

The logo for DRB-HICOM, featuring the company name in a bold, white, sans-serif font inside a blue rectangular box with a thin white border.

DRB-HICOM Berhad
(203430-W)
(Incorporated in Malaysia)

REACHING BEYOND BOUNDARIES

365 DAYS
24 HOURS

DEFINITION: BOUNDARIES

Borders, Frontiers, Edge,
Limits, Margin Periphery.

That which indicates or fixes a limit of extent, or marks a bound, as of a territory, a bounding or separating line; a real or imaginary limit.

Rationale

A dramatic moment on earth, seen from the glimpse of an all emerging sun on the horizon, brings forth the light and surging energy of a new day and its dawning. Earth's constant rotation encompasses time, distance and space that in effect, has much influence on our surrounding environment, our lives and the relationship of our existence to everything that we do.

Drawing parallel to a world demarcated by boundaries, the infinite perimeters of unabated depth lie in the realm of the imagination. Stirring and fostering creativity, imagination is the catalyst of all innovation that permeates every sphere of our business operations. **DRB-HICOM** is what and where we are today because of the spark that equates to our edge in the way we run our businesses.

This cover holds the promise of **DRB-HICOM's** strategic step it takes to consistently strike a balance of its diversity, reaffirmed in a belief that there are no limits to our imagination, if we set our minds to it. The Group is reaching beyond boundaries, turning ideas into value, crafting solutions and establishing new markets through unprecedented opportunities.

ANNUAL REPORT 2011



CHARTING ON TO THE NEXT FRONTIER

The solar system as we know it supports the aligned network that forms the cohesion in the empire of the sun, and its pivotal role as a long-lived body emanating the constant conditions of warmth and light that are necessary for life on our earth, defines our very own existence.

At **DRB-HICOM**, we draw inspiration from our journey of achievements as a diversified business entity that derives strength from our very own available resources. Our path that we took remains strategic, balancing and charting on to the next frontier that awaits with infinite anticipation.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-First 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 Thursday, 8 September 2011 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 2011 together with the Reports of Directors and Independent Auditors thereon.
2. To approve the declaration of a final gross dividend of 4.00 sen per share, less taxation of 25% for the financial year ended 31 March 2011. (Resolution 1)
3. To re-elect the following Directors who retire by rotation in accordance with Article 79 of the Company’s Articles of Association:-
 - (i) YBhg Dato’ Ibrahim bin Taib. (Resolution 2)
 - (ii) YBhg Dato’ Syed Mohamad bin Syed Murtaza. (Resolution 3)
4. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:-
 - (i) “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 4)
 - (ii) “THAT Mr Ong Ie Cheong, 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 reappoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)



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 Dato' Ibrahim bin Taib
YBhg Dato' Syed Mohamad bin Syed Murtaza

Under Section 129 of the Companies Act, 1965

YBhg Datuk Haji Abdul Rahman bin Mohd Ramli
Mr Ong Ie Cheong

The details of the abovenamed Directors who are standing for re-election/reappointment are set out in the Directors' Profile (pages 042 to 049 of the Annual Report).

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the final gross dividend of 4.00 sen per share, less taxation of 25% in respect of the financial year ended 31 March 2011, if approved by the shareholders at the Annual General Meeting, will be paid on 7 October 2011 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 September 2011.

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 13 September 2011 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the depositor's securities account before 4.00 p.m. on 15 September 2011 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, CAROL (MIA 3930)
Company Secretary

Shah Alam, Selangor Darul Ehsan
15 August 2011

NOTES:-

1. Agenda 1 – Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

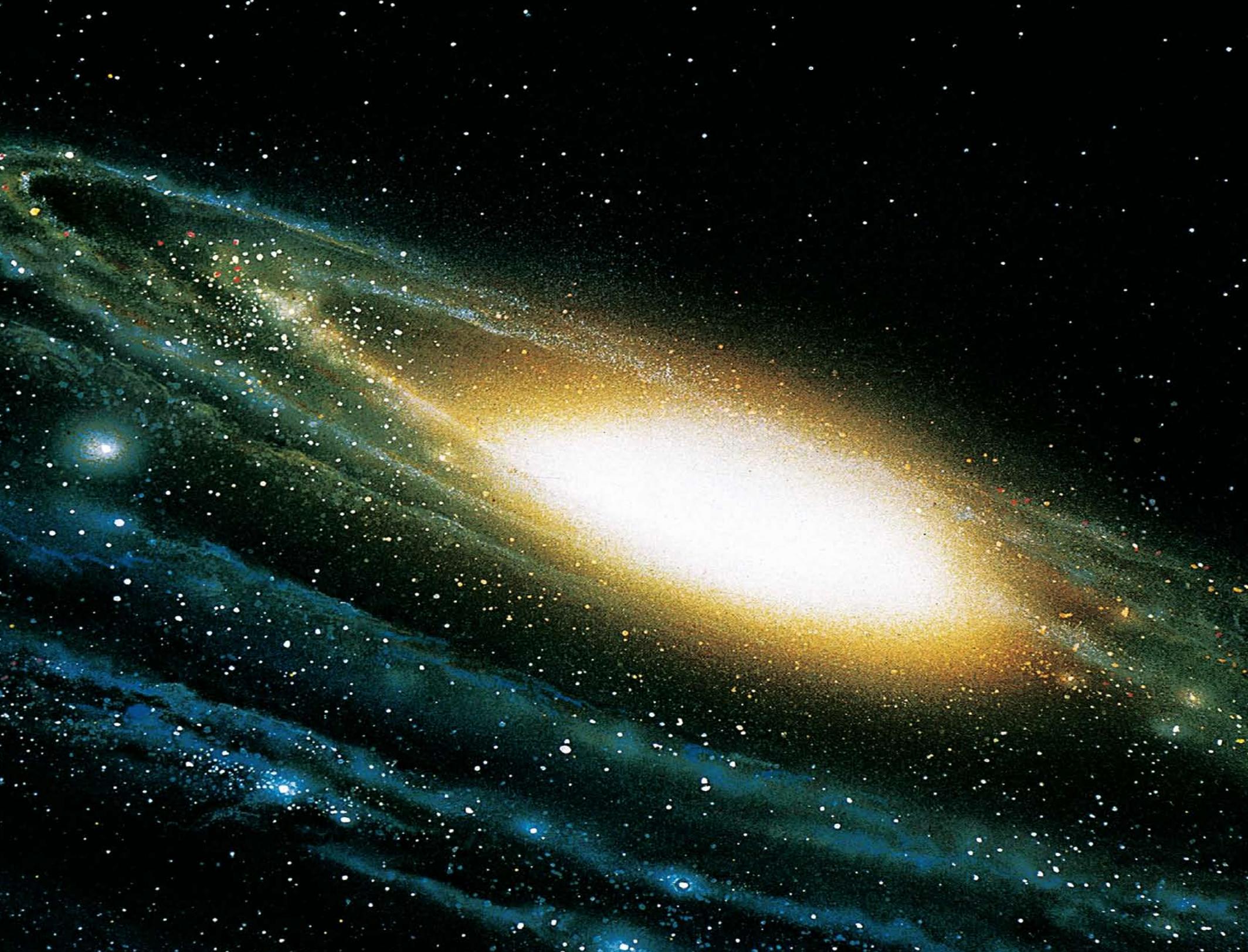
2. Proxy

- 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.



SYNERGY IN DIVERSITY

As in the beginnings of a solar system which brought the highly complex “Fusion” of the Sun and its planets, the diversified businesses of DRB-HICOM draws parallel in the synergy of its Group companies that is poised to become truly world class.







EXCELLENCE

Our values of Excellence have helped us shape the business world we are in and know today, and continue to thrive in an environment that conductively brings to focus the best of our people together.



DRB-HICOM



Corporate Profile

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

- A prominent player and leading Malaysian's diversified yet integrated conglomerate since 1980, with a market capitalisation of RM4.45 billion listed on the Main Board of Bursa Malaysia
- Our corporate stable speaks volume of our foundational stability, that includes more than 60 subsidiaries, associate companies and jointly-controlled entities providing employment for over 24,000 people
- Following a major restructuring exercise that began in 2005, DRB-HICOM has become a brand that resonates in the marketplace, and identified with innovation, quality and excellence
- We draw strength in our diversity, that holds the key to our sustainability from our involvement in three significant sectors of the Malaysian economy: Automotive, Services, and Property, Asset and Construction
- Being the only conglomerate involved in the whole integrated chain of the automotive ecosystem, we have developed world-class expertise and facilities that have positioned Malaysia as a regional hub for the automotive industry
- By strategising on the nation's transformation plans from a labour intensive economy to an advanced high income knowledge-based economy; the services sector remains resilient to the economic volatility that benefits the Group
- As a trail-blazer in niche property development, we are poised for a quantum leap in the business through the hallmark of quality and customer focus of prime residential, commercial, industrial, and leisure and integrated township locations
- From our new position of strength, our goals continue to permeate in our committed Management team, whose entrepreneurial driven vision steers the renewed investment of our human capital, the essence of our success
- Through the continuity of growth, we will seize opportunities that will come its way at home and in the international marketplace, while playing a major role in the nation's ongoing Vision 2020
- In all that we strive to achieve, our ultimate goal is to build a better and brighter future by contributing to the society, caring for the environment that we operate in, and giving back by dedicating ourselves toward corporate philanthropy
- The quest to create long-term value for our stakeholders continues in our commitment to achieve social and environmental sustainability, in operating and enhancing the pursuit of long-term businesses

DRB-HICOM eyes firm deal with Russian truck maker

By Rupinder Singh
rupinder@nstp.com

DRB-HICOM Bhd is set to sign a deal with Europe's largest truck maker to produce heavy-duty trucks in



TPM lawat pameran Perkhidmatan Pertahanan Asia

Timbalan Perdana Menteri, Tan Sri Muhyiddin Yassin (Detch) yang mempamerkan pelbagai kenderaan tenteraan, kenderaan pertahanan khas, peralatan dan peralatan keselamatan. Tempat majlis di Kuala Lumpur.

多元資源與福士偉根合作
在馬生生產福士汽車
馬生生產福士汽車 (DRB-HICOM) 與德國工業巨頭福士偉根 (Volkswagen) 簽署協議，以在大馬合作生產福士汽車。
馬生生產福士汽車 (DRB-HICOM) 與德國工業巨頭福士偉根 (Volkswagen) 簽署協議，以在大馬合作生產福士汽車。
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Puspakom tiada kompromi tangani jenayah rasuah

SHAH ALAM: Suruhannya Pencegahan Rasuah Malaysia (SPRM) bersama Puspakom Sdn Bhd menandatangani memorandum per-sefahaman (MoU) bertujuan bagi menyelaraskan maklumat serta kepakaran untuk membantu meningkatkan lagi usaha kedua-dua pihak dalam mengesan dan memberantas jenayah rasuah di Puspakom di sini, semalam.
MoU yang ditandatangani itu bakal memperhalakan kesungguhan Puspakom dalam membersihkan imejnya.



Shah Alam, Menteri Kanan (Kiri) bertukar dokumen menandatangani MoU, peluang kepada SPRM membantu Puspakom dalam membersihkan imejnya.



Alto penuh gaya hidup warga kota

SHAH ALAM - Suzuki Malaysia Automobile Sdn. Bhd. (Suzuki Malaysia), pengimport dan pemasar kereta Suzuki di pasaran tempatan, memulakan model kereta saiz kompak Suzuki Alto 1.0 (Alto).
Model yang mengabungkan reka sporty dan seronok ini menawarkan kestabilan dan prestasi peminatan yang lokal memulakan gaya hidup yang kota masa kini.
Pengimport Suzuki Malaysia dan Pucapras Urusan Komparten DRB-HICOM Bhd., Dattak Seri Mohd. Khairul Jani berkata, model yang dilancarkan ini

DRB-Hicom to train automotive students in new college
The International College of Automotive (ICAM) is situated within an integrated complex in the Peramu Jaya industrial area here and can accommodate up to 1,300 students.
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首次出口至汶萊
鈴木兩款
馬生生產福士汽車 (DRB-HICOM) 與德國工業巨頭福士偉根 (Volkswagen) 簽署協議，以在大馬合作生產福士汽車。
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DRB-Hicom unit secures RM7.6b armoured vehicle contract

DRB-Hicom unit secures RM7.6b armoured vehicle contract. The contract is for the supply of armoured vehicles to the Malaysian Army. The contract value is RM7.6 billion.

Freehold status a plus for Glenmarie Gardens

Freehold status a plus for Glenmarie Gardens. The development is a plus for Glenmarie Gardens. The development is a plus for Glenmarie Gardens.



Resort tunggal di Pulau Rebak

Isuzu D-Max, the 'millionaire' model

The venerable Isuzu D-Max has surpassed the one million-unit production mark in just seven years since its introduction. This is hardly surprising given its legendary reputation for exceptional



Suzuki Malaysia exports Swift to Brunei
Suzuki Malaysia Automobile Sdn Bhd (SMA), the local company responsible for the Suzuki car brand here, has started exporting its CKD cars to Brunei.
SMA began its CKD operation in Pekan in 2007, assembling the Swift 1.5L model. It has exported to date and 10,600 out from the Hicom factory plant.
Production hit 50 of financial year 2011. Brunei sold 12,284 2009 and Suzuki is a selling brand there.
The most popular is the S14 hatchback imported in 1.3L, S1 and the Pekan built in between the small and the S14.

Cabang baru DRB-Hicom

DRB-Hicom has set up a new branch in Brunei. The branch is for the Suzuki car brand. The branch is for the Suzuki car brand.

Midea on track to achieve revenue target

Midea on track to achieve revenue target. Midea is on track to achieve its revenue target. Midea is on track to achieve its revenue target.

ICAM jadikan Pekan hab ilmiah automotif serantau

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DRB-Hicom in RM1b venture to assemble VW vehicles

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Penduduk puji DBKL, Alam Flora
Masyarakat, pokok yang tumbuh turut memulakan beberapa kenderaan penduduk yang diletakkan berapartmen Alam Flora 1A.
Difahamkan, paku hari yang sama 50 lokasi lain sekitar Lembah Pantai dan Bangsar turut dilanda kejadian se-



Taman Seri Sentosa



Euromobil sees 40pc rise in Audi sales

By June Ramlee
june@nstp.com.my

EUROMOBIL Sdn Bhd, the sole distributor of Audi cars in Malaysia, plans to sell up to 1,070 units from the whole range of the German marque this year.



Mohd Khamil with the new Audi A8 at the Royal Selangor visitor centre on Friday.

Modenas: New scooter will boost market share

By Nor Ain Mohamed Razali

MOTOKAL dan Tiga Nasional Sdn Bhd (Modenas) expects to sell 200 units of its newly-launched Eligan 200 scooter model a month.

The Eligan 200 looks sporty and has features that we believe will give value to the customers," Bustamam said at a media preview of the scooter in Shah Alam, Selangor, yesterday.

DRB-HICOM Bhd menjalankan kerjasama teknikal dengan Potensia Sports Car Ltd dari United Kingdom bagi membangkitkan pengeluaran kereta sports di negara ini bagi pasaran tempatan dan Asia Pasifik.

DRB-Hicom rancang keluarkan kereta sports

Meterai MoU jalinkan kerjasama teknikal dengan Potenza

DRB-HICOM Bhd menjalankan kerjasama teknikal dengan Potensia Sports Car Ltd dari United Kingdom bagi membangkitkan pengeluaran kereta sports di negara ini bagi pasaran tempatan dan Asia Pasifik.

Q2 profit surges 186pc to RM155m

DRB-HICOM Bhd said its profit for the second quarter rose 186 per cent to RM155 million, up from RM52.2 million in the same period last year.

DRB-HICOM eyes top 5 spot for bank

DRB-HICOM Bhd is targeting to become one of the top five banks in Malaysia by the end of 2011, according to its chairman.

DRB-HICOM sees efficiency in Pos tie-up

Its unit Bank Muamalat can leverage on Pos' wide network

Bank Muamalat is expected to benefit from the tie-up with Pos, as it can leverage on the latter's extensive network of branches and agents across the country.

DRB, VWAG meterai pakatan strategik

Bangunkan kompleks perindustrian automotif bagi kerja CDK

DRB-HICOM and Volkswagen (VWAG) have signed a strategic partnership agreement to build an automotive industrial complex in Shah Alam, Selangor.

DRB-HICOM on track to hit revenue target

DRB-HICOM is on track to meet its revenue target for the first half of 2011, according to its chairman.

The company's revenue for the first half of 2011 is expected to reach RM1.5 billion, up from RM1.4 billion in the same period last year.

DRB-HICOM pasang model Volkswagen

DRB-HICOM Bhd has installed Volkswagen models in its showroom, marking a significant milestone in its partnership with the German automaker.

Perolehan DRB-Hicom RM6.31b

Pencapaian tertinggi dalam tempoh 10 tahun

DRB-HICOM Bhd has achieved its highest acquisition in 10 years, with the purchase of a stake in a major automotive component supplier.

DRB-HICOM catat untung tertinggi

Sektor automotif penyumbang pendapatan syarikat

The automotive sector contributed the highest profit for DRB-HICOM in the first half of 2011, driven by strong sales of its core brands.

Instilling the habit

The country's biggest conglomerate plays a part in encouraging reading among students by sponsoring RM30,000 worth of The Star.



DRB-HICOM Star-NIE Sponsorship Programme Year 2010/11 RM30,000

Bank Muamalat unjur pertumbuhan 25 peratus

Bank Muamalat Malaysia Bhd mengesyorkkan pertumbuhan antara 25 hingga 35 peratus dalam tahun kewangan semasa berakhir 31 Mac 2011.

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Tiga model CKD Volkswagen dikeluarkan di Pekan

DRB-HICOM Bhd telah mengeluarkan tiga model kereta Volkswagen ke pasaran tempatan melalui skema CKD.

DRB-HICOM Bhd telah mengeluarkan tiga model kereta Volkswagen ke pasaran tempatan melalui skema CKD.

DRB-Hicom teams up with UK's Potenza

DRB-HICOM Bhd has teamed up with UK-based Potenza Sports Car Ltd to develop and manufacture sports cars in Malaysia.

RM148 juta

Konvensional dalam tempoh 10 tahun

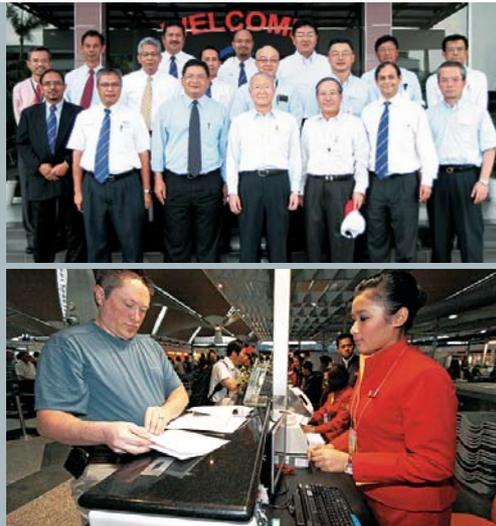
DRB-HICOM catat untung tertinggi

Sektor automotif penyumbang pendapatan syarikat

Calendar of Events

08 APRIL 2010

HICOM Diecastings Sdn. Bhd. received special visitors from Perodua and Daihatsu Malaysia. The visit was led by Mr Koichi Ina, Vice President, Daihatsu Malaysia Corporation and Mr Osamu Oaki, Managing Director of Perodua Corporation Sdn. Bhd.



