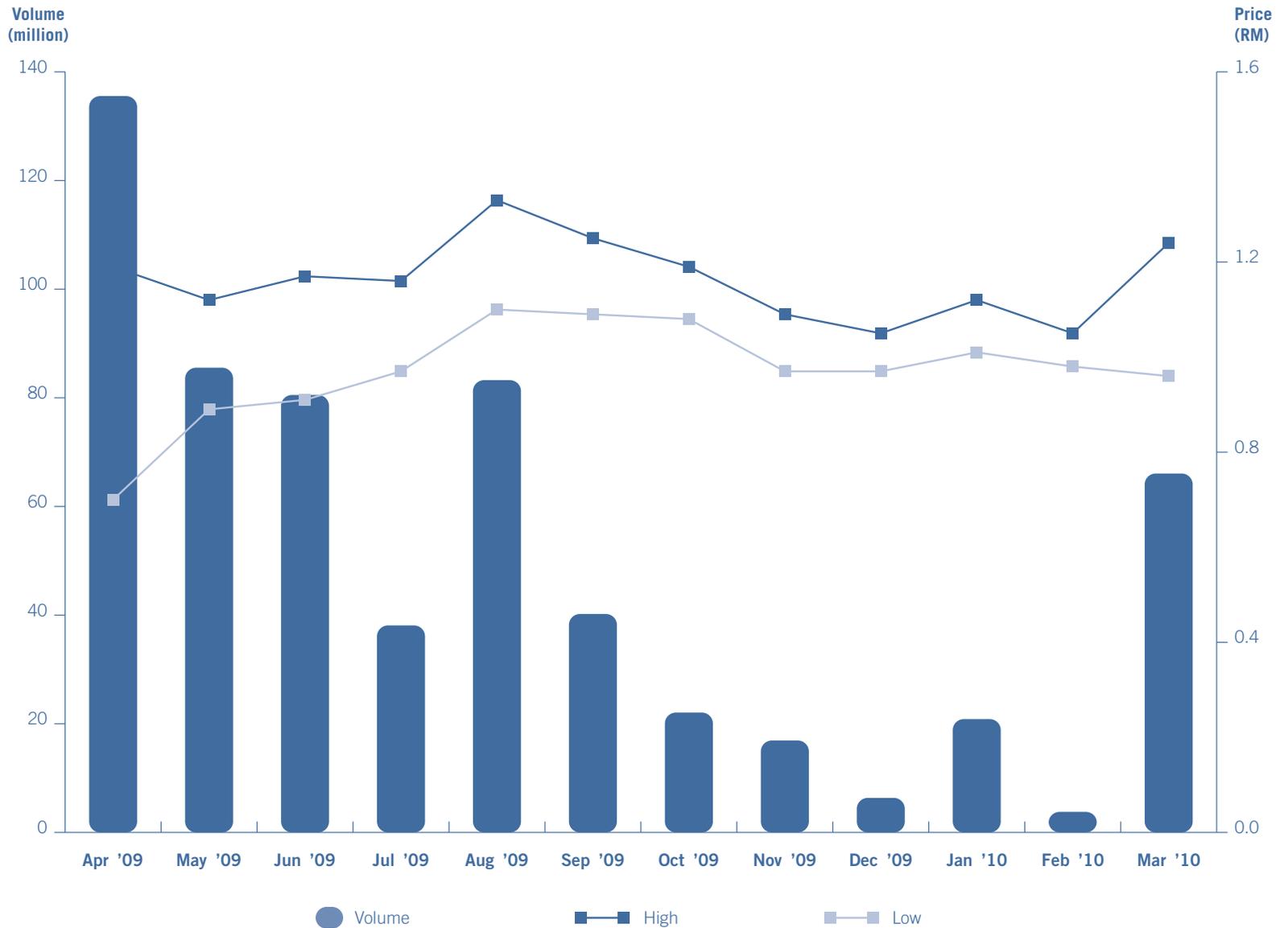
The Directors' direct and indirect interest in shares in the Company and its related companies based on the Register of Directors' Shareholdings are as follows:-

Name	Direct Interest		Indirect Interest	
	Number of Shares Held	% of Issued Share	Number of Shares Held	% of Issued Share
Shares in Etika Strategi Sdn. Bhd. held by: Dato' Sri Haji Mohd Khamil bin Jamil	30,000	10	—	—

None of the other Directors in office as at 21 July 2010 held any interest in shares in the Company or in its related companies.

share performance chart

SHARE PRICE FROM APRIL 2009 TO MARCH 2010



material properties of DRB-HICOM group

AS AT 31 MARCH 2010

No.	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31 March 2010 RM'000
1.	PTD 99396 HS(D) 329948 PTD 68903 HS(D) 290184 PTD 68905 HS(D) 290186 Mukim of Tebrau Daerah Johor Bahru Johor Darul Ta'zim	Land held for residential and commercial development	—	Freehold	6,137,457 sq.m (Land)	727,900
2.	Lots 1017T, 1018A 70000P and 70001T of Town Subdivision 16 Comprised in Certificate of Title Volume 614 Folio 67 Republic of Singapore	Retail and car park complex	7 yrs	Leasehold expiring in year 2096	6,341.2 sq.m (Building)	314,878
3.	HS(D) 224498 (PT 464), HS(D) 224499 (PT 465) HS(D) 224500 (PT 466), HS(D) 224501 (PT 467) HS(D) 224502 (PT 468), HS(D) 224396 (PT 772) Town of Glenmarie District of Petaling Selangor Darul Ehsan	Hotel, Golf Course and Club House	16 – 17 yrs	Freehold	1,489,712 sq.m (Land)	191,918
4.	HS(D) 63928, PT 5689 HS(D) 63929, PT 5690 Mukim Gurun Daerah Kuala Muda Kedah Darul Aman	Industrial land with office and factory building	14 yrs	Freehold	650,360 sq.m (Land)	163,569
5.	Lot No. 120-123, P.N. No. 2557 (PT 3254) Lot No. 126-133, HS(D) 3579 (PT 7695) Lot No. 134, HS(D) 2233 (PT 7680) Lot No. 140, HS(D) 3421 (PT 9770) Lot No. 142, HS(D) 2211 (PT 6875) Kawasan Perindustrian Peramu Mukim Pekan Pahang Darul Makmur	Leasehold industrial land with office and factory blocks	13 yrs	Leasehold expiring in year 2065	644,903 sq.m (Land)	135,444

material properties of DRB-HICOM group (continued)

No.	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31 March 2010 RM'000
6.	Lot 77170 and individual titles from master titles Mukim and District of Klang Selangor Darul Ehsan	Land held for residential & commercial development	—	Freehold	447,913 sq.m (Land)	126,142
7.	Southern Support Zone KL International Airport 64000 Sepang Selangor Darul Ehsan	Head Office, Cargo Complex, Workshop and Inflight Catering	12 yrs	Leasehold 50 years expiring in year 2048	55,985 sq.m (Building)	125,565
8.	Menara Bumiputra Jalan Melaka Lot 7 Seksyen 7 PN 6253, Town of Kuala Lumpur Wilayah Persekutuan	Leasehold land with 35 storey tower blocks	31 yrs	Leasehold expiring in year 2072	41,641.85 sq.m (Land and Building)	91,653
9.	GM 1867 Lot 1468 HS(D) 423-578 (PT 00919-1074) HS(D) 580-588 (PT 1076-1088) Mukim Kedawang Daerah Langkawi Kedah Darul Aman	82 units chalet & marina and land held for development	10 – 13 yrs	Freehold and Leasehold expiring in year 2054	1,555,940 sq.m (Land)	82,985
10.	Menara Uni.Asia No. 1008, Jalan Sultan Ismail 50250 Kuala Lumpur Wilayah Persekutuan	Office building (11 floors)	11 yrs	Leasehold 99 years expiring in year 2078	11,975 sq.m (Building)	58,314