19 APRIL 2010

DEFTECH participated in the biggest and reputable Defence Service Asia Exhibition 2010 held every 2 years. This year, DEFTECH was once again the largest exhibitor at DSA 2010, exhibiting various military vehicles, equipment and related services. The main show stealer at DEFTECH was Malaysia's 1st Indigenous 8x8 Armoured Wheeled Vehicle – DEFTECH AV8.



29 APRIL 2010

Suzuki Malaysia embarked on the first expansion of Suzuki Swift to Brunei via Boustead Cars Sdn. Bhd. with the export of the first 10 units.



13 APRIL 2010

KLAS provided ground handling services to Cathay Pacific Airways starting from 7.15 am when the check-in counter commenced operation.

21 APRIL 2010

KLAS served 300 packed food to stranded passengers in KLIA due to the ash from the eruption of the Eyjafjallajokull volcano on 13 April 2010 which affected air travel in Europe.

30 APRIL 2010

DRB-HICOM sponsored RM70,000 to "Yayasan Harapan Kanak-Kanak" for DRB-HICOM Hope Camp 2010 which was officiated by YABhg Datin Sri Rosmah Mansor, Patron, "Yayasan Harapan Kanak-Kanak Malaysia". The camp which was attended by 300 students of standard 4 and 5 who are orphans and from underprivileged families, was held from 13–16 May 2010 at University Putra Malaysia, Serdang, Selangor.



02 MAY 2010

Suzuki Malaysia contributed RM20,000 to Sultan Azlan Shah Cup 2010 Hockey Tournament. The mock cheque was presented to HRH Sultan Azlan Shah.



27 MAY 2010

Official visit to ICAM by Minister of Higher Education, YB Dato' Seri Mohamed Khaled bin Nordin.



08 JUNE 2010

DRB-HICOM paid out a total of RM61,150.00 to reward 149 children of employees, who obtained good results for their PMR, SPM and STPM. The event, first held in 2009, aims to encourage the children of our employees to excel in their studies.



08 MAY 2010

DRB-HICOM participated at the Labour Day 2010 national level celebration, which was officiated by YAB Prime Minister and held at Malaysia International Exhibition & Convention Centre (MIECC).

30 MAY 2010

DRB-HICOM Automotive Complex in Pekan played host to a visit by YB Dato' Mukhriz Mahathir, Deputy Minister of International Trade and Industry and his entourage. The working visit was made meaningful with a tour of all the facilities within the complex including Mercedes-Benz Malaysia assembly plant.

16 JUNE 2010

Euromobil Sdn. Bhd. received special visitors from Audi AG, Mr Martin Birkner, Director, Region Southeast Asia, Israel & French Overseas and Mr Mark Ebert, Sales Manager, Southeast Asia. The purpose of the visit was to have an in-depth knowledge about DRB-HICOM Berhad.

13 JULY 2010

A Media Launch of ICAM was organised to introduce the new college to the media. Also present were some students of ICAM who shared their experience as the pioneer batch.



13 JULY 2010

Audi unveiled the A5 Coupe to members of the media in their showroom in Glenmarie.

19 JULY 2010

In conjunction with "Sambutan Hari Pahlawan 2010", DEFTECH contributed RM1 million to "Rayuan Hari Pahlawan" Fund.



25 JULY 2010

DRB-HICOM once again became the Title Sponsor for Royal Pahang Kart Prix 2010. The event was graced by KDYTM Tengku Mahkota Pahang at the circuit in Pekan.

05 AUGUST 2010

After 6 years of the first birth of Elegan in 2004, MODENAS introduced the new Elegan 200, another variant of Elegan in Glenmarie Golf and Country Club (GGCC) especially for the Media.



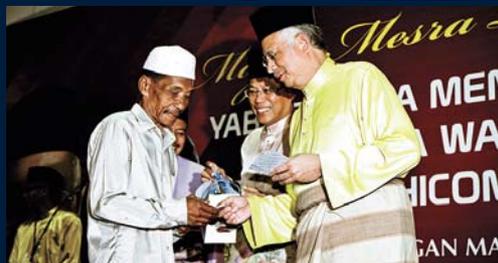
09 AUGUST 2010

A new Suzuki Alto 1.0L was introduced to the Suzuki product line. The car combines sporty and youthful design.



14 AUGUST 2010

A follow-up visit to PDK Titian Murni, Pekan was organised for the ladies to hand over hampers and “duit raya” for 41 inmates of PDK Titian Murni.



19 AUGUST 2010

Warga DRB-HICOM Pekan were honoured when they received YABhg Tun Mahathir Mohamad at DRB-HICOM Automotive Complex in Pekan.



26 AUGUST 2010

Another “Majlis Berbuka Puasa” with CEO, CFO and HR Officers of DRB-HICOM was held in Muzium Kesenian Islam Malaysia. At the event, 40 single mothers from Persatuan Ibu Tunggal Wilayah Persekutuan dan Selangor were given “duit raya” and hampers.



14 AUGUST 2010

A special “Majlis Mesra Ramadhan” to break fast with YAB Prime Minister was held. It was a meaningful event for 1,700 warga DRB-HICOM. At the event, 200 single mothers and senior citizens from the area of Peramu in Pekan were given hampers and “duit raya”.

20 AUGUST 2010

A yearly event for warga DRB-HICOM, “Majlis Berbuka Puasa Warga DRB-HICOM” were held in Holiday Inn Kuala Lumpur Glenmarie. “Duit raya” were given out to 70 children from Maahad Tahfiz Al-Muqri, Puchong and orphans from Rumah Raudhatul Ikhwan in Subang Permai.

01 SEPTEMBER 2010

DRB-HICOM entered into a joint venture agreement with the UK based POTENZA Sports Cars Ltd., which would eventually see the birth of a new line of eco friendly and affordable sports cars being manufactured in Malaysia for the domestic and Asia Pacific market.

03 SEPTEMBER 2010

DRB-HICOM brought cheer to 49 children in Rumah Anak Yatim dan Miskin Al-Munirah, Kampung Johan Setia. Sets of "baju raya" were handed out to the children together with daily necessities ie. rice, stationary items, personal hygiene items etc.



07 SEPTEMBER 2010

DRB-HICOM organised a visit to Rumah Al-Ikhlas, a home for the Senior Citizen run by an amazing individual, Puan Muji where daily necessity items were handed over to the 28 inmates.



22 SEPTEMBER 2010

DRB-HICOM together with its subsidiaries joined hand-in-hand to hold a "Majlis Rumah Terbuka Kumpulan DRB-HICOM". The event was graced by KDYTM Tengku Mahkota Pahang and was attended by more than 1,300 corporate clients, government officials, bankers, lawyers etc.



06 SEPTEMBER 2010

DRB-HICOM together with its 14 subsidiaries once again gave out alms amounting to RM3,463,896.45 for the financial year-ended 31 March 2010 to Lembaga Zakat Selangor in a simple ceremony in Shah Alam.

15 SEPTEMBER 2010

DRB-HICOM's 20th AGM held on 15 September 2010 at Holiday Inn Kuala Lumpur Glenmarie, saw the participation of 692 shareholders and 715 proxies.

23 SEPTEMBER 2010

For the 3rd year, DRB-HICOM continues to sponsor "Program Sahabat Korporat Tabung Haji" organised by Lembaga Tabung Haji. DRB-HICOM once again contributed a total of 500 units luggage bags, which amounted to RM150,000.00 to the pilgrims.



04 OCTOBER 2010

The Sports & Recreational Club of DRB-HICOM organised a fun-filled "Majlis Aidilfitri" themed 1 Wisma DRB-HICOM. It was attended by more than 800 tenants and staff in Wisma DRB-HICOM.



26 OCTOBER 2010

DRB-HICOM sponsored RM30,000 towards the Star-NiE Sponsorship Programme. The programme is to encourage the learning of English in schools especially in the rural areas.



04 DECEMBER 2010

The 2nd series of the DRB-HICOM Karting Championship, was participated by 14 teams and 91 ICAM students as drivers, grid marshals, scrutineers and course marshalls.



09 OCTOBER 2010

The 1st Series of the DRB-HICOM Karting Championship, "Powered by MODENAS and Driven by ICAM" was held at the Taman Tasik Sultan Abu Bakar Karting Circuit in Pekan.

29 OCTOBER 2010

DRB-HICOM Nature Trail 2010 was specially organised for the members of the media.

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A total of 41 media representatives from 19 media comprising both the print and electronic attended the media outing.

13 DECEMBER 2010

Handing over ceremony of 1 unit of HICOM Perkasa and 1 unit of Suzuki Swift to Perdana Leadership Foundation.

14 DECEMBER 2010

It was a most memorable day when DRB-HICOM received its first Presidential visit to Wisma DRB-HICOM. His Excellency, President Rustam Minnikhanov, President of Tatarstan was accompanied by Her Excellency Madam Lyudmila Vorbyera, Ambassador of Russia to Malaysia. A Memorandum of Understanding was also signed between DRB-HICOM Berhad and OAO Kamaz.



21 DECEMBER 2010

Signing Agreement between DRB-HICOM & VWAG marks a significant milestone for not only DRB-HICOM but Malaysia in total. It is a start of a new joint-venture witnessed by YAB Prime Minister.



14 JANUARY 2011

CEOs' Appreciation Nite 2010 held at KL Hilton, to recognise top performing CEOs.



17 DECEMBER 2010

"Majlis Penyerahan Zakat" to Majlis Agama Islam Pahang. DRB-HICOM paid RM1.5 million alms for year 2010.

10 JANUARY 2011

Signing Ceremony between PUSPAKOM and Suruhanjaya Pencegah Rasuah Malaysia (SPRM)

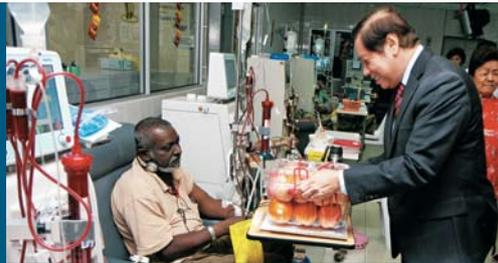
08 FEBRUARY 2011

Special visit from YB Dato' Mustapa Mohamed, Minister of International Trade and Industry (MITI) to the DRB-HICOM Automotive Complex in Pekan.



08 FEBRUARY 2011

As part of our Corporate Responsibility Programme, DRB-HICOM contributed RM170,000 to Persatuan Dialisis Kurnia Petaling Jaya, Selangor.

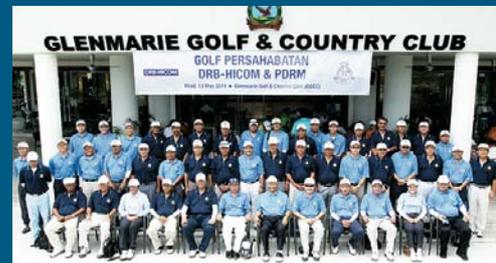


19 FEBRUARY 2011

DRB-HICOM 7th ICC Convention held at Holiday Inn Kuala Lumpur Glenmarie.

25 FEBRUARY 2011

PUSPAKOM granted a 15 years extension of the vehicle inspection concession.



13 MARCH 2011

Friendly golf tournament held at Glenmarie Golf & Country Club between Management of DRB-HICOM and Polis DiRaja Malaysia (PDRM).

25 MARCH 2011

204th Police Day Celebrations held at Wisma DRB-HICOM.



25 MARCH 2011

Official launch of the New Audi A8L, at Royal Selangor Visitor Centre, Setapak Jaya, Kuala Lumpur.

Awards & Recognitions FY 2010-2011

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DRB-HICOM BERHAD

- StarBiz - ICR Malaysia Corporate Responsibility Awards 2010 – Finalist
- StarBiz - ICR Malaysia Corporate Responsibility Awards 2010 – Winner for Environment Category
- Best Return to Shareholders category Merit Award by Malaysian Business – CIMA Enterprise Governance Awards 2010
- CSR Category Merit Award by Malaysian Business – CIMA Enterprise Governance Awards 2010

EUROMOBIL SDN. BHD.

- Autocar Asean Awards 2010 – Overall Car of The Year Audi A5 2.0 TFSI by MTM Multimedia Sdn. Bhd.
- Top Dealers 2010 – EON Bank Group Auto Finance by EON Bank Group
- Autocar Asean Awards 2010 – Super Saloons 2nd place, Audi A8 by Ambank/Asian Auto
- Autocar Asean Awards 2010 – Performance Cars 2nd place, Audi TT by Ambank/Asian Auto
- Autocar Asean Awards 2010 – Luxury Hatchback/Coupe/Convertible Audi A5 2.0 by MTM Multimedia Sdn. Bhd.
- Asian Auto Fuel Efficiency Award 2010 – Premium Executive Cars 2nd place, Audi A6 by Ambank/Asian Auto
- Autocar Asean Awards 2010 – Compact Luxury SUV 3rd place, Audi Q5 2 liter by Ambank/Asian Auto
- Autocar Asean Awards 2010 – Executive Cars 2nd place, Audi A4 by Ambank/Asian Auto
- Asian Auto Fuel Efficiency Award 2010 – Sport Coupes/Cabriolets 2nd place, Audi A5 by Ambank/Asian Auto

- Malaysian Evo Car of The Year Award 2010 – Best Supercar Audi R8 V10 by Malaysian Evo
- Malaysian Evo Car of The Year Award 2010 – Best 4-door Sedan Audi A4 by Malaysian Evo
- Car of the year 2010 – Premium Coupe/Cabriolet of The Year Audi A5 Coupe by New Straits Times
- CIMB Preferred Best Cars of 2009 (Audi A6) Best Executive Car – CIMB Preferred Getacar

GLENMARIE PROPERTIES SDN. BHD.

- ISO 9001: 2008 BY URS

HICOM AUTOMOTIVE MANUFACTURERS (MALAYSIA) SDN. BHD.

- Custom Golden Client (Highest Contribution for Excise Duty and Sales Tax) by Royal Custom Pahang
- TUV Nord – ISO 9001 : 2008
- TUV Nord – ISO/TS 16949 : 2009
- ICC Convention 2010, East Coast Region (Gold) by MPC
- Mini ICC Convention 2010, East Coast Region (Gold) by MPC
- 53rd National Day Celebration – Marching Champion

HICOM DIECASTINGS SDN. BHD.

- Lean Manufacturing Certificate (Vendor Recognition) by Proton Holdings Berhad
- Quality Campaign & Zero Defect Certificate of Achievement (Vendor Recognition) by Proton Holdings Berhad

HICOM-TECK SEE MANUFACTURERS (MALAYSIA) SDN. BHD.

- 4 STAR rating for SME Competitiveness rating for enhancement (SCORE) by Ministry of International Trade and Industry (MITI)
- Gold level – MPC Central Zone ICC Convention by MPC
- Gold level – MPC National ICC Convention by MPC

HONDA MALAYSIA SDN. BHD.

- 1st place – Customer Service Index (CSI) Study 2010 by Malaysian J.D. Power & Associates
- Reader's Digest Trusted Brand 2010 – Gold Award for Automobiles
- Best Booth Award – KL International Motorshow 2010
- J.D. Power Asia Pacific 2010 Malaysia Initial Quality Study – Best Entry Midsize Car in Initial Quality (Honda City)
- Putra Brand Award 2010, The People's Choice – Automotive category (Gold)

KL AIRPORT SERVICES SDN. BHD.

- The 4th Port Ranking for 2010 in Penang (Customer) by Cathay Pacific Airways

HOLIDAY INN KUALA LUMPUR GLENMARIE

- AON Hewitt Best Employers in Malaysia 2010 by AON Hewitt
- Golden Wheel Award 2010 by InterContinental Hotel Group
- Excellence in the field of Finance & Business Support (Finance Heroes - Aim Higher) by InterContinental Hotel Group
- EarthCheck Silver Certification by EarthCheck



- Top 3 HAPA Best Purchasing Department by Malaysia Series 9th Edition
- Top 5 HAPA Best Hotel and Golf Course of the Year by Malaysia Series 9th Edition
- Top 10 HAPA General Manager of the Year by Malaysia Series 9th Edition
- Top 10 HAPA Best 4 Star Hotel/Resort by Malaysia Series 9th Edition
- 5 Star Award 2010 – Hotel Ranking by Ministry of Tourism and the Malaysian Association of Hotels
- Green Globe Award 2010 (Benchmarked Status) by Green Globe

ISUZU HICOM MALAYSIA SDN. BHD.

- MS ISO 9001 : 2008 by SIRIM QAS International
- J.D. Power Asia Pacific 2010 Malaysia Initial Quality Study – Best Pick Up in Initial Quality
- Customs Golden Client by Royal Customs Pahang
- 53rd National Day Marching Parade – 2nd place

ISUZU MALAYSIA SDN. BHD.

- Asian Auto Fuel Efficiency Award 2010 – 2.5L Super Commonrail by Asian Auto
- Maybank Car of The Year (COTY) – 4x4 Pick Up Category by New Straits Times

MITSUBISHI MOTORS MALAYSIA SDN. BHD.

- Autocar ASEAN Car of The Year – Pick-Up Truck of The Year (Triton 2.5) by Autocar ASEAN
- Autocar ASEAN Car of The Year – Large SUV of The Year (Pajero Sport GL) by Autocar ASEAN
- New Straits Times/Maybank Car of The Year – Premium SUV of The Year (Pajero) by New Straits Times

ORIENTAL SUMMIT INDUSTRIES SDN. BHD.

- Most Improved Vendor by MODENAS Sdn. Bhd.
- Best Delivery Improvement by TS-LEAR
- 2nd Runner Up QCC Convention by Toyota Supplier's Club
- 1st Runner Up Vendor Kaizen Presentation by MODENAS Sdn. Bhd.
- Outstanding Quality Performance 2010 by Toyota ASSB

MOTOSIKAL DAN ENJIN NASIONAL SDN. BHD.

- ICC Muda Terbaik 2010 (Perkilangan) by MPC
- Konvensyen ICC Wilayah Utara (Gold – Perkilangan) by MPC
- Konvensyen ICC Kebangsaan 2010 (Perkilangan) by MPC
- QE Award (Perkilangan) by MPC
- Anugerah Khas Persekitaran Berkualiti Peringkat Kebangsaan 2011 (Perkilangan) by MPC

PHN INDUSTRY SDN. BHD.

- Best Delivery Award by Honda Malaysia Sdn. Bhd.
- 2nd place, Zero Defect Program by Proton Holdings Berhad
- Certificate for Achievement by Proton Holdings Berhad – Supplier Quality Risk Number Reduction Program
- ICC Convention 2010 (Gold) by MPC Wilayah Tengah
- 1st Runner Up Kaizen Convention 2010 (Vendor) by Proton Holdings Berhad
- 1st Runner Up ICC Convention 2010 (Vendor – Quality Initiative) by Proton Holdings Berhad
- Champion 42nd Kikuchi Press Circles (Global) by Kikuchi Press Ltd. Japan
- Proton Award ICC Convention (Vendor) by Proton Holdings Berhad
- 1st Runner Up Procurement Division's NHC Convention 2010 by Honda Malaysia Sdn. Bhd.

PUSPAKOM SDN. BHD.

- MS ISO 9001 : 2008 by SIRIM QAS International
- MS ISO 9001 : 2008 by The International Certification Network

SUZUKI MALAYSIA AUTOMOBILE SDN. BHD.

- Asian Auto Magazine Fuel Efficiency Awards 2010 – Compact City Cars, 2nd place by Ambank/Automobile Magazine-Asian Auto

UNI.ASIA LIFE ASSURANCE BERHAD

- Hadiah Bahasa Institusi Kewangan 2010 – Category Insuran Hayat by Dewan Bahasa dan Pustaka

Financial Calendar

FINANCIAL YEAR END

31 MARCH 2011

ANNOUNCEMENT OF RESULTS

FIRST QUARTER

26 August 2010

SECOND QUARTER

25 November 2010

THIRD QUARTER

25 February 2011

FOURTH QUARTER

26 May 2011

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

15 August 2011

ANNUAL GENERAL MEETING

8 September 2011

DIVIDENDS

For the financial year ended 31 March 2011

INTERIM

2.0 Sen Gross per share

ANNOUNCEMENT DATE

25 February 2011

ENTITLEMENT DATE

14 March 2011

PAYMENT DATE

28 March 2011

FINAL

4.0 Sen Gross per Share

ANNOUNCEMENT DATE

26 May 2011

ENTITLEMENT DATE

15 September 2011

PAYMENT DATE

7 October 2011



Corporate Information

as at 15 July 2011

DRB-HICOM BERHAD
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REACHING
BEYOND
BOUNDARIES



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

OOI 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, Carol (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

INTERNAL AUDIT

Mohammed Shukor bin Ismail
Head, Internal Audit
Tel : (03) 2052 8962
Fax : (03) 2052 8959
E-mail : shukor@drb-hicom.com

INVESTOR RELATIONS

Mohd Khalid bin Yusof
Head, Investor Relations
Tel : (03) 2052 8193
Fax : (03) 2052 8228
E-mail : m.khalid@drb-hicom.com

REGISTRAR

Symphony Share Registrars Sdn. 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

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Dagangan Damansara
50490 Kuala Lumpur
Tel : (03) 7495 8000
Fax : (03) 2092 5332

PRINCIPAL BANKERS

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

PRINCIPAL SOLICITOR

Naqiz & Partners

STOCK EXCHANGE LISTING

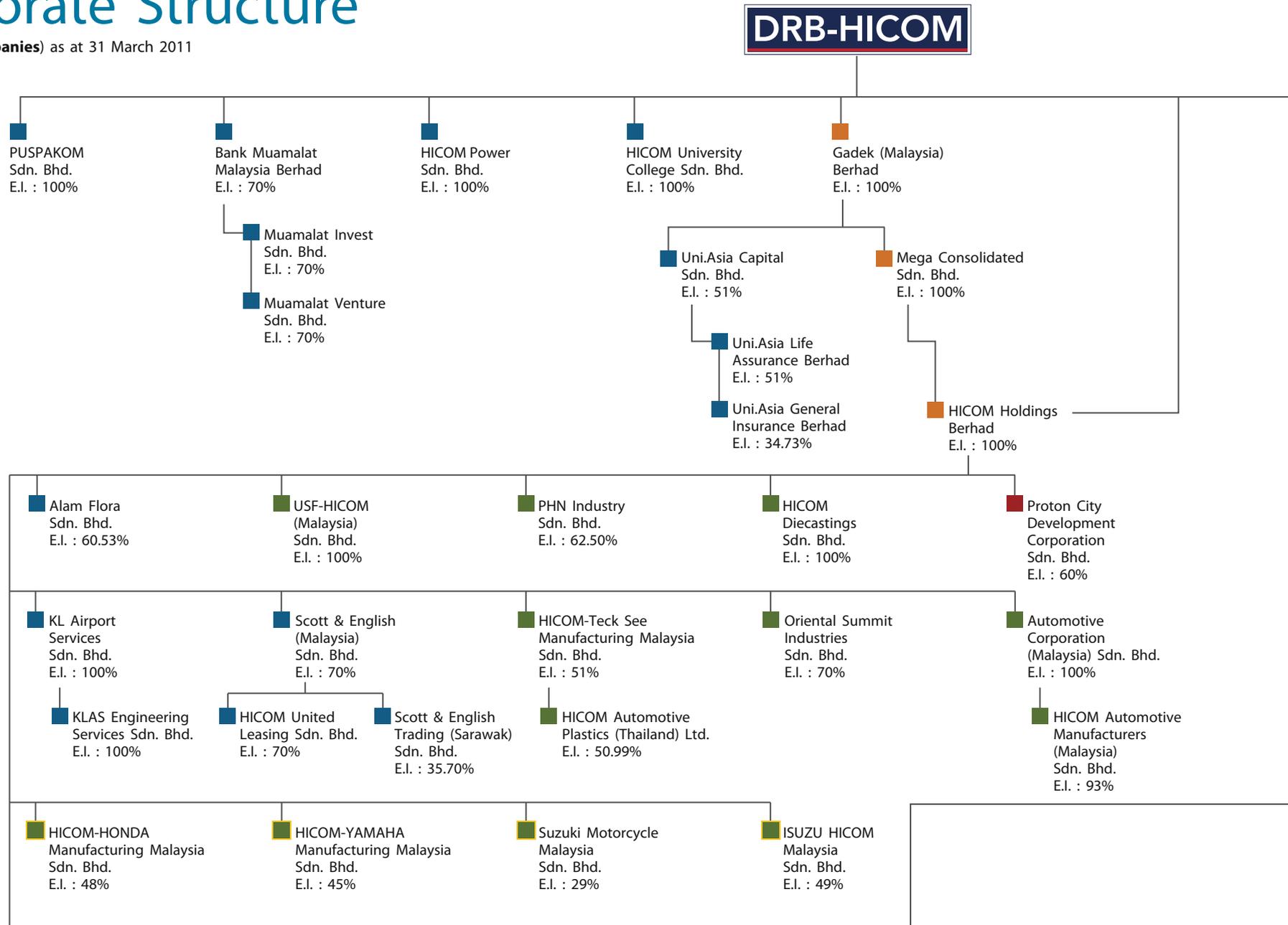
Main Market of Bursa Malaysia Securities Berhad
(Listed since 4 September 1992)
Stock Code : 1619

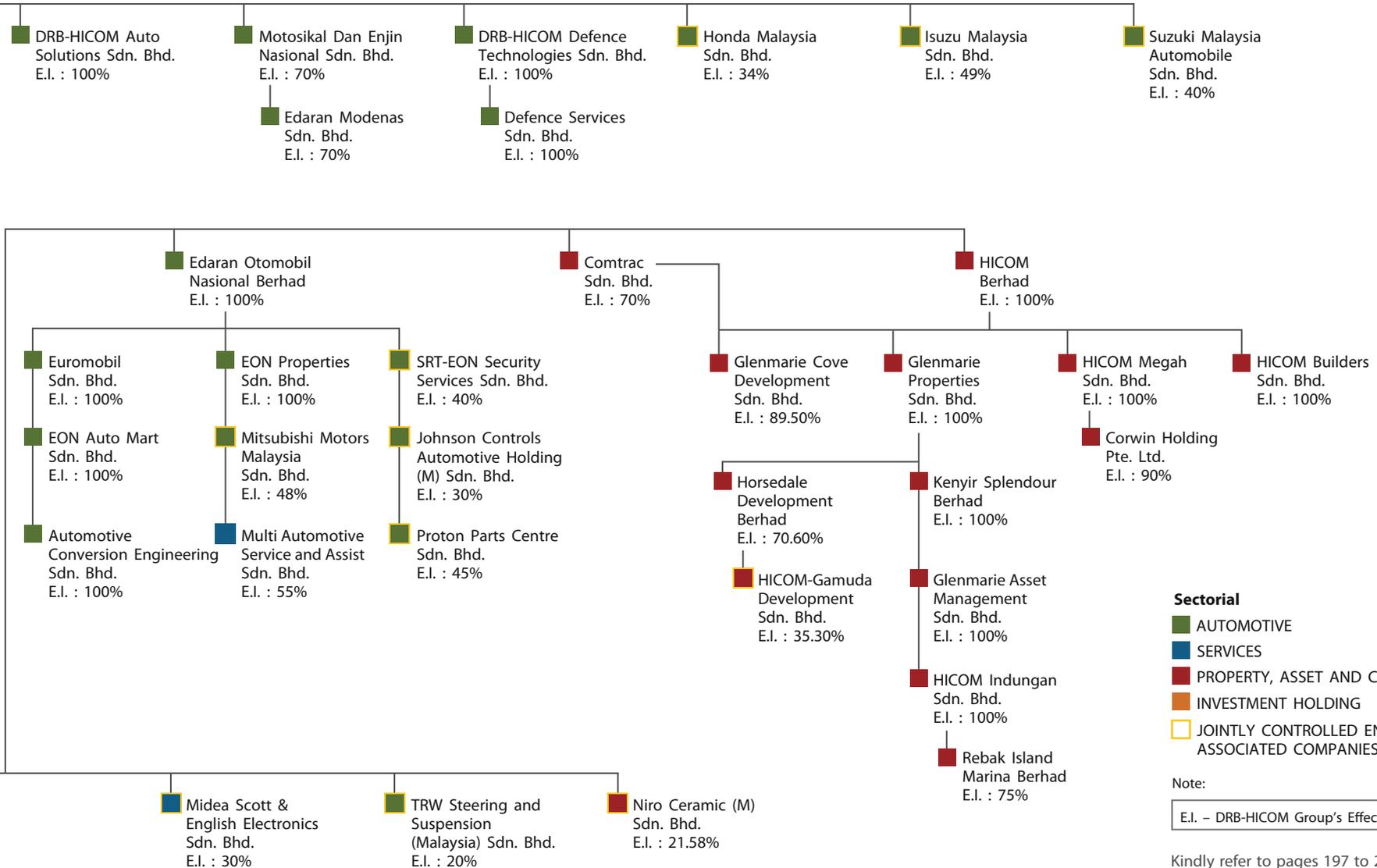
AGM HELPDESK

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

Group Corporate Structure

(Operating Companies) as at 31 March 2011





Sectorial

- AUTOMOTIVE
- SERVICES
- PROPERTY, ASSET AND CONSTRUCTION
- INVESTMENT HOLDING
- JOINTLY CONTROLLED ENTITIES / ASSOCIATED COMPANIES

Note:

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

Kindly refer to pages 197 to 208 for the full listing of Group companies.

Group Corporate Structure by Sector

(Significant Operating Companies) as at 31 March 2011

AUTOMOTIVE

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





SERVICES

- 100.00%** HICOM Power Sdn. Bhd.
(formerly known as 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
- 30.00%** Midea Scott & English Electronics Sdn. Bhd.

PROPERTY, ASSET AND CONSTRUCTION

- 100.00%** Glenmarie Properties Sdn. Bhd.
- 100.00%** HICOM Builders Sdn. Bhd.
- 100.00%** Glenmarie Asset Management Sdn. Bhd.
(formerly known as HICOM Facility Management Berhad)
- 100.00%** HICOM Indungan Sdn. Bhd.
- 100.00%** HICOM Berhad
- 100.00%** Kenyir Splendour Berhad
- 100.00%** HICOM Megah Sdn. Bhd.
- 89.50%** Glenmarie Cove Development Sdn. Bhd.
- 75.00%** Rebak Island Marina Berhad
- 70.60%** Horsedale Development Berhad
- 70.00%** Comtrac Sdn. Bhd.
- 60.00%** Proton City Development Corporation Sdn. Bhd.
- 35.30%** HICOM-Gamuda Development Sdn. Bhd.
- 21.58%** Niro Ceramic (M) Sdn. Bhd.

■ SUBSIDIARY COMPANIES

■ JOINTLY CONTROLLED ENTITIES

■ ASSOCIATED COMPANIES

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

Kindly refer to pages 197 to 208 for the full listing of Group companies.

Investor Relations

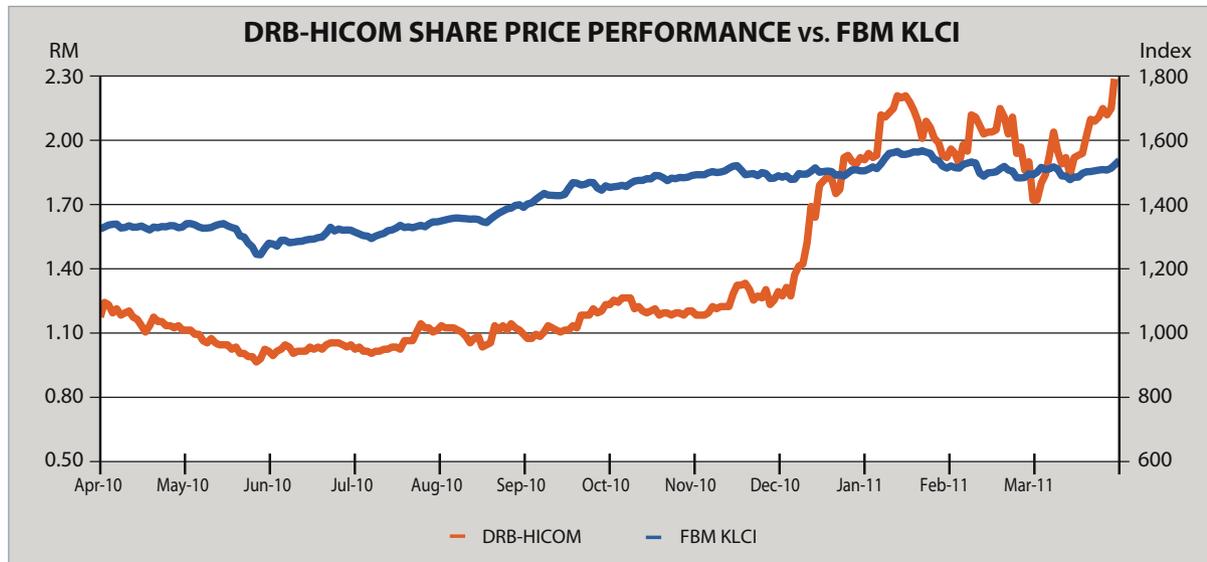
Investor Relations (IR) is an important part of DRB-HICOM's corporate governance framework, ensuring stakeholders and investment community, both local and international, are provided with accurate representation of the Group's performance and prospects.

The Group's IR department was established in October 2010 in an effort to increase awareness among the investment community as well as to assist investors in acquiring a well rounded understanding of the Group's businesses and strategies.

With DRB-HICOM's diversified business background, it is imperative that stakeholders' interests are met via timely dissemination of information with adequate disclosure and accountability. To achieve this, the IR department maintains a continuous stream of active dialogue with the stakeholders through a planned programme of IR activities.

SHAREHOLDER BASE

DRB-HICOM has a large shareholder base comprising 47,667 institutional and retail/private shareholders. Our substantial shareholders are Etika Strategi Sdn. Bhd. and the Employees Provident Fund (EPF), which together account for 62.2% of the Group, whilst foreign shareholdings edged up to 15.2% as of end-March 2011 as compared to 7.6% a year ago.





INVESTOR ENGAGEMENT

DRB-HICOM believes in providing continuous, accurate and timely information about any key development within the Group is an important feature of a good IR practice. During the year under review, key investor relations initiatives undertaken by DRB-HICOM aimed at improving engagement with stakeholders include:

- **In-house One-on-One and Teleconference Meetings**

In our efforts to provide clarity on operational and financial performance of the Group, the IR team met with 50 local and foreign fund managers and analysts.

- **IR Webpage**

DRB-HICOM recognises the importance of providing relevant and comprehensive information to shareholders and the financial community. For this reason, the IR team enhanced the IR webpage within the Group's website, www.drb-hicom.com, which provides relevant information to shareholders.

In June 2011, DRB-HICOM's commitment to shareholders further cemented with the participation of Senior Management headed by the Group Managing Director in a non-deal road-show (NDR) covering Kuala Lumpur, Singapore and Hong Kong. In total, 47 fund managers and analysts were engaged during the road-shows.

DRB-HICOM will continue to reach out for wider investor audience domestically and internationally by participating in future NDR and Investor/Equity conferences.

RETURN TO SHAREHOLDER

In line with the improved performance, the Board has proposed a final dividend of 4.0 sen gross per share, in addition to the interim dividend of 2.0 sen gross per share paid in March 2011. This marked an increase of 50% to the total gross dividend paid for the last financial year.

	2007	2008	2009	2010	2011
Total gross dividend per share (sen)	3.5	5.0	15.8 ¹	4.0	6.0
Share Price (RM)	1.77	1.16	0.69	1.16	2.30
Dividend Yield (%)	2.0	4.3	22.9	3.4	2.6
No. of shares ('000)	1,007,607	1,007,607	1,933,237	1,933,237	1,933,237

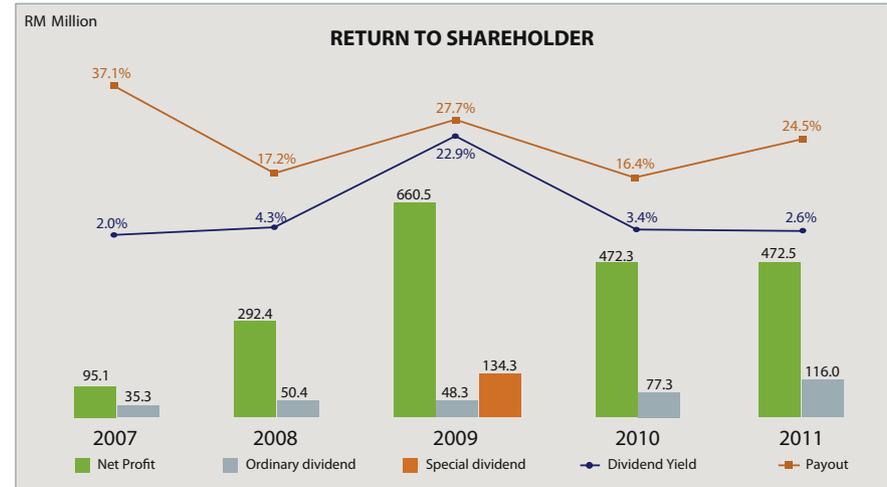
¹ Inclusive of 13.33 sen special dividend

DRB-HICOM's commitment in enhancing shareholders' return is further reiterated through the introduction of the Group's Dividend Policy. The dividend policy statement is as follows;

DIVIDEND POLICY

"It is the Group's intention to create value for shareholders through a sustainable dividend policy. In line with this, the Board acknowledges the importance of rewarding shareholders with a stable dividend and to sustainably grow dividend over time.