AUTOMOTIVE

AUTOMOTIVE CORPORATION (MALAYSIA) SDN. BHD. (52640-W)

P.O. Box 34, Lot No. 3, Jalan Perusahaan Dua
Kawasan Perindustrian Batu Caves
68100 Batu Caves, Selangor Darul Ehsan, Malaysia
Tel : 03-6188 1133/0225
Fax : 03-6189 4337
www.acm.com.my

DEFENCE SERVICES SDN. BHD. (166572-X)

Lot 1479, B10 Nilai Industrial Estate
71800 Nilai, Negeri Sembilan, Malaysia
Tel : 06-799 2255/03-5522 8888
Fax : 06-799 2723

DRB-HICOM AUTO SOLUTIONS SDN. BHD. (484993-P)

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8218
Fax : 03-2052 8222

DRB-HICOM DEFENCE TECHNOLOGIES SDN. BHD. (406420-U)

Lot 26, Jalan Pengapit 15/19, Seksyen 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5522 8888
Fax : 03-5513 3100

EDARAN MODENAS SDN. BHD. (391388-P)

Level 2, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8668
Fax : 03-2052 8685

EDARAN OTOMOBIL NASIONAL BERHAD (119767-X)

Kompleks Ibu Pejabat EON
No. 2, Persiaran Kerjaya
Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7711 2100/2211
Fax : 03-7803 5929/0009
www.eon.com.my

EUROMOBIL SDN. BHD. (596498-M)

Audi Centre Glenmarie
Lot 27, Jalan Pelukis U1/46
Kawasan Perindustrian Temasya, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7688 7688
Fax : 03-7688 0028

HICOM AUTOMOTIVE MANUFACTURERS (MALAYSIA) SDN. BHD. (106864-D)

Kompleks Automotif DRB-HICOM Pekan
Kawasan Perindustrian Peramu Jaya
Karung Berkunci No. 7
26607 Pekan, Pahang Darul Makmur, Malaysia
Tel : 09-424 4000
Fax : 09-424 4023

HICOM AUTOMOTIVE PLASTICS (THAILAND) LTD.

64/30 Moo 4, Eastern Seaboard Industrial Estate
Tambon Pluakdaeng, Amphoe Pluakdaeng Rayong
21140 Thailand
Tel : (6638) 656265
Fax : (6638) 656271

HICOM DIECASTINGS SDN. BHD. (148133-M)

Lot 16, Jalan Sementa 27/91, Seksyen 27
40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5101 8000
Fax : 03-5191 2587
www.hdsb.com.my

HICOM-HONDA MANUFACTURING MALAYSIA SDN. BHD. (100808-P)

Kawasan Perusahaan Bakar Arang
Peti Surat 32, 08007 Sungai Petani
Kedah Darul Aman, Malaysia
Tel : 04-421 6622
Fax : 04-421 9923

HICOM-TECK SEE MANUFACTURING MALAYSIA SDN. BHD. (230574-H)

Lot 75A & 76, Jalan Sementa 27/91, Seksyen 27
40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5191 6077
Fax : 03-5191 6091
www.hicomtecksee.com.my

HICOM-YAMAHA MANUFACTURING MALAYSIA SDN. BHD. (108313-M)

Lot 751, Persiaran Kuala Selangor, Seksyen 26
40400 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : 03-5191 1355
Fax : 03-5191 1852

HONDA MALAYSIA SDN. BHD. (532120-D)

Lot 15, Jalan 13/6, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 03-7957 5885
Fax : 03-7957 4300

www.honda.com.my

ISUZU HICOM MALAYSIA SDN. BHD. (285799-T)

Kawasan Perindustrian Peramu Jaya
P.O. Box 6, 26607 Pekan
Pahang Darul Makmur, Malaysia

Tel : 09-424 3800
Fax : 09-410 1742

ISUZU MALAYSIA SDN. BHD. (664946-H)

501D, Level 5, Tower D, Uptown 5
No. 5, Jalan SS21/39, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : 03-7723 9777
Fax : 03-7723 9779/9778

www.isuzu.net.my

MITSUBISHI MOTORS MALAYSIA SDN. BHD. (680028-M)

Level 6, Building A, Paremba Square, Saujana Resort
Seksyen U2, 40150 Shah Alam, Selangor Darul Ehsan
Malaysia

Tel : 03-7680 6688
Fax : 03-7622 2238/2239
www.mitsubishi/motors.com.my

MOTOSIKAL DAN ENJIN NASIONAL SDN. BHD. (354613-V)

Kawasan Perindustrian Gurun
08300 Gurun, Kedah Darul Aman, Malaysia

Tel : 04-466 8000
Fax : 04-466 8300

www.modenas.com.my

ORIENTAL SUMMIT INDUSTRIES SDN. BHD. (81500-D)

Lot 5032, Jalan Teluk Datuk 28/40, Seksyen 28
40400 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : 03-5191 2266
Fax : 03-5191 2267

www.osisb.com.my

PHN INDUSTRY SDN. BHD. (206963-V)

Lot PT 75-77, Jalan 26/6
Kawasan Perindustrian HICOM
Seksyen 26, P.O. Box 7306
40710 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : 03-5191 4636
Fax : 03-5191 4630

www.phn.com.my

SUZUKI MALAYSIA AUTOMOBILE SDN. BHD. (676275-W)

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : 03-2052 7555
Fax : 03-2052 7666/59

www.suzuki.net.my

SUZUKI MOTORCYCLE MALAYSIA SDN. BHD. (719683-P)

1412, Plot 281, Prai Industrial Complex
13600 Prai, Pulau Pinang, Malaysia

Tel : 04-390 8237
Fax : 04-398 8422

www.suzuki.com.my

TRW STEERING & SUSPENSION (MALAYSIA) SDN. BHD.

(87992-D)
1447, Lorong Perusahaan Maju 8
Kawasan Perindustrian Prai
13600 Prai, Pulau Pinang, Malaysia

Tel : 04-507 0082
Fax : 04-507 0942

USF-HICOM (MALAYSIA) SDN. BHD. (44265-U)

Suite 3.2A, Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

Tel : 03-2052 7788
Fax : 03-2052 7789

www.usf-hicom.com.my

ZF STEERINGS (MALAYSIA) SDN. BHD. (87173-H)

No. 2528, Lorong Perusahaan Enam
Kawasan Perindustrian Prai
13600 Butterworth, Pulau Pinang, Malaysia

Tel : 04-399 8724
Fax : 04-399 8723

SERVICES

ALAM FLORA SDN. BHD. (367713-X)

Level 4, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 7922
Fax : 03-2052 8144
www.alamflora.com.my

BANK MUAMALAT MALAYSIA BERHAD (6175-W)

38th Floor, Menara Bumiputra
21, Jalan Melaka, 50100 Kuala Lumpur, Malaysia
Tel : 03-2698 8787
Fax : 03-2693 4667
www.muamalat.com.my

HICOM UNIVERSITY COLLEGE SDN. BHD.