*Considering the Group is currently undertaking major investments, the dividend payout target will be between **20% to 30% of the operational net profit**. The dividend policy shall be reviewed by the Board periodically. In determining the annual dividend level, the Board will take into consideration the availability of cash, retained earnings, operating cash flow requirements, business prospect, future capital expenditure, investment plan and financing requirements. The Board will ensure a good balance sheet management with gearing kept at acceptable level."*



FEEDBACK

The perception of the investment community on the Group is utmost important in shaping the Group's reputation and successes. To further enhance our Investor Relations function and better serve the investment community, DRB-HICOM recognises and highly values constructive feedback and ideas which can be emailed to invest@drb-hicom.com.

The background of the entire image is a deep blue, starry night sky. On the right side, a bright, glowing comet streaks diagonally downwards, leaving a long, luminous trail. The stars are small, bright points of light scattered across the dark expanse.

FORGING INTO NEW FRONTIERS

Visible to the eye in the night skies as accelerating streaks of light, comets are believed to be asteroids seen beyond the solar system. Its highly charged presence defines DRB-HICOM's bold investments in the future, at the forefront of cutting edge technologies.







DECORUM

Our values of Decorum do not represent mere rhetorics, but an essential fact of the foundational strength and stability of the organisation, and continues to be instilled at the heart of everything that we do.

Group's Five Years Financial Highlights

	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
Operating Revenue	6,804,064	6,314,134	6,101,427	4,012,379	2,905,421
Profit Before Taxation	701,524	657,894	774,943	376,073	187,131
Earnings Per Share (sen) (Basic)	24.44	24.43	47.41	29.02	9.47
Dividend Per Share [^] (sen)	6.00	4.00	15.83	5.00	3.50
Total Assets	28,295,919	26,126,380	21,665,548	9,329,041	8,232,218
Shareholders' Equity	4,980,344	4,579,736	4,160,744	2,911,368	2,601,396
Net Assets Per Share (RM)	2.58*	2.37*	2.15	2.89	2.58
Total Borrowings	1,309,732	1,489,635	1,505,994	2,229,492	2,255,121
Gearing Ratio (Times)	0.26	0.33	0.36	0.77	0.87

[^] Dividend per share (gross) consist 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)

6.80
billion

DIVIDEND PER SHARE

6.00
sen

BASIC EARNINGS PER SHARE

24.44
sen

TOTAL ASSETS (RM)

28.30
billion

SHAREHOLDERS' EQUITY (RM)

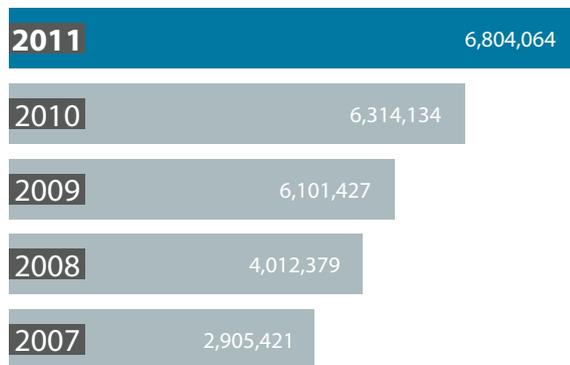
4.98
billion

NET ASSETS PER SHARE (RM)

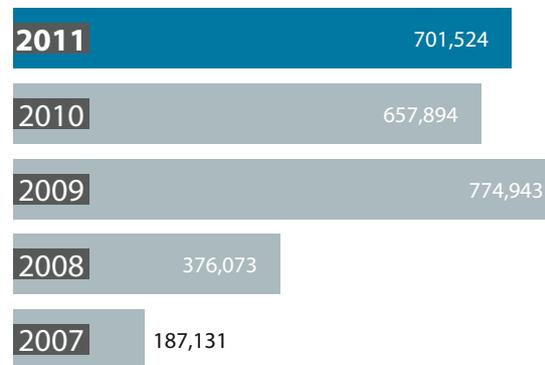
2.58



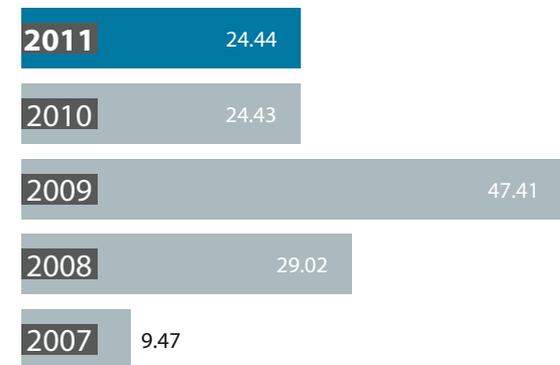
OPERATING REVENUE (RM'000)



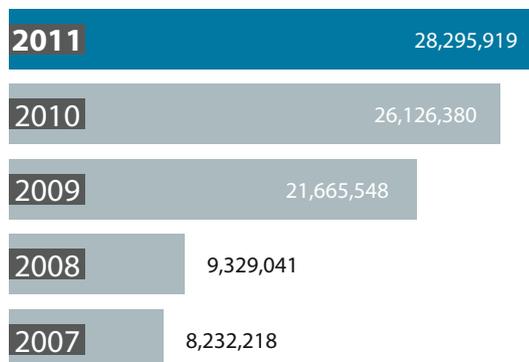
PROFIT BEFORE TAXATION (RM'000)



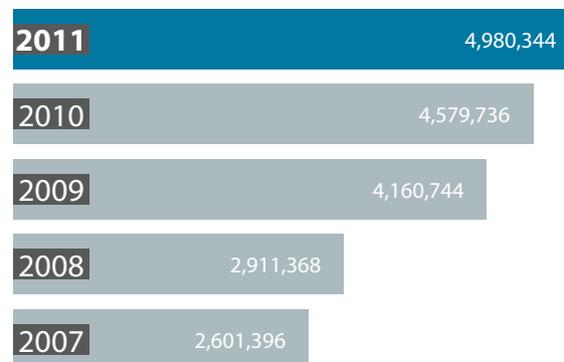
BASIC EARNINGS PER SHARE (sen)



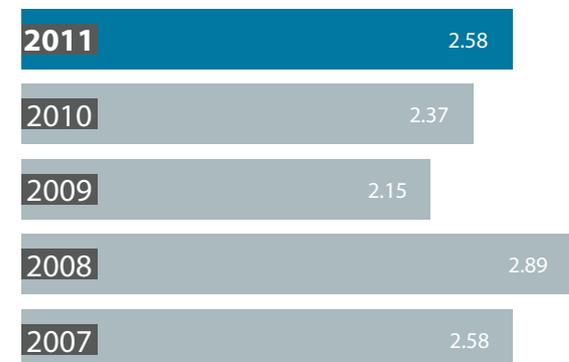
TOTAL ASSETS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



A photograph of the Aurora Borealis (Northern Lights) over a forest. The sky is filled with vibrant, multi-colored light displays in shades of green, yellow, orange, and red. The foreground shows the dark silhouettes of trees against the glowing sky.

PERFORMING ON GLOBAL PRESENCE

The Aurora Borealis majestic display of moving lights at the furthest hemispheres is a phenomenon of the sun's radiation seeping and bombarding earth's hemisphere. By the same virtue, DRB-HICOM's strategic alliances demonstrate potential for illuminated growth.





WISMA
DRB-HICOM
DRB-HICOM

TION



TEAMWORK

Our values of Teamwork is one that underlies our belief that the spirit of cooperation harnesses the talents of many, creating balance between individuals who collectively deliver outstanding results.



Board of Directors

**DATUK HAJI ABDUL
RAHMAN BIN MOHD RAMLI**
Independent
Non-Executive Director

**TAN SRI MARZUKI
BIN MOHD NOOR**
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



OUI TEIK HUAT
Independent
Non-Executive Director

**DATO' SRI HAJI MOHD
KHAMIL BIN JAMIL**
Group Managing Director

ONG IE CHEONG
Independent
Non-Executive Director

**DATO' NOORRIZAN
BINTI SHAFIE**
Non-Independent
Non-Executive Director

Profile of Directors



DATO' SYED MOHAMAD BIN SYED MURTAZA

CHAIRMAN/SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
CHAIRMAN OF NOMINATION AND REMUNERATION COMMITTEE

DATE OF APPOINTMENT

28 October 2005 (Director)

1 July 2009 (Chairman)

NATIONALITY/AGE

Malaysian, 63 years

Dato' Syed Mohamad bin Syed Murtaza 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 Amstrong Auto Parts Sdn. Bhd. He also heads Penang Tourists Centre Berhad, MITTAS Berhad, 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 International Motorcycle Manufacturers Association.

His current directorships in companies within the DRB-HICOM Group include HICOM Holdings Berhad, HICOM Berhad and several private limited companies. He is also the Chairman of Master-Pack Group Berhad and sits on the Boards of Yayasan Bumiputra Pulau Pinang Berhad, Boon Siew Credit Berhad, Tourism Entrepreneur Centre Berhad, 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 2011.



DATO' SRI HAJI MOHD KHAMIL BIN JAMIL

GROUP MANAGING DIRECTOR

DATE OF APPOINTMENT

19 July 2005 (Director)

1 March 2006 (Group Managing Director)

NATIONALITY/AGE

Malaysian, 55 years

Dato' Sri Haji Mohd Khamil bin Jamil 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.

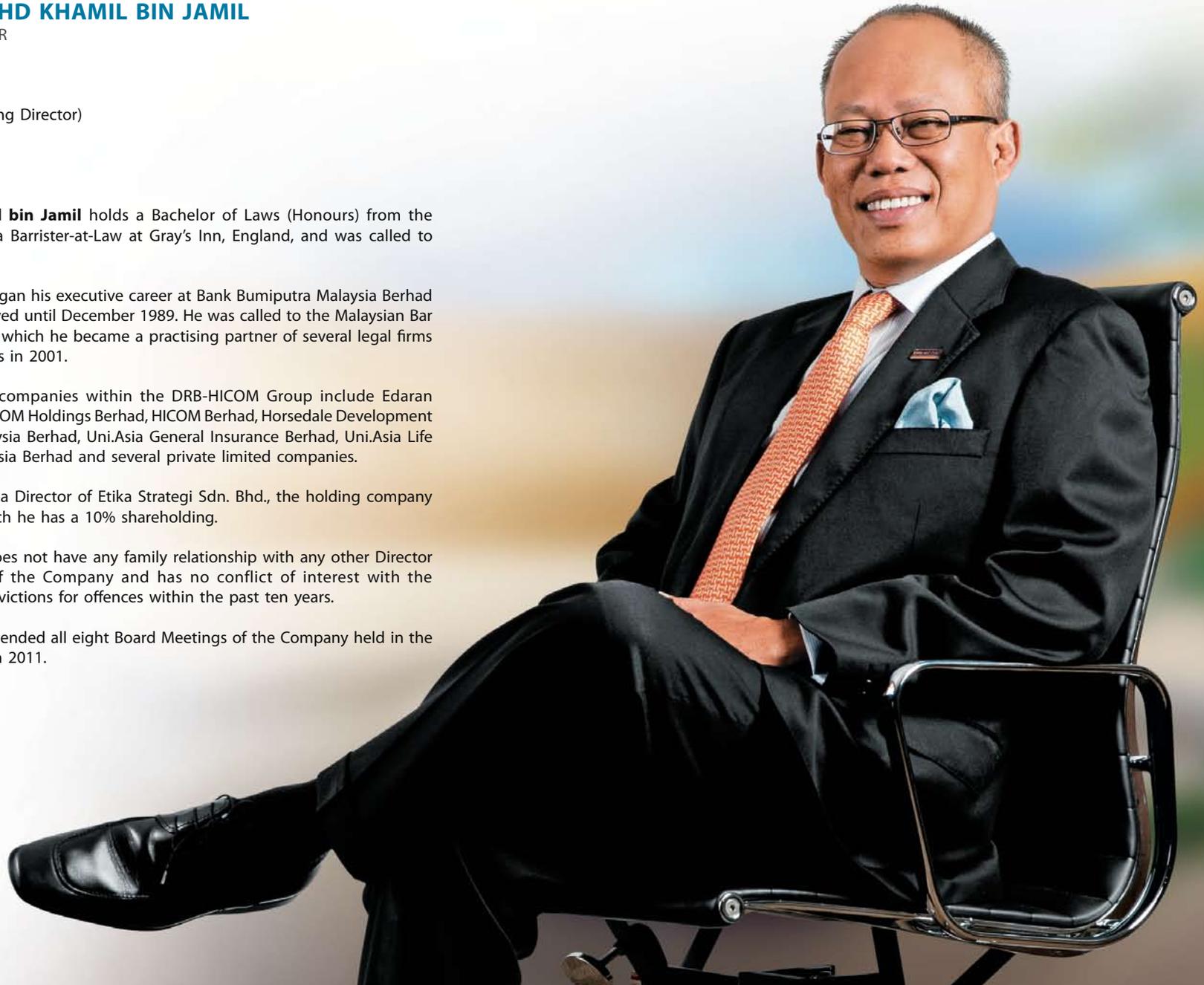
Dato' Sri Haji Mohd Khamil began his executive career at Bank Bumiputra Malaysia Berhad in August 1980, where he served until December 1989. He was called to the Malaysian Bar in September 1990, following which he became a practising partner of several legal firms before venturing into business in 2001.

His current directorships in companies within the DRB-HICOM Group include 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, POS Malaysia 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 all eight Board Meetings of the Company held in the financial year ended 31 March 2011.





DATO' NOORRIZAN BINTI SHAFIE

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT

28 November 2006

NATIONALITY/AGE

Malaysian, 55 years

Dato' Noorrian binti Shafie holds a Bachelor of Economics (Honours) and a Master of Business Administration from the National University of Malaysia (UKM).

Dato' Noorrian is currently the Under Secretary, Remuneration Policy, Public Money and Management Service 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' Noorrian is a Non-Independent Director nominated by the Ministry of Finance. She also sits on the Board of HICOM Holdings Berhad. 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' Noorrian attended all eight Board Meetings of the Company held in the financial year ended 31 March 2011.



DATO' IBRAHIM BIN TAIB

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT

18 March 2004

NATIONALITY/AGE

Malaysian, 57 years

Dato' Ibrahim bin Taib 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 Sessions 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 Pencen until his resignation on 28 February 2007. Dato' Ibrahim also sits on the Board of Bandar Eco-Setia Sdn. Bhd., Iskandar Investment Berhad and KWASA Properties Sdn. Bhd.

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 all eight Board Meetings of the Company held in the financial year ended 31 March 2011.



DATUK HAJI ABDUL RAHMAN BIN MOHD RAMLI

INDEPENDENT NON-EXECUTIVE DIRECTOR
CHAIRMAN OF AUDIT COMMITTEE
MEMBER OF THE RISK COMMITTEE

DATE OF APPOINTMENT

28 October 2005

NATIONALITY/AGE

Malaysian, 72 years

Datuk Haji Abdul Rahman bin Mohd Ramli 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.

His current directorships in companies within the DRB-HICOM Group include being the Chairman of Horsedale Development Berhad, PUSPAKOM Sdn. Bhd. and Director of several private limited companies. He also sits on the Board of Kuala Lumpur-Kepong Berhad. He was appointed as an Independent Member of Investment Committee of Felda Global Ventures Holdings Sdn. Bhd. on 5 August 2010.

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 2011.





ONG IE CHEONG

INDEPENDENT NON-EXECUTIVE DIRECTOR
MEMBER OF AUDIT COMMITTEE
MEMBER OF NOMINATION AND REMUNERATION COMMITTEE

DATE OF APPOINTMENT

28 October 2005

NATIONALITY/AGE

Malaysian, 70 years

Mr Ong Ie Cheong holds a Bachelor of Science Degree from the University of Malaya.

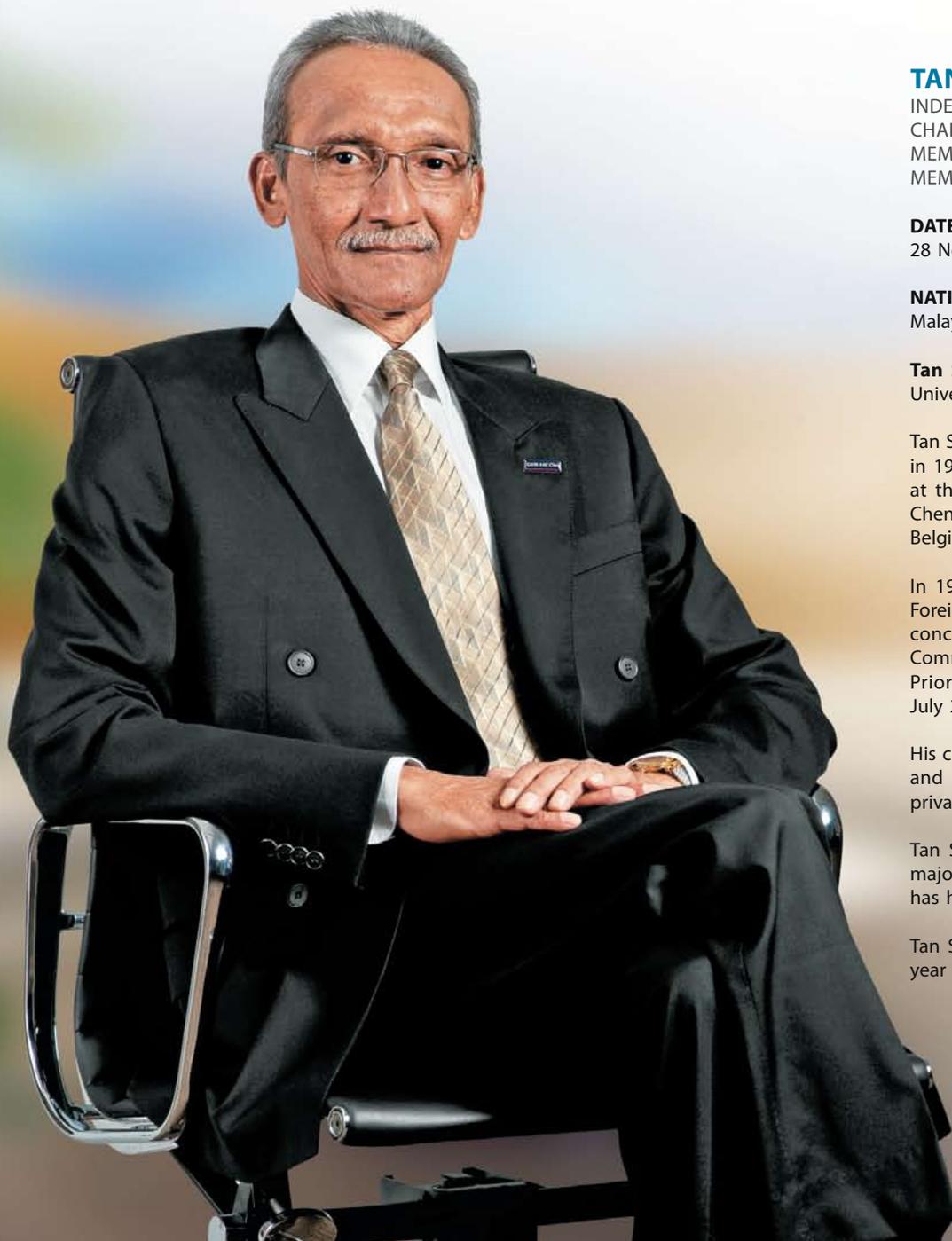
Mr Ong was the Executive Chairman of PPB Group Berhad, Managing Director of Central Sugars Refinery Sdn. Bhd. and a Board member of PPB Oil Palms Berhad and Tradewinds (M) Berhad prior to joining the DRB-HICOM Board.