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8000
Fax : 03-2052 8078
www.icam.edu.my

KL AIRPORT SERVICES SDN. BHD. (333284-T)

Jalan KLIA S6, Southern Support Zone
KL International Airport
64000 Sepang, Selangor Darul Ehsan, Malaysia
Tel : 03-8778 8000
Fax : 03-8778 8007
www.klas.com.my

MIDEA SCOTT & ENGLISH ELECTRONICS SDN. BHD. (194517-X)

No. 16, Jalan Chan Sow Lin
55200 Kuala Lumpur, Malaysia
Tel : 03-9221 1033
Fax : 03-9221 7204
www.see.com.my

PUSPAKOM SDN. BHD. (285985-U)

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 7474
Fax : 03-2052 7473
www.puspakom.com.my

RANGKAI POSITIF SDN. BHD. (572121-P)

Suite 4.3B, Level 4, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8787
Fax : 03-2052 8790

SCOTT & ENGLISH (MALAYSIA) SDN. BHD. (9572-M)

No. 12, Jalan Pemaju U1/15, Seksyen U1
HICOM Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7805 1111
Fax : 03-7803 5122
www.sne.com.my

UNI.ASIA GENERAL INSURANCE BERHAD (16688-K)

9th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 03-2693 8111
Fax : 03-2693 0111
www.uniasia-general.com.my

UNI.ASIA LIFE ASSURANCE BERHAD (277714-A)

Uni.Asia Life Assurance Building
8th Floor, 16, Jalan Tun Tan Siew Sin
50050 Kuala Lumpur, Malaysia
Tel : 03-2687 2000
Fax : 03-2026 6097
www.uniasialife.com.my

PROPERTY & INFRASTRUCTURE

COMTRAC SDN. BHD. (204108-W)

No. 74, Jalan SS21/39, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-7722 1688
Fax : 03-7722 5699

DESA PUCHONG SDN. BHD. (33943-W)

No. 74, Jalan SS21/39, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-7727 4278
Fax : 03-7727 4878

GLENMARIE COVE DEVELOPMENT SDN. BHD. (570048-T)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8500
Fax : 03-2052 8501
www.glenmariecove.com.my

GLENMARIE PROPERTIES SDN. BHD. (97360-A)
(formerly known as HICOM Properties Sdn. Bhd.)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8500
Fax : 03-2052 8511
www.glenmarieproperties.com

HICOM BUILDERS SDN. BHD.

No. 74, Jalan SS21/39
Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-7727 4278
Fax : 03-7727 4878
www.hicombuilders.com.my

HICOM FACILITY MANAGEMENT BERHAD (258586-X)

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8004
Fax : 03-2052 8147

HICOM-GAMUDA DEVELOPMENT SDN. BHD. (285780-D)

No. 1, Jalan Anggerik Vanilla X 31/X
Kota Kemuning, Seksyen 31
40460 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5122 6100
Fax : 03-5122 3040
www.kotakemuning.net

HICOM INDUNGAN SDN. BHD. (124152-D)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8500
Fax : 03-2052 8511

HICOM MEGAH SDN. BHD. (324218-U)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8500
Fax : 03-2052 8511

HORSEDALE DEVELOPMENT BERHAD (188176-P)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8500
Fax : 03-2052 8501
www.horsedale.com.my

KENYIR SPLENDOUR BERHAD (253041-D)

(owner of Lake Kenyir Resort & Spa)
P.O. Box 32, Pos Malaysia
21700 Kuala Berang
Terengganu Darul Iman, Malaysia
Tel : 09-666 8888
Fax : 09-666 8343
www.lakekenyir.com

NIRO CERAMIC (M) SDN. BHD. (169869-M)

Lot 1, Lorong 19/1A
46300 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 03-7652 9333
Fax : 03-7652 9322
www.nirogranite.com.my

PROTON CITY DEVELOPMENT CORPORATION SDN. BHD.
(375217-U)

Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8988
Fax : 03-2052 8511
www.proton-city.com

REBAK ISLAND MARINA BERHAD (183757-T)

(owner of Rebak Island Resort Langkawi)
P.O. Box 125
07000 Kuah, Langkawi, Kedah Darul Aman, Malaysia
Tel : 04-966 5566
Fax : 04-966 9973
www.tajhotels.com



ETIKA STRATEGI SDN BHD (80084-U)

Level 2A No 88 Jalan Perdana Taman Tasek Perdana
50480 Kuala Lumpur
Tel No. 03-20927170 Fax no. 03-22732078

Date: 21 July 2010

The Board of Directors
DRB-HICOM Berhad
Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being the holding company of DRB-HICOM Berhad, hereby give notice of our nomination of Messrs Ernst & Young, as Auditors of the Company, in place of the retiring Auditors, Messrs PricewaterhouseCoopers, and of our intention to propose the following resolution as Ordinary Resolution at the forthcoming Twentieth Annual General Meeting of the Company:-

Ordinary Resolution

"THAT Messrs Ernst & Young be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PricewaterhouseCoopers, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors."