His current directorships in the companies within the DRB-HICOM Group include HICOM Holdings Berhad, HICOM Berhad and several private limited companies.

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 all eight Board Meetings of the Company held in the financial year ended 31 March 2011.





TAN SRI MARZUKI BIN MOHD NOOR

INDEPENDENT NON-EXECUTIVE DIRECTOR
CHAIRMAN OF RISK COMMITTEE
MEMBER OF AUDIT COMMITTEE
MEMBER OF NOMINATION AND REMUNERATION COMMITTEE

DATE OF APPOINTMENT

28 November 2006

NATIONALITY/AGE

Malaysian, 63 years

Tan Sri Marzuki bin Mohd Noor holds a Bachelor of Art (Honours) Degree 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.

His current directorships include being the Chairman of Edaran Otomobil Nasional Berhad and Director 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 all eight Board Meetings of the Company held in the financial year ended 31 March 2011.



OOI TEIK HUAT

INDEPENDENT NON-EXECUTIVE DIRECTOR
MEMBER OF AUDIT COMMITTEE
MEMBER OF RISK COMMITTEE

DATE OF APPOINTMENT

1 November 2008

NATIONALITY/AGE

Malaysian, 51 years

Mr Ooi Teik Huat is a member of the Malaysian Institute of Accountants and CPA Australia and holds a Bachelor of Economics degree from Monash University, Australia.

Mr Ooi started his career 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). He subsequently joined Pengkalen Securities Sdn. Bhd. (now known as PM Securities Sdn. Bhd.) as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn. Bhd. where he is presently a Director.

Mr Ooi also sits on the boards of Tradewinds Plantation Berhad, Tradewinds (M) Berhad, MMC Corporation Berhad, Zelan Berhad, Johor Port Berhad and several private limited companies.

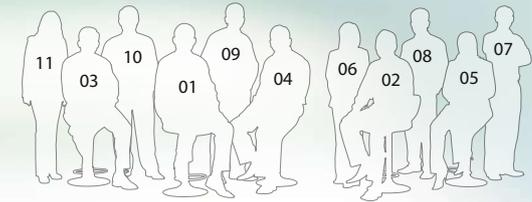
Mr Ooi does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past ten years.

Mr Ooi attended seven out of eight Board Meetings of the Company held in the financial year ended 31 March 2011.



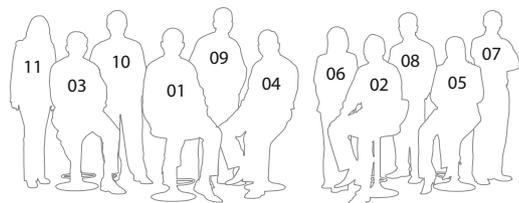
Management Team





01. **DATO' SRI HAJI MOHD KHAMIL BIN JAMIL**
Group Managing Director
02. **DATO' LUKMAN BIN IBRAHIM**
Group Chief Operating Officer
03. **DATO' KHALID BIN ABDOL RAHMAN**
Group Director, Corporate Planning
04. **DATO' NIK HAMDAM BIN NIK HASSAN**
Group Director, Automotive
05. **SITI MARIAM BINTI MOHD DESA**
Group Director, Property, Asset & Construction
06. **CHAN CHOY LIN, CAROL**
Group Director, Corporate Affairs
07. **MOHD ASLAM BIN FARIKULLAH**
Head, Vehicle Manufacturing Projects
08. **MOHAMMED SHUKOR BIN ISMAIL**
Head, Internal Audit
09. **MD RADZAIF BIN MOHAMED**
Head, Manufacturing & Engineering
10. **BENEDICT HO KOK KEONG**
Head, Business Development
11. **SHAHRLU BARIAH BINTI MOHD REJAB**
Head, Corporate Communications

Profile of Management Team



01

DATO' SRI HAJI MOHD KHAMIL BIN JAMIL

GROUP MANAGING DIRECTOR

02

DATO' LUKMAN BIN IBRAHIM

GROUP CHIEF OPERATING OFFICER

Dato' Lukman obtained a Bachelor of Business Administration (Magna Cum Laude) in 1989 and Master of Business Administration in 1990 from Temple University, Philadelphia, USA. He is a Fellow of Association of Chartered Certified Accountants (ACCA), a member of Malaysian Institute of Certified Public Accountant (CPA) and Malaysian Institute of Accountants (MIA).

Dato' Lukman started his career in 1989 with Sun Refining and Marketing, Philadelphia, USA before joining Automotive Corporation (Malaysia) Sdn. Bhd. in 1990. He then joined Proton Berhad in 1991 and established his career with Proton where he spent 17 years of his working life. His appointment immediately prior to joining DRB-HICOM was as Managing Director of PHN Industry Sdn. Bhd. on secondment from Proton.

Dato' Lukman joined DRB-HICOM in 2008 as Group Chief of Finance, a position which was later re-designated as Group Chief Financial Officer. He was promoted to his current position in June 2011.

Dato' Lukman also holds directorship in several subsidiaries and associate companies including POS Malaysia Berhad. In addition, he is the Chairman of Audit Committee for Proton Parts Centre Sdn. Bhd., Defence Services Sdn. Bhd. and Glenmarie Asset Management Sdn. Bhd.

03

DATO' KHALID BIN ABDOL RAHMAN

GROUP DIRECTOR, CORPORATE PLANNING

Dato' Khalid joined DRB-HICOM Berhad in August 2006 as Head of Corporate Planning and was the Group Director, Corporate & Services from August 2009 to May 2011 prior to assuming the current role in June 2011.

Dato' Khalid holds a Diploma in Accountancy from Institute Technology Mara, Bachelor of Science (Finance) from Indiana State University, USA and Masters of Business Administration (Marketing) from University of New Haven, USA.

Dato' Khalid started his career as Assistant Leasing Manager with Leasing Corporation Sdn. Bhd. from 1979 to 1982 prior to pursuing further studies. When he returned in 1986, he served as Corporate Finance Manager with Rakyat Merchant Bankers Berhad until 1990. Between 1991 and 1996 he was under the employment of MMC Berhad, Southern Investment Bank Berhad and MARA Holdings Sdn. Bhd. in various capacities primarily in corporate finance field. Immediately prior to joining DRB-HICOM, Dato' Khalid was the Group General Manager, Corporate Planning and Business Development for Tradewinds Corporation Berhad, a company he joined in 1997.

Dato' Khalid holds directorship in several companies within DRB-HICOM Group including Alam Flora Sdn. Bhd., Defence Services Sdn. Bhd., KL Airport Services Sdn. Bhd., PUSPAKOM Sdn. Bhd., HICOM Power Sdn. Bhd., Uni.Asia Life Assurance Berhad, Uni.Asia General Insurance Berhad and as Alternate Director in POS Malaysia Berhad..



04

DATO' NIK HAMDAM BIN NIK HASSAN

GROUP DIRECTOR, AUTOMOTIVE

Dato' Nik Hamdam bin Nik Hassan was appointed as Group Director of Automotive, DRB-HICOM on 1 August 2009.

He holds Advanced Diploma in Business Administration from UiTM and a Master of Science, Business Administration from the University of Wales, Institute of Science and Technology Cardiff, Wales, United Kingdom.

Dato' Nik Hamdam started his career in DRB-HICOM Group as an Assistant Manager, Corporate Planning Division of HICOM Berhad in 1985. Thereafter, he was seconded to Perusahaan Otomobil Nasional Berhad (PROTON) in 1987 and was attached to the Product Planning Unit, managing several new product introductions.

In 1996, he was appointed as Deputy General Manager at PROTON Export's Arm i.e. PROTON Corporation Sdn. Bhd.

In 1998, he held the position of Deputy General Manager, Planning & Business Development at DRB-HICOM Export Corporation Sdn. Bhd.

In October 2000, he was appointed as Deputy General Manager, Sales & Distribution to HONDA Malaysia Sdn. Bhd. (HONDA) and promoted to General Manager in 2003, and he held the position as the President/Chief Operating Officer of HONDA Malaysia from 2005 until 2006.

Prior to his current post, he was the Head, Automotive Distribution, DRB-HICOM Berhad.

05

SITI MARIAM BINTI MOHD DESA

GROUP DIRECTOR, PROPERTY, ASSET & CONSTRUCTION

Puan Siti Mariam graduated with a Bachelor in Architecture (Honours) from the University of New South Wales Australia, in 1987.

Puan Siti Mariam started her career with Akitek Jururancang (M) Sdn. Bhd. where she had served for 4 years. Subsequently she moved to Island & Peninsular Berhad (I&P), which she had served for 14 years. She obtained her corporate registration with LAM in 1992.

She progressively moved up the corporate ladder, assuming several managerial positions with the company. Her last held position in I&P Group was the Chief Operating Officer of I&P Properties. She then joined Kuwait Finance House (M) Berhad in 2006 as Director, Real Estate Advisory.

Puan Siti Mariam joined DRB-HICOM in December 2010 as Group Director, Property & Infrastructure, the division which was later renamed Property, Asset & Construction Division.

Puan Siti Mariam currently sits on the Board of Niro Ceramic (M) Sdn. Bhd.

06

CHAN CHOY LIN, CAROL

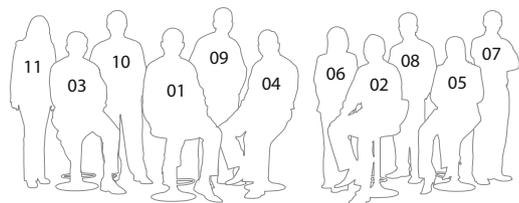
GROUP DIRECTOR, CORPORATE AFFAIRS

Ms Chan is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

She began her career as an auditor with a public accounting firm in 1979 before joining a Public Listed Company in 1984. In total, she has accumulated more than 20 years of working experience in auditing, secretarial and accounting with public listed companies prior to joining DRB-HICOM.

The companies that she had served during this period were Innovest Berhad, MBf Holdings Berhad, MBf Capital Berhad, MBf Finance Bhd/AmBank (M) Berhad and Tradewinds Corporation Berhad.

Ms Chan joined DRB-HICOM as Principal Company Secretary in 2006 and was appointed to the current position in June 2011, where she oversees the Group's corporate secretarial, legal affairs and corporate responsibility matters.



07

MOHD ASLAM BIN FARIKULLAH

HEAD, VEHICLE MANUFACTURING PROJECTS

Encik Mohd Aslam graduated from University of Bath, England with a Bachelor of Science (Honours) in Engineering and is an Associate Member of the Institution of Mechanical Engineers United Kingdom.

Encik Mohd Aslam started his career as Assistant Lecturer in UTM. He joined the corporate world through Airod Sdn. Bhd. where he started as Quality Engineer in 1986. In 1989, he worked in England initially as Project Engineer with AE Auto Parts and in 1991, Encik Mohd Aslam worked with Denso Marston where his last held position in 2007 was Product Technical Manager responsible for automotive engineering solution.

Encik Mohd Aslam joined DRB-HICOM in 2007 and was seconded to Isuzu HICOM Malaysia Sdn. Bhd. (formerly known as Malaysian Truck & Bus Sdn. Bhd.) as Chief Operating Officer. Concurrently, he was also the Chief Operating Officer of HICOM Automotive Manufacturers (M) Sdn. Bhd. (formerly known as Automotive Manufacturers (M) Sdn. Bhd.).

In 2008, Encik Mohd Aslam was recalled to Corporate Office to head Enterprise Quality and Improvement division and subsequently made Head, Manufacturing & Engineering division in 2009. Encik Mohd Aslam is currently Head, Vehicle Manufacturing Projects, a new division formed in April 2010.

Encik Mohd Aslam currently sits on the Board of ZF Steerings (Malaysia) Sdn. Bhd.

08

MOHAMMED SHUKOR BIN ISMAIL

HEAD, INTERNAL AUDIT

Encik Mohammed Shukor graduated from UiTM with a Bachelor of Accountancy. He also holds an MBA from the same institution and was admitted to Malaysian Institute of Accountant as a Chartered Accountant in 1996. He is also a Certified Internal Auditor, a professional certification established by The Institute of Internal Auditors.

Encik Mohammed Shukor joined DRB-HICOM as Manager, Internal Audit in 1997 and was promoted to Senior Manager in the same function in 2001. He is currently the Head of Internal Audit, a position he held since March 2007.

Encik Mohammed Shukor started his career as Accounts Officer with Lembaga Kemajuan Ikan Malaysia in 1986. In 1987, he made a career move into internal audit line serving Majlis Amanah Rakyat and Golden Hope Plantation Berhad as Internal Auditor for 6 years. His last appointment prior to joining DRB-HICOM was as Manager, Accounts in Malaysia International Shipping Corporation Berhad.



09

RADZAIF BIN MOHAMED

HEAD, MANUFACTURING & ENGINEERING

Encik Radzaif graduated with a Bachelor of Science (Mechanical Engineering) from University of Leeds, United Kingdom. He obtained his Master of Science from Cranfield Institute of Technology, England in 1984. He is a Chartered Engineer, United Kingdom and a member of The Welding Institute, United Kingdom.

Encik Radzaif began his career with DRB-HICOM in 2004 as Chief Operations Officer in HICOM Teck-See Manufacturing (M) Sdn. Bhd. In 2009, he was appointed as Chief Executive Officer of the company. Encik Radzaif is currently Head, Manufacturing & Engineering division and has held the position since July 2010.

Encik Radzaif sits on the Board of several Group Companies namely HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd., HICOM Diecastings Sdn. Bhd., HICOM-Honda Manufacturing Sdn. Bhd., HICOM-Teck See Manufacturing Sdn. Bhd. and HICOM-Yamaha Manufacturing Sdn. Bhd.

10

BENEDICT HO KOK KEONG

HEAD, BUSINESS DEVELOPMENT

Mr Benedict Ho graduated from Universiti Kebangsaan Malaysia with a Bachelor of Arts Degree. He joined DRB-HICOM in 2006 as General Manager, Public Affairs and Investor Relations and was transferred to lead the Business Development department in 2007.

In November 2008, Mr Benedict Ho was seconded to Bank Muamalat Berhad to take on the role as Senior Vice President, Business Development. In May 2011, he was recalled to Corporate Office to head his previous position in Business Development.

Immediately prior to rejoining DRB-HICOM Group, Mr Benedict Ho was the Head, Group Corporate Communications & Public Affairs for EON Bank Group. Prior to that, he held several managerial and executive positions in EON Berhad and RHB Capital Berhad.

11

SHHRUL BARIAH BINTI MOHD REJAB

HEAD, CORPORATE COMMUNICATIONS

Cik Shahrul Bariah graduated with a Bachelor in Mass Communication (Public Relations) and Master of Mass Communication from UiTM, Shah Alam, Selangor Darul Ehsan.

Cik Shahrul Bariah commenced her career with Excel Exhibitions (M) Sdn. Bhd. as Public Relations Executive and later MIDF Consultancy and Corporate Services Sdn. Bhd. as Senior Officer, Public Relations/Marketing.

Adding to her profile, she held position as Public Relations Manager in Ranhill Berhad and subsequently as Head, Corporate Communications in Commerce Life Assurance Berhad.

Cik Shahrul Bariah joined DRB-HICOM in May 2011 as Head, Corporate Communications division. Prior to joining the Group, she was the General Manager for Corporate Communications and Public Affairs of Syarikat Bekalan Air Selangor Sdn. Bhd. (SYABAS), a corporation she joined in 2005.

A long-exposure photograph of a starry night sky. The stars have moved, creating long, colorful streaks (trails) in shades of blue, white, and yellow. The trails are curved, indicating the Earth's rotation. In the foreground, the dark silhouettes of evergreen trees are visible against the bright, glowing sky.

PATH OF NEW OPPORTUNITIES

A time lapse picture tracking movements of stars laid evidence that earth followed a circular path, in its own orbiting revolution around the sun and not otherwise. Similarly, DRB-HICOM pursues new businesses by setting a path of monitoring opportunities ahead.

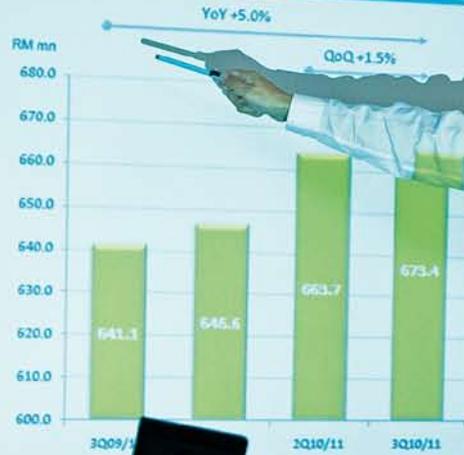


SERVICES

Revenue Growth YoY



Revenue Trend QoQ





INTEGRITY

Our values of Integrity is intrinsically about adherence to fundamental principles, sharing a sense of solidarity and cooperation to achieve personal goals that equate and propel the Group's success.

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 enhances shareholders' value through a sustainable business.

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 highest 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 the international best practices during the financial year ended 31 March 2011.

1. BOARD OF DIRECTORS

1.1 DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board has the following six (6) specific responsibilities, which facilitate the discharge of the Board's stewardship responsibilities in the best interest of the Company:

i. Adopting and reviewing a strategic plan for the Company

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 without neglecting the shareholders' interest. The strategic plan of the Group includes the element of strategic risk and not limited to just financial.

The Board approves and adopts the Group's Annual Management Plan ("AMP") and the overall strategic direction on a yearly basis and for the ensuing year. The process also includes the Board reviewing and approving the AMP and the corporate key performance indicators ("KPIs") which are used by the Board for tracking the Company's performance against the targets. These would ensure the financial performance and the business of the Company are properly managed and the shareholders' values are safeguarded.

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.

The Board also review the sustainability of the strategic direction to ensure the Group achieve the targets in line with fast changing market environment. In addition, the Board reviews the Company's funding requirements on a continuing basis including treasury matters and approval of financial arrangements.



ii. **Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained**

The Board provides entrepreneurial leadership and specifies the parameters within which Management decisions are to be made. The high integrity practice is adopted by all the Board members to avoid improper use of information, conflict of interest, secret profit, contract with the Company and any other corrupt activities.

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") to reflect the flow of authority and function of Group Managing Director and Management in accordance with the approved financial limits. The LOA also specified a formal schedule of matters reserved for the Board's deliberation and decision making. The LOA is reviewed as and when required.

At Board Meetings, the Group Managing Director presents detailed progress reports on the operations of the Group by sectors/companies, financial performance for the period, updates on key strategic activities, key corporate exercises, significant events of the Group and achievements compared to the AMP.

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.

In addition, the Board considered and approved the setting up of individual business units, business continuity framework, declaration of dividends, investment activities which involved business restructuring, acquisition, disposal of companies, reorganisation of internal companies and other major business decision to be carried out by the Group.

iii. **Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks**

The Board is responsible to review principal risks, establish appropriate risk management and internal control procedures of the Company to ensure that obligation to shareholders and other stakeholders are met.

The review is conducted by the Board Risk Committee ("BRC") in addition to the existing Group Risk Management Committee ("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 BRC oversees the risk management activities of the Group. The BRC formulates relevant proposals on risk management policies and risk measurement parameters across the Group and makes the appropriate recommendations to the Board for its approval. The BRC 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 BRC regularly before submission to the Board on the key risks and controls to mitigate the risks and action plans.

Further details on risk management are set out in the section on "Risk Management" from pages 085 to 086.

iv. **Succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Company**

The Nomination and Remuneration Committee ("NRC") has been entrusted with the responsibility to review candidates for appointment to the Board, Board Committees and Senior Management for Grade 11 and above. The NRC also has the responsibility to determine the remuneration of Executive Directors and other Senior Management personnel from Grade 11 and above.

The Management had embarked on talent management and succession planning. The Management had established a Succession Planning & Development Steering Committee to monitor the progress related to succession planning and development programme of the Group. The status will be reviewed by the NRC periodically before submission to the Board.

Further details of NRC of the Company are set out on pages 067 to 068 of the Annual Report.

v. [Developing and implementing an investor relations programme or shareholder communications policy for the Company](#)

The Board recognises the importance of maintaining transparency and accountability to the shareholders and stakeholders. The Group's Corporate Planning Division had been entrusted with the responsibility to handle investor relations ("IR") and communications to the shareholders.

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.

vi. [Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines](#)

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 Legal Affairs Department, Corporate Secretarial and Corporate Planning Divisions.

The officers responsible are as follows:

i. [Dato' Khalid bin Abdol Rahman](#)

Group Director, Corporate Planning

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 Shukor bin Ismail](#)

Head, Internal Audit

Encik Mohammed Shukor is an accountant by profession. He also holds a Master's 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](#)

Group Director, Corporate Affairs/Company Secretary

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

iv. [Kalpana d/o Sambasivamurthy](#)

Head, Legal Affairs

Ms Kalpana graduated with LLB from University of West of England, Bristol. She has 8 years practice experience in corporate and commercial legal matters.

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 074 to 076 of this Annual Report.



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 Bursa Securities Main Market Listing Requirements ("Bursa Securities Listing Requirements"). The independent Directors make up 62% of the Board membership. Hence, the Board more than fulfills the prescribed requirements for one-third of the membership of the Board to be Independent Board Members.

The 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 judgment 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 also 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 042 to 049. 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 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.

The segregation between the duties of the Chairman and Group Managing Director ensures appropriate balance of role, responsibility and accountability at the Board level.

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 with the 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 2011 include the following:

i. **Dato' Syed Mohamad bin Syed Murtaza**

- Corporate Governance Guide: Towards Boardroom Excellence
- Attaining Corporate Resilience through Governance and Integrity
- MAICSA Annual Conference : Governance and Ethical Practices in the Boardroom

ii. **Dato' Sri Haji Mohd Khamil bin Jamil**

- Kuala Lumpur Islamic Financial Forum by Bank Muamalat Malaysia Berhad
- Management Committee Workshop

iii. **Dato' Noorizan binti Shafie**

- Corporate Governance Guide: Towards Boardroom Excellence
- Directors Duties & Governance 2011
- Assessing the Risk and Control Environment

iv. **Dato' Ibrahim bin Taib**

- International Seminar on Social Security
- Asian Corporate Governance Conference
- Management Forum-Corporate Culture & Economic Transformation

v. **Datuk Haji Abdul Rahman bin Mohd Ramli**

- Corporate Governance and Its Recent Developments
- Launch of Sustainability Programme for Corporate Malaysia
- Directors Duties & Governance 2011
- Corporate Directors Conference 2011-The resurgence of Corporate Malaysia

vi. **Ong Ie Cheong**

- Corporate Governance Guide: Towards Boardroom Excellence

vii. **Tan Sri Marzuki bin Mohd Noor**

- Corporate Governance Guide: Towards Boardroom Excellence
- Assessing the Risk and Control Environment
- Sustainability Programme for Corporate Malaysia
- Talk by John H. Stout : "The Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance"

viii. **Ooi Teik Huat**

- Corporate Governance and the Media
- Investment Opportunities for 2010 and beyond for Asia Companies and Investors
- Recent Tax Cases & Development
- Seminar on Preventing Corporate Misdeeds : Principal roles, responsibilities and accountabilities of Directors and Corporate Management

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 Managing Director also ranks for re-election by rotation.

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 and Senior Management 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 and Senior Management 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 calendar 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 four (4) times a year, 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 new statutory and regulatory requirements concerning their duties and responsibilities, 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. Decisions of the Board are made unanimously or by consensus after the issues are thoroughly deliberated by the Board members. The Board is able to arrive at a considered decision with the information and clarification provided by the Management and professional advisors.

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 in the financial year ended 31 March 2011 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:

Directors	Designation	Attendance
Dato' Syed Mohamad bin Syed Murtaza	Chairman/Senior Independent Non-Executive Director	8/8
Dato' Sri Haji Mohd Khamil bin Jamil	Group Managing Director	8/8
Dato' Noorizan binti Shafie	Non-Independent Non-Executive Director	8/8
Dato' Ibrahim bin Taib	Non-Independent Non-Executive Director	8/8
Datuk Haji Abdul Rahman bin Mohd Ramli	Independent Non-Executive Director	7/8
Tan Sri Marzuki bin Mohd Noor	Independent Non-Executive Director	8/8
Ong le Cheong	Independent Non-Executive Director	8/8
Ooi Teik Huat	Independent Non-Executive Director	7/8



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 policies 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.

The Board has established three (3) main Board Committees namely, Audit Committee, Board Risk Committee and Nomination and Remuneration Committee.

Details of the current Board Committees in the Company are as follows:

i. Audit Committee

The Audit Committee comprised exclusively the following Independent Non-Executive Directors:

Members	Attendance
Datuk Haji Abdul Rahman bin Mohd Ramli (Chairman)	5/5
Tan Sri Marzuki bin Mohd Noor	5/5
Ong le Cheong	5/5
Ooi Teik Huat	5/5

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 077 to 081.

ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprised exclusively the following Independent Non-Executive Directors:

Members	Attendance
Dato' Syed Mohamad bin Syed Murtaza (Chairman)	1/1
Tan Sri Marzuki bin Mohd Noor	1/1
Ong le Cheong	1/1

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;

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(continued)

- To review Management's recommendation on appointment or promotion of Senior Management personnel of grade 11 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; 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 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 the 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.

Activities undertaken by the NRC during the financial year ended 31 March 2011 were as follows:

- Conducted the assessment on the effectiveness of the Board and its 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;
- Reviewed the Management's recommendation on appointment of Senior Management personnel of grade 11 and above;
- Evaluated the KPIs and performance contract bonus for the Group Managing Director and Senior Management personnel of Grade 11 for the financial year ended 31 March 2010; and
- Reviewed and approved the annual increment and bonus for the financial year ended 31 March 2010.

iii. Board Risk Committee

The Board Risk Committee ("RC") comprised exclusively of the following Independent Non-Executive Directors:

Members	Attendance
Tan Sri Marzuki bin Mohd Noor (Chairman)	2/2
Datuk Haji Abdul Rahman bin Mohd Ramli	2/2
Ooi Teik Huat	2/2



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;
- 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 risks 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 associated companies of DRB-HICOM.

Activities undertaken by the RC during the financial year ended 31 March 2011 were as follows:

- Ensure effective implementation and compliance of objectives outlined in the Group Risk Management Policy of DRB-HICOM;
- Ensure proper delegation of responsibilities to the Risk Management Committee for creating a risk-aware culture and building the necessary knowledge for risk management at every level of Management;
- Ensure the risk management processes of the Group 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 of the Group; and
- Reviewed and evaluated the Group's top key risks on a semi-annual basis.

1.10 OTHER COMMITTEES

In addition to the Board Committees, the Company has established at Management level three (3) other main Committees namely, Management Committee and Group Risk Management Committee headed by the Group Managing Director as well as the Corporate Responsibility Steering Committee headed by the Group Chief Operating Officer to assist the Board to fulfill its responsibilities.

i) Management Committee

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 Operating 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.

ii) Group Risk Management Committee

Management has 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.

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.

iii) Corporate Responsibility ("CR") Steering Committee

Management had also established a CR Steering Committee which includes a dedicated CR Manager, Head of sectors and being led by the Group Chief Operating Officer. The Committee is responsible for monitoring the adoption of DRB-HICOM's CR framework in all subsidiaries, ensuring efficient resource allocation for the implementation of CR and communicating the input received from stakeholders to the Board of Directors and shareholders for implementation.

1.11 DIRECTORS' REMUNERATION

The objectives of the Group's policy on Directors' remuneration are to ensure that the Group attracts and retains Directors of 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 decided by the Board as a whole.

Details of Directors' remuneration for the financial year ended 31 March 2011, 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	
	2011 RM	2010 RM
Non-Executive Directors:		
– Fees	815,411	896,387
– Attendance, other allowances and benefits	1,189,475	1,287,503
Executive Director:		
– Salary, allowances, bonus and other benefits	5,622,420	4,129,464
Total	7,627,306	6,313,354

Directors' Remuneration*	Non-Executive		Total
	Executive	Executive	
RM75,001 – RM100,000		2	2
RM125,001 – RM150,000		1	1
RM350,001 – RM375,000		2	2
RM450,001 – RM475,000		1	1
RM475,001 – RM500,000		1	1
RM5,600,001 – RM5,625,000	1		1
Total	1	7	8

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



The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, Item 11 of 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 Committee	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 and approved 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 (2) main segments i.e. 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 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 interests 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.

2.2 GENERAL MEETINGS

General Meetings are the principal forum for dialogue with shareholders. The Annual General Meeting and Extraordinary General Meeting(s) provide opportunities 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 the 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 Khamil 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**
Group Director, Corporate Planning
Telephone number 603 2052 8172
Facsimile number 603 2052 8928
E-mail khalidAR@drb-hicom.com
- iv. **Chan Choy Lin, Carol/Company Secretary**
Group Director, Corporate Affairs
Telephone number 603 2052 7695
Facsimile number 603 2052 7696
E-mail cclin@drb-hicom.com
- v. **Mohd Khalid Yusof**
Head, Investor Relations
Telephone number 603 2052 8193
Facsimile number 603 2052 8228
E-mail m.khalid@drb-hicom.com



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 Statements and corporate announcements on significant developments affecting the Group. This would ensure that shareholders are provided with a balanced 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 084 of this Annual Report.

3.2 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 breakdown of the aggregate value of RRPTs transacted during the financial year ended 31 March 2011 is disclosed on page 082 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 262 to 263 of this Annual Report.

3.3 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 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.

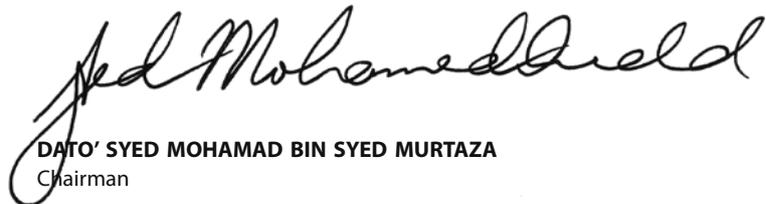
The role of the Audit Committee in relation to the external auditors may be found in the Report of the Audit Committee set out at pages 077 to 081. The Group has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with Financial Reporting Standards (FRSs), Bursa Securities Listing Requirements and 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 2011, the external auditors of the Group 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.

3.4 THE BOARD HAD APPROVED THE ABOVE STATEMENT IN ACCORDANCE WITH A RESOLUTION OF THE BOARD OF DIRECTORS DATED 14 JULY 2011.

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 (Group) 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 and external auditor. The Board, in ensuring effective discharge of its responsibilities, is assisted by the Board Committees namely the Audit, Nomination and Remuneration as well as Board Risk Committee. Each of the Committees has clearly defined terms of reference.

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. The AC reviewed the engagements of the external auditors, their scope and approach in the conduct of the audit examination. The AC members also reviewed the activities and results of the audit conducted by the Internal Audit function.

The AC, consisting of members with wide range of knowledge, expertise and experience from different industry and background, has unrestricted access to information and direct access to internal and external auditors, and all employees within the Group in carrying out its duties and responsibilities. Please refer to pages 077 to 081 on 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, assignment of authority and accountability within the Group.

VISION, MISSION AND SHARED VALUES

The 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, which is communicated to all employees, outlines the standards of behaviours and ethics that are expected of employees of the Group.

2) RISK ASSESSMENT:

ENTERPRISE RISK MANAGEMENT

Risk management is continuously 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 constantly emphasised and reinforced via awareness workshops, seminars and group discussion together with the monitoring and facilitation exercise by the Risk Management Department. Please refer to page 085 to 086 on the 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 key policies and procedures in place are Human Resources, Information Technology, Procurement, Foreign Exchange, Risk Management, Code of Ethics and Business Practices, Management Control and Internal Control Framework, Whistle Blower and Anti-Fraud Policies.

The Group has also established the Limit of Authority (LOA) which had its latest revision in August 2010. The LOA sets the limits for strategic, capital and operational expenditure authorisations and is reviewed periodically to ensure proper execution and its relevantsness.

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 strategies, planning and budgetary exercise are established annually and actual performance are monitored and assessed periodically against set targets.

CORPORATE RESPONSIBILITY

The Group aligns its undertaking on corporate responsibility initiatives with the Bursa Malaysia Corporate Sustainability Framework to provide focus, transparent and consistency in practices to deliver value to society and communities. Please refer to page 141 on the Group's corporate responsibility updates.

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 programs with the Senior Management of the Group to discuss on 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 reported to the Audit Committee and addressed to the Management all the audit observations noted in the course of their review and followed up and monitored on the status of actions taken by the operating entities in addressing the audit observations.

Besides, the Management themselves, under the various corporate head office functions such as procurement and information technology also undertake periodically the reviews on compliances and adequacy of the control systems and procedures of the Group companies and operating units. Please refer to page 080 on the Statement on Internal Audit Function.

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.

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 was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

This Statement on Internal Control has been prepared in line with the Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Internal Control – Guidance for Directors of Public Listed Companies. The statement has been approved by the Board of Directors at its meeting on 14 July 2011.

Audit Committee Report



The Board of Directors is pleased to present the Audit Committee Report for the financial year (FY) ended 31 March 2011.

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:

No.	Director	Status of Directorship	Attendance at meetings
1.	YBhg Datuk Haji Abdul Rahman bin Mohd Ramli Chairman of the Audit Committee	Independent Non-Executive Director	5 out of 5 (100%)
2.	YBhg Tan Sri Marzuki bin Mohd Noor Member of the Audit Committee	Independent Non-Executive Director	5 out of 5 (100%)
3.	Mr Ong Ie Cheong Member of the Audit Committee	Independent Non-Executive Director	5 out of 5 (100%)
4.	Mr Ooi Teik Huat Member of the Audit Committee	Independent Non-Executive Director	5 out of 5 (100%)

1.1 COMPOSITION

Conforming to the requirements of the Malaysian Code on Corporate Governance (MCCG), all the four members of the AC are Independent Non-Executive Directors.

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.

1.2 ATTENDANCE

In terms of attendance at the AC meetings, the quorum requirement for all five meetings held during FY2010/11 as indicated in the table above was fulfilled. The Group Managing Director (GMD) together with the Group Chief Operating Officer (GCOO) and other relevant Management members 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 auditor's 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 OF AUDIT COMMITTEE

The Audit Committee (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, GCOO and Head of GIAD shall, by invitation, attend the meetings. Other Management members shall be invited to attend as and when required by the AC.
- 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 program 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;
 - significant and unusual events;
 - 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;

- to convene meeting at least twice a year on any issues from the audits, with the external auditors separately without the presence of Management; and

- 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 report its activities to the Board in such manner and at such times as it deems appropriate and report to Bursa Malaysia Securities Berhad where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirements;
- iii. to review any related party transactions that may arise within the Company or Group in complying with the Bursa Malaysia Main Market Listing Requirements;
- iv. to review any allocation of share options pursuant to the Employees' Share Option Scheme (ESOS) granted to employees in the Group; and
- v. 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 FY2010/11 in accordance with the terms of reference of the AC:

3.1 FINANCIAL RESULTS, FINANCIAL STATEMENTS AND ANNOUNCEMENTS

The AC reviewed the unaudited quarterly and annual financial results of the Group for FY2010/11. This also includes the announcements pertaining to the release of financial results to Bursa Malaysia prior to recommending to the Board for approval. The review also focuses on any changes to accounting policies and practices, significant audit adjustments, going concern assumptions and compliance to financial reporting standards and other regulatory requirements.

3.2 RISKS AND CONTROLS

The AC evaluated overall adequacy and effectiveness of the systems of internal controls and risk management through review of results of work performed by internal and external auditors and discussions with the Management. The AC also reviewed the Statement on Internal Control and Statement on Corporate Governance prior to inclusion in the Company's Annual Report.

3.3 EXTERNAL AUDIT

- 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 Audit Plan with the external auditors encompassing their terms of engagement, audit scope and proposed fees for the statutory audit and the review of the Directors' Statement on Internal Control for FY2010/11.