Thank you.

Yours faithfully,
Etika Strategi Sdn Bhd

Dato' Mohd Taufik bin Abdullah
Director

This page has been intentionally left blank.

form of proxy

TWENTIETH ANNUAL GENERAL MEETING

Number of Shares held	
CDS Account No.	

I/We, _____ NRIC/Company No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member/members of DRB-HICOM Berhad, hereby appoint _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie (Tel: 03-78031000), No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 15 September 2010 at 9.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on the resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

No.	Resolution	For	Against	Abstain
1	To receive and adopt the Audited Financial Statements			
2	To approve the declaration of a final gross dividend of 2.5 sen per share less taxation of 25%			
3	To re-elect Director – YBhg Tan Sri Marzuki bin Mohd Noor			
4	To re-elect Director – YBhg Dato' Sri Haji Mohd Khamil bin Jamil			
5	To reappoint Director – YBhg Datuk Haji Abdul Rahman bin Mohd Ramli			
6	To appoint Messrs Ernst & Young as Auditors			
7	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature			

Dated this _____ day of _____, 2010

Signature(s)/common seal of shareholder

Notes:-

1. A member entitled to attend the meeting may appoint not more than two (2) proxies who may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, shall be deposited at the Share Registrar's Office, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding this meeting.

FOLD THIS FLAP FOR SEALING

STAMP

SYMPHONY SHARE REGISTRARS SDN. BHD. (378993-D)

Registrar for DRB-HICOM Berhad

Level 6, Symphony House

Pusat Dagangan Dana 1, Jalan PJU 1A/46

47301 Petaling Jaya, Selangor Darul Ehsan

FOLD HERE



*With deep appreciation
His Royal Highness*



Sultan Pahang Sultan Haji Ahmad Shah Al-Musta'in Billah
 50th Anniversary of His Majesty's Accession to the Throne

DRB-HICOM, as a leading infrastructure and construction company in Malaysia, is proud to have been part of the development of the Sultanah Aminah Bridge, a landmark project that has significantly improved the connectivity of the Sultanah Aminah region.

For celebrating the 50th Anniversary of His Majesty's Accession to the Throne on 21st November 2014



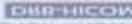
Together, we're stronger. 



Malaysia

Bound by the same goals and united by shared passion, we're a nation that stays strong because we stay together. Today, we celebrate the unity of our strength that has made us One for 50 years, Malaysia.

General Her Majesty from
the Board of Directors, Management and Staff of

Wahai Tuanku



**Wishes on the birthday of Your Royal Highness
Pahang Sultan Haji Ahmad Shah Al-Musta'in Billah
Sultan Abu Bakar Ri'ayatuddin Al-Mu'adzam Shah**

MR. CH. DAN. SRIAM. SRIAM. SRIAM. DR. PHARO.
DR. HANZLIM. DR. CHANGGALAN. DR. PHOENIX. DR. SHARON.
P. DR. SHARON. DR. HANZLIM. DR. PHARO.
DR. HANZLIM. DR. CHANGGALAN. DR. PHOENIX. DR. SHARON.
DR. HANZLIM. DR. CHANGGALAN. DR. PHOENIX. DR. SHARON.
DR. HANZLIM. DR. CHANGGALAN. DR. PHOENIX. DR. SHARON.

From the Board of Directors,
Management and Staff of



Congratulations