- c. The AC met twice during the year with the external auditors without the presence of the Management and there was no significant issue raised at the meetings.

3.4 INTERNAL AUDIT

- a. The AC reviewed and approved the GIAD's Annual Internal Audit Plan and ensure principal risks and key entities and functions were adequately identified and covered in the plan;
- b. The AC also reviewed the internal audit reports presented by GIAD at each AC meeting and GIAD's activities with respect to:
 - Status of audit activities as compared to the Annual Audit Plan;
 - Results of scheduled, follow-up, investigative and special audits;
 - Adequacy of Management responsiveness to the audit findings and recommendations;
 - Status of Internal Audit's Quality Assurance and Improvement Program; and
 - Adequacy of audit resources and competencies of staff within GIAD.
- c. The AC met twice during the year with the Head of GIAD without the presence of the Management and there was no significant issue raised at the meetings.

3.5 RELATED PARTY

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 compliance to Bursa Malaysia Main Market Listing Requirements and that they were not favorable to the related parties than those generally available to the public and were not detrimental to minority shareholders.

3.6 OTHERS

The AC members attended relevant continuing education programs during the financial year under review. The training programs attended focused on subject matters on corporate governance, sustainability, financial, business, risk and control, and fraud prevention as detailed out on pages 063 to 064 on the summary of training programs attended by the Board of Directors.

The AC members also visited various subsidiaries and properties within the Group to acquire a better insight into related businesses and operations of the Group.

4.0 STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 ROLES AND RESPONSIBILITIES

The Group Internal Audit Division (GIAD) is an integral part of the assurance structure of the Group. The Division's primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process. 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.

The Head of GIAD reports directly to the Audit Committee (AC) on functional basis and to the Group Managing Director administratively. The Head of GIAD periodically reports on the activities performed and key control issues noted by the internal auditors to the AC. The purpose, authority and responsibility of GIAD are reflected in the Internal Audit Charter which is approved by the AC.



In order to maintain its independence and objectivity, GIAD has no operational responsibility and authority over the activities it audits. In determining the adequacy of audit scope and coverage, GIAD applies a comprehensive audit planning of Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

4.2 AUDIT RESOURCES

The Head of GIAD is assisted by 5 internal audit managers, 17 other internal auditors and 1 audit administration personnel, making up the GIAD's staff strength to 24.

The AC approves the GIAD's annual audit plan, financial budget and human resource requirements to ensure the function is adequately resourced by competent and proficient internal auditors.

During the FY2010/11, a total of RM2.48 million was incurred as part of resource allocation for the Group's internal audit function, covering mainly on manpower and incidental costs such as traveling and training costs.

GIAD also invested in various training programs to maintain and enhance the desired competency level of the Group's internal auditors. The training program, comprising of in-house organised and externally sourced training, focuses on functional and developmental needs of the internal auditors.

4.3 AUDIT ACTIVITIES

GIAD adopts a risk based approach as part of its audit planning and execution focusing on significant identified risks and effectiveness of the controls mitigating the risks. Activities of the internal audit function include review of adequacy and effectiveness of internal controls and risk management, compliance to applicable laws and regulation, reliability and integrity of information and adequacy of safeguarding of assets.

During the FY2010/11, the GIAD executed a total of 94 audits, which comprised of scheduled and ad-hoc audit engagements including special and investigation audits covering auditable units under Automotive, Manufacturing and Engineering, Defence, Property, Assets & Construction and Services sectors, and its related branch operations. 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 Senior Management and the relevant Management of 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 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 Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). The external quality assessment review by a qualified independent assessor was last conducted in 2007 and in this regard GIAD generally conforms to the IIA's International Professional Practice Framework.

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 15 September 2010, 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 16 September 2010 to 8 September 2011 between the Company or its subsidiary companies and related parties, the latter being based on estimates. As required, below is the said transaction by a related company that are more than RM49 million as having been actually entered into during the financial year ended 31 March 2011:

Transacting No.	Parties	Interested Parties	Nature of Transaction	Actual Transacted Values from 1 April 2010 to 31 March 2011 (RM'000)
EDARAN OTOMOBIL NASIONAL BERHAD				
1.	Mitsubishi Motors Malaysia Sdn. Bhd.	Past alternate director – Rin Nan Lun Past major shareholders – Kualapura (M) Sdn. Bhd. – Rin Kei Mei Major shareholder – Mitsubishi Corporation	Purchases of Mitsubishi motor vehicles, accessories and related spare parts	360,152
				360,152



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., now known as HICOM Power Sdn. Bhd. ("HPSB"), 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, HPSB 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 2010 to 31 March 2011, the Services rendered by HPSB for the Tanjung Bin Power Plant had amounted to RM285,395,916.

HPSB is a 100% subsidiary of the Company.

- (ii) Subcontract of Operations and Maintenance Agreement between Teknik Janakuasa Sdn. Bhd. ("TJSB") and HPSB dated 12 October 2004 ("The Subcontract O&M Agreement").

Pursuant to the Subcontract O&M Agreement, HPSB has subcontracted a part of its scope of works under the O&M Agreement ("Subcontract Services") to TJSB. For the period from 1 April 2010 to 31 March 2011, the Subcontract Services rendered by TJSB to HPSB for the Tanjung Bin Power Plant has amounted to RM126,921,679.

The Company acquired 100% beneficial equity interest in HPSB 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 2011, save for road traffic offences, 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 2011 are as follows:

	RM'000
Ernst & Young	1,224
Ernst & Young Tax Consultants Sdn. Bhd.	439
	1,663

Statement of Directors' Responsibility

Statement of Directors' Responsibility in respect of the preparation of the Financial Statements for the financial year ended 31 March 2011

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 financial position of the Group and the Company as at the end of the financial year and of the financial performance 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 for banking and insurance subsidiary companies 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 2011 set out on pages 153 to 278, 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 14 July 2011.

Risk Management



ENTERPRISE RISK MANAGEMENT

Risk management is continuously 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 constantly emphasised and reinforced via awareness workshops, seminars and group discussion together with the monitoring and facilitation exercise by the Risk Management Department.

The risk management methodology adopted includes identification, measurement, monitoring and evaluation of risks on a monthly basis through the respective risk personnel appointed across the subsidiaries, associates and corporate divisions.

OVERVIEW

It is the aspiration and commitment of DRB-HICOM Berhad to adopt a sound, reliable and robust risk management framework to proactively manage risks impacting the various business interests within the Group to mitigate their impact and likelihood within pre-established appetites and exposures.

The Group consistently initiates on-going efforts to enhance its risk management practices towards assessing, developing and deploying effective action plans to mitigate key risks affecting current operations and new business interests.

This is to ensure that the Group's ability to respond effectively to the constantly changing business environment is in place to safeguard and enhance stakeholders' interest and confidence.

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 address and mitigate material risks;
- Ensuring consistent and acceptable management of risk throughout the business;
- Defining a reporting framework to ensure the 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 and enhancing the approved methods for risk assessment; and
- Providing a system to accommodate the central accumulation of risk database.

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. The RMC shall also be responsible for the continued effective implementation of the Group risk policy, framework and the management of risks and controls associated with group operations as well as compliance to applicable laws and regulations.

The composition of the RMC shall comprise the Group Managing Director, Group Chief Financial Officer, Group Directors of the Business Sectors, together with Heads of the relevant Divisions as permanent 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 as well as the ISO 31000 Guidelines on Enterprise Risk Management and Bursa Malaysia's Corporate Governance Guide. The above aligns the Group's corporate objectives and goals to its 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.

All risks, controls and action plans owners are required to provide their assurance to Management on a quarterly basis regarding the effectiveness and relevance of controls and action plans implemented.

The Head of Risk Management Department regularly and periodically conducts workshops and briefings to Business Sectors, Operating Units and the Divisions within the Corporate Office 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 capabilities.

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. 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 periodic basis;
- Monthly and Quarterly validation exercises to verify and update on the completion status of existing controls and action plans;
- Digital confirmation and sign-off on all risks represented at the Business Sectors, Operating Units and Divisions within the Corporate Office 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 Group's Main Board Meeting on a semi-annual basis.

Code of Ethics and Business Practice



DRB-HICOM is committed to maintain the highest standard of conduct at workplace. This aspiration is exemplified through the adoption of the Code of Ethics and Business Practice (COEBP) since 2006 which serves as employees formal commitments to conduct themselves professionally at all times and do business in a transparent, appropriate and fair manner.

COEBP is intended to convey to both employees and parties doing business with DRB-HICOM that ethical principles should not be compromised in any circumstances.

Formulated comprehensively, it outlines the employees' conduct with the Company, customers, principals, vendors, dealers, suppliers, contractors and other external parties in undertaking business engagements fairly and professionally as well as being impartial with full compliance to all laws and regulations.

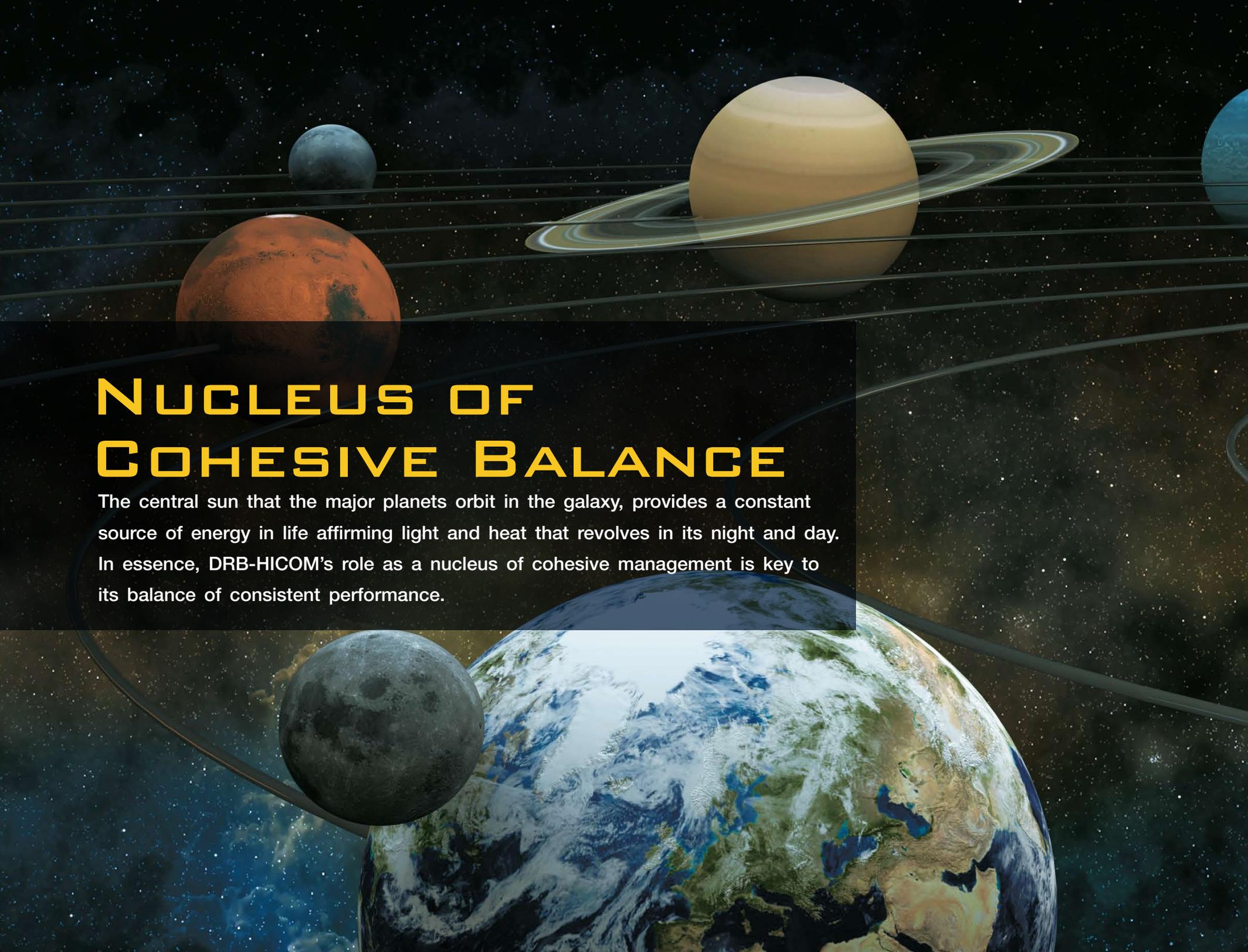
The COEBP is integral to the Terms and Conditions of Service. It is an instrument for sound governance and healthy employment. It explains and elaborates the responsibilities and accountabilities of employees at all levels, principals, vendors, dealers and suppliers/contractors to comply with the COEBP and prohibits all practices which are unethical and undesirable.

It also constitutes the employment values that employees are expected to preserve while in service with DRB-HICOM, and which are aligned to the Company's corporate culture. It illustrates the Company's shared values covering elements of *Integrity, Decorum, Innovation, Excellence, Transparency, Teamwork and Quality*.

The COEBP serves to assist all employees in living up to the Company's high ethical business standards and appropriate conduct at the work place while performing their daily duties for DRB-HICOM.

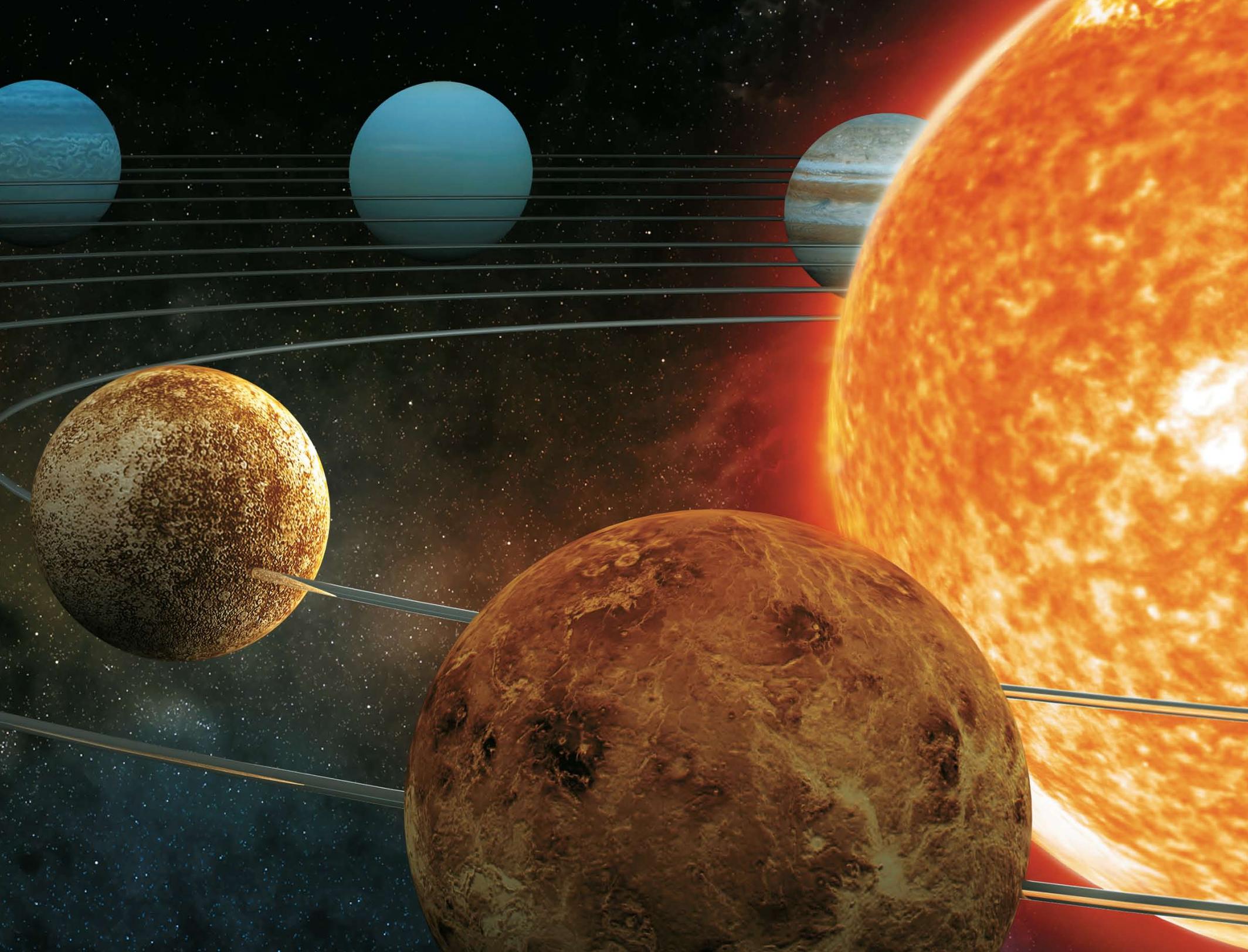
In ensuring full observation by all parties, the Company provides dedicated channel for whistle-blowing on any violations of the COEBP with strictest confidence guaranteed.

In short, COEBP is considered an agreement that binds and guides employees on how to conduct themselves with full professionalism and integrity in building strong ethical culture that promotes the distinctive core values of DRB-HICOM.



NUCLEUS OF COHESIVE BALANCE

The central sun that the major planets orbit in the galaxy, provides a constant source of energy in life affirming light and heat that revolves in its night and day. In essence, DRB-HICOM's role as a nucleus of cohesive management is key to its balance of consistent performance.







INNOVATION

Our values of Innovation exemplify a vital ingredient in cultivating new insights, generating breakthrough solutions through associations of varied ideas, questioning, observing, and exploring uncharted realms.



DEAR SHAREHOLDERS,

The underlying results achieved for the financial year ended 31 March 2011 (FY 2011) show the strength and promise of the DRB-HICOM Group (DRB-HICOM or the Group). Building on the momentum established, Group revenue rose 7.8% during the year under review to a record RM6.80 billion, while profit grew to RM701.50 million. The improved financial numbers were driven by better performances achieved by the Automotive and Services sectors.



On the corporate front, FY 2011 was also an eventful one, with several initiatives taken to secure the future growth and profitability of the Group. Key amongst them is our alliance with Europe's premier automotive manufacturer, Volkswagen AG (VWAG). This has all the makings of a mutually beneficial and successful partnership that will further consolidate the Group's role in the Malaysian automotive industry. Although it falls outside the reporting period, I would like to share with you our success in bidding for a 32.21% stake in POS Malaysia Berhad (POS Malaysia), which is a strategic fit to the Group's plans in moving forward. With its extensive network, POS Malaysia will provide the Group with the right platform to expand its businesses at home and overseas.

The year under review also marked the culmination of the Group's First 5-Year Plan, a far-reaching restructuring programme that saw the transformation of DRB-HICOM into an entrepreneurial conglomerate. We are already beginning to see all the hard work invested in this transformative journey paying off. The DRB-HICOM of today is a vastly different entity from what it was only five years ago and this is borne out not only in the results we deliver but also our standing in the industry. We have evolved into a powerful brand that resonates in Malaysia and increasingly, in the international arena.

As we embark on a new and more dynamic phase of growth, I am optimistic about the future. I can assure you that your Company is in very competent hands at both the Board and Management levels. Under my watch, the Board is fully engaged in all major decisions. We have also put in place a robust Corporate Governance and Risk Management framework that serves to protect the interests of shareholders.

Our theme for this year's report is 'Reaching Beyond Boundaries'. In a world that is still restricted by boundaries, one area that remains unfettered is the realm of imagination. Imagination fosters creativity and catalyses innovation, permeating every sphere of business activity. DRB-HICOM is what it is today because of the boundless imagination of our people. It requires imagination to see opportunities where others do not, turn ideas into value, establish new markets and product lines, and craft solutions to problems. This is the spark that provides the extra edge in the way we run our businesses.

Guided by a clear Vision of where we should be heading and a road-map to take us there, we look forward to a promising future of possibilities and opportunities. I invite you to continue to journey with us to keep our date with destiny.

Chairman's Statement



OPERATING ENVIRONMENT

The global economy recovered significantly in 2010 to record a projected growth of 5%. (Source: Bank Negara Malaysia Annual Report 2010). Growth was driven largely by the emerging economies which accounted for more than two-third of global growth in 2010. After contracting by 1.7% in 2009, the Malaysian economy rebounded strongly in 2010 with an expansion of 7.2%. The strong resumption of growth was underpinned by robust domestic demands and encouraging trends in private economic activities.

Of the Group's three core businesses, the Automotive and the Property, Asset & Construction (PAC) sectors are more susceptible to economic cycles. With improved consumer confidence, the total industry volume (TIV) of new vehicles registered in 2010 hit a new historic high of 605,156 units and this has translated into a better performance for the Group's Automotive sector. Within the Group's Services sector, we have a cluster of recession-resilient businesses that have largely thrived with the country's economic recovery. In tandem with the recovery of the

Malaysian property market, the Group has resumed the launch of new projects that were held back in the face of the 2008/2009 economic downturn.

FINANCIAL PERFORMANCE

Riding on the success of the previous year, DRB-HICOM Berhad delivered a commendable performance for the 12 months ended 31 March 2011, generating both top and bottom-line growths. The sustained performance is a reaffirmation of the resilience of the Group's business model supported by its core sectors.

In meeting the key financial performance indicators, Group revenue in FY 2011 rose 7.8% to RM6.80 billion from RM6.31 billion posted previously. Growth was primarily driven by the Automotive and Services sectors, which contributed 59% and 39% respectively to Group's revenue. For FY 2011, the Automotive sector recorded revenue of RM4.04 billion, while the Services and PAC sectors contributed RM2.64 billion and RM122.8 million respectively.

Operational profits accounted for 90% of the Group's pre-tax profit of RM701.5 million achieved in FY 2011, compared with 68% achieved previously. This is a testimony to the Group's ability to leverage on its inherent strengths and ongoing emphasis on effective quality, cost and delivery management. On the strength of the Group's improved profitability, earnings per share rose to 24.44 sen for the year in review.

As at 31 March 2011, DRB-HICOM's market capitalisation stood at RM4.45 billion, almost 100% increase from RM2.24 billion a year ago. Over the same period, net asset per share rose to RM2.58 from RM2.37. The Group's total assets as at financial year-end stood at RM28.3 billion, against RM26.1 billion the previous year.

By adhering to a strict regime of financial prudence, the Group has trimmed its total borrowings to RM1.31 billion as at financial year-end. Given the Group's ability to continue to grow its profits to generate positive cash flows, we are also comfortable with the gearing level of 0.26 times.



Generally considered a growth stock, the results achieved by the Group has been reflected in the price movements of its counter on Bursa Malaysia. DRB-HICOM's share price closed the year under review at RM2.30, an increase of almost 100% from the previous corresponding period.

DIVIDENDS

The Board acknowledges the importance of rewarding shareholders through a sustainable Dividend Policy. In the face of major investment undertakings, the Board has decided to establish a Dividend Policy with a payout target of between 20% to 30% of the operational net profit, which will be reviewed periodically.

On the back of the Group's improved financial performance, the total gross dividend payout for FY 2011 will be 50% higher at 6.0 sen per share compared to 4.0 sen paid in the last financial year. The Board has already declared an interim gross dividend of 2.0 sen per share less taxation of 25%, which was paid on 28 March 2011. The balance of four sen per share will be paid subject to shareholders' approval at the Annual General Meeting.

CORPORATE DEVELOPMENTS

On 21 December 2010, DRB-HICOM signed a Collaboration and Licence Agreement with VWAG and Volkswagen Group Malaysia Berhad. The Agreement paves the way for DRB-HICOM to assemble completely knocked down (CKD) vehicles at its Automotive Complex in Pekan, Pahang for the local and eventually, the ASEAN (Association of Southeast Asian Nations) markets. The Passat will be the first model to be produced at the complex.

A more recent development was the Group's successful bid to acquire a 32.21% stake in POS Malaysia from Khazanah Nasional Berhad (Khazanah). The Share Sale and Purchase Agreement was signed with Khazanah on 22 April 2011, marking a significant milestone for DRB-HICOM. With effect from 1 July, 2011, DRB-HICOM replaced Khazanah as the single largest shareholder of POS Malaysia. The Group's acquisition of POS Malaysia was financed by internally generated funds and bank borrowings.

Meanwhile, the privatisation of Edaran Otomobil Nasional Berhad (EON) via a selective capital reduction and repayment (SCR) exercise under Section 64 of the Companies Act,

1965 was completed in July 2010. Consequently, EON has been delisted from the Main Board of Bursa Malaysia and is now a wholly-owned subsidiary of HICOM Holdings Berhad. DRB-HICOM will now be able to fully consolidate the earnings of the EON Group going forward.

Several other corporate exercises were also undertaken throughout the year as part of the Group's rationalisation efforts to wind up inactive or dormant subsidiaries or re-align operations to generate greater VWAG group-wide synergistic benefits.



OPERATIONAL HIGHLIGHTS

Automotive

During the year under review, new records were set in the Automotive sector, with Suzuki, Mitsubishi, Isuzu, Audi and Honda achieving their highest sales volume to date. With 7,158 cars sold, Suzuki has made it to the Top 10 Car Brands in 2010. Honda also recorded a historic high in Malaysia, with 46,002 cars sold, while Euromobil Sdn. Bhd., the distributor of Audi cars in Malaysia, saw its sales doubled in 2010 for a significant share of the luxury car market segment.

The Group's wholly-owned subsidiary, DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH) accepted a Letter of Award from the Malaysian Government on 23 February 2011 to design, manufacture and deliver 257 units of 12 variants of 8x8 Armoured Wheeled Vehicles amounting to RM7.55 billion. The seven-year project will commence from 2011 and reiterates DEFTECH's position as the nation's leading defence industry player.

Through USF-HICOM (Malaysia) Sdn. Bhd., an Exclusive Dealership Agreement was inked with Bombardier Recreational Products Pty. Ltd. (BRP) Australia on 30 November 2010 to distribute the Can-Am Spyder Roadsters in Malaysia.

A Memorandum of Understanding was signed on 14 December 2010 with the KAMAZ Group from the Republic of Tatarstan to look into the feasibility of producing heavy-duty trucks for the Malaysian and ASEAN markets. The KAMAZ Group is the largest automobile corporation of the Russian Federation.



In September 2010, the Group also sealed an agreement with Potenza Sports Cars Ltd. to produce a new line of eco friendly and affordable sports cars at the DRB-HICOM Automotive Complex in Pekan. A joint-venture company, HICOM Potenza Sports Car Sdn. Bhd. has been established to be the exclusive importer, manufacturer and distributor of the British sports cars marque, including the electric and hybrid variants. For DRB-HICOM, this is a giant step forward to realise our vision of designing and developing our own brand of vehicles in co-operation with our global partners. Production is expected to begin by end of 2012.





Services

As a relatively recession-resilient sector, the Services sector delivered commendable top and bottom line growths during the year under review. Among the star performers were Bank Muamalat Malaysia Berhad (Bank Muamalat) and KL Airport Services Sdn. Bhd. (KLAS), which continued to improve in overall performance and profitability. Bank Muamalat registered record earnings for FY 2011, with PBT increased by 79.8% on an annualised basis. KLAS recorded a PBT that was 64% above the budget owing to an overall improved performance in its business activities.

The year in review also saw the opening of the International College of Automotive (ICAM), which is owned by HICOM University College Sdn. Bhd. The first intake of 75 students was drawn from the Group's automotive companies. A total of 81 students enrolled for the second intake in September 2010, of which 75% of the places were taken

up by the public, with the Group making up the balance. The Group's venture into education is projected to become a core business eventually.

The concession awarded to the Group's wholly-owned PUSPAKOM Sdn. Bhd. for the exclusive rights and authority to carry out motor vehicle inspection and testing activities has been extended for another 15 years. This followed a new agreement concluded with the Malaysian Government on 25 February 2011 that will extend the concession until 31 August 2024.

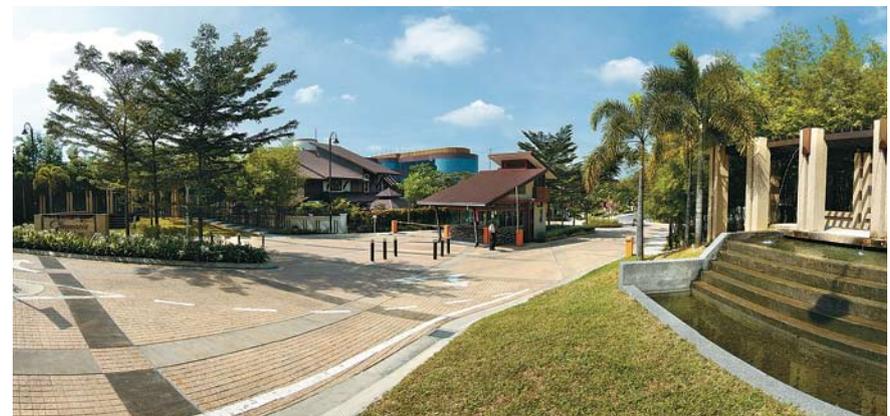
Property, Asset & Construction (PAC)

The Group has decided to capitalise on the rebounding economy with several new property launches. Leveraging on the re-positioned Glenmarie brand, the Group launched a number of premium products, namely Glenmarie Gardens, Laman Glenmarie, Rosea and Palma at Glenmarie Cove and

Plumeria at Proton City. At Proton City, the year also saw the sale of 25.77 acres of prime commercial and industrial land. In March 2011, planning approval was obtained from the Johor Bahru City Council paving the way for the development of Glenmarie Heights.

Awards and Accolades

Over the years, DRB-HICOM has been the recipient of numerous awards and accolades, and FY 2011 was no exception. Let me say that we value every single award, citation or commendation that we received. As a Group striving to be Number 1 and excelling in all that we do, these awards are an indication that we are indeed on the right track.





DRB-HICOM Automotive Complex, Pekan

Perhaps the most visible manifestation of the Group's contribution to the nation is in Pekan in the east coast state of Pahang. Since the launch of the East Coast Economic Region (ECER) Development Plan, Pekan has been rapidly transformed from a small town with economic activities limited to agriculture and small industries into a vibrant and self-sustaining regional automotive hub. DRB-HICOM has invested close to RM2.0 billion in its Automotive Complex in Pekan and with a workforce of 2,300, we are also the biggest employer. The workforce is set to grow by at least 800 when the joint-venture production with VWAG gets fully underway.

Vendor Development Programme

DRB-HICOM has established strategic alliances with some of the biggest names in the automotive industry such as Mercedes-Benz, Honda, Suzuki, Mitsubishi, Isuzu, Mahindra and local players such as PROTON and PERODUA, with VWAG being the latest addition. These tie-ups provide the opportunity for the Group to spearhead a multi-benefit vendor development programme (VDP). Besides increasing the local contents by up-to 40% for some makes, a primary objective of the VDP is to upgrade the capabilities of vendors to meet customers' stringent quality, delivery and cost requirements. To this end, the VDP stresses on skills development and training, quality management, compliance and imparting technical knowledge as some of the key enablers for sustainable vendor performance. VWAG's entry, with its advanced automotive technology and expertise, will help ensure that local vendors can add value along the automotive value chain. We are looking to Malaysian vendors not only to supply parts and components for the local assembly but also to meet VWAG's global operations.

CONTRIBUTIONS TO THE NATION

Even as we grow our businesses, we are acutely aware of our responsibility to the nation. Then as now, the goals of the DRB-HICOM Group have been closely aligned to realising national aspirations. As a pioneer in the automotive industry, we have played a pivotal role in the structural transformation of the Malaysian economy. Today, we remain committed to playing an effective role in Malaysia's aspiration to become an advanced and high income nation.

As one of the biggest conglomerates in the country, we employ a workforce of 24,000 but the true impact of DRB-HICOM on the national economy must be viewed within the context of the spin-offs and multiplier effects of

our entire spectrum of activities. In our Automotive sector, DRB-HICOM is the only player in Malaysia with a fully integrated automotive business from providing quality automotive education and training, manufacturing of components, the importation and assembly of vehicles to distribution and after-sales activities. Besides providing direct, intermediate and spin-off employment opportunities, we are also playing an important role in upgrading the technological knowledge, skills and competencies of the local workforce, who are amongst the primary inputs towards the realisation of Vision 2020. Currently, only 23% of the Malaysian workforce is highly skilled, which is much lower compared with other developed economies. We need to improve the composition of highly skilled workers to at least 37% by 2015 if we are to become a developed nation.



Vocational Training

In developed countries, technical education and vocational training are the preferred choices for many students expecting good career prospects. However, this has been the reverse in Malaysia due to perceived limited career opportunities. DRB-HICOM is taking the lead in providing technical and vocational training as a viable alternative for individuals to realise their full potential. Our concessionaire, Alam Flora Sdn. Bhd. offers industrial training for students from several local institutions of higher learning. At Akademi Saga, school leavers can opt for a certificate or diploma courses in automotive training while Akademi PUSPAKOM offers technical and soft skills training including a programme specifically on vehicle inspections (Skim Latihan Dual Nasional).

International College of Automotive (ICAM)

ICAM was set up by DRB-HICOM as an institution offering automotive related education to support the growth of the automotive industry through a sustainable development of human capital. Institutions like ICAM are an investment for the future, helping to produce and nurture highly qualified workers for a knowledge driven economy. ICAM presently offers six diploma courses and plans to collaborate with foreign universities to offer first degree and post-graduate twinning programmes, in line with the vision to upgrade into a university college status.

Promoting Tourism

Tourism is Malaysia's second highest foreign exchange earner and in 2010, generated RM55.0 billion in revenue from 24 million tourist arrivals. Eco-tourism has become a new niche growth area for the country's tourism industry. In developing the first resort marina and eco-tourist destination in the country, we are giving tourists a choice of an exclusive private island hideaway at Rebak Island Resort in Langkawi or a rainforest experience at the newly-positioned Lake Kenyir Resort and Spa in Terengganu.

A PROMISING OUTLOOK

Moving into the new financial year, FY 2012 is already shaping up to be a promising one. Global economic growth in 2011 is expected to continue amid an uneven and modest pace. Growth has been projected at 4.4%, with the Asian economies continuing to lead global growth. However, with oil prices hovering around USD100 per barrel for the first time in two and a half years, it is still too early to determine its impact on fragile western economies. In an increasingly inter-dependent world, much will also depend on how fast the Japanese economy can recover in the wake of earthquake, tsunami and subsequent radio-active fallout that befell the nation in March this year. The instability in the Middle East North Africa (MENA) region and its possible contagion effects is another cause for concern.

The Malaysian economy in 2011 is projected to grow by between 5% to 6%, providing a favourable backdrop for the Group to sustain its growth momentum. With all the prerequisites in place, the PAC sector is set to unleash the potential of its property development business in the coming year, taking its place alongside the Automotive and Services sectors as major contributors to the Group's growth and profitability. This is in line with our objective to have a more balanced contribution among the Group's three core sectors. Several new property launches and initiatives have been lined up for FY 2012, with a total gross developments value (GDV) of RM500.0 million. These include the subsequent phase of Glenmarie Garden Bungalows, Laman Glenmarie residential units, semi-detached houses and commercial developments in Proton City and bungalows in Glenmarie Cove. The team will also be planning for mixed development projects at Glenmarie Wahyu, office and serviced apartments at Jalan Tun Razak, condominiums at Glenmarie Puchong as well as the recently approved township development of Glenmarie Heights in Iskandar Region, Johor, for launches in the following year.



In the Automotive sector, there are concerns and uncertainties about the impact of the massive seismic event in Japan. The disaster has disrupted the nation's automotive industry and this might have a knock-on effect on supply chains worldwide. Undoubtedly, this is a major challenge, but we have demonstrated we have the resilience to withstand the worst global recession in 70 years. By taking steps to shore up a raft of mitigating measures already in place and by continuing to build on the relationships established with our principals, I am optimistic we will be able to meet the challenge.

Meanwhile, we can look forward to reaping the first fruits from the collaboration with VWAG. Under the Collaboration and Licence Agreement signed with VWAG, we expect to produce 40,000-50,000 vehicles annually upon reaching full production capacity for domestic sales initially, and for the export market as early as the fourth quarter of 2013. The first production of the Volkswagen Passat is

targeted to roll off the assembly line by the fourth quarter of 2011. As mentioned earlier, DEFTECH has accepted a RM7.55 billion contract for the manufacture, supply and delivery of Armoured Wheeled Vehicles. The contract will commence from 2011 and will contribute positively to the future earnings of the Group. Following the distribution agreement with BRP, two variations of the Can-Am Spyder Roadster will be launched in the third quarter of 2011, adding another revenue stream for the Group.

The Services sector is already a major contributor of recurrent revenue, but with the addition of POS Malaysia into the Group's corporate stable, it will further strengthen the sector's earnings capacity. With its extensive network, POS Malaysia provides the right platform for the Group to expand its businesses locally and overseas. Moreover, the synergistic benefits that can be created within the Group are vast. POS Malaysia will have a positive impact on the Group's earnings from FY 2012.

As we stand today, the groundwork is being laid for the Group to play a bigger role in regional markets.

The foregoing is an indication that DRB-HICOM remains an unfolding story, with many more pages and chapters to be written. Like any good book, the best is yet to come. As we begin our Second 5-Year Plan, DRB-HICOM is well placed to continue delivering growing returns for our shareholders and to secure a successful future for the Group.

APPRECIATION

DRB-HICOM has come a long way over the past five years. That the Group has accomplished so much is due to the hard work, professionalism and energy of our management and staff. Working together as a cohesive team and with a sense of common enterprise, we were able to meet the many challenges encountered during the critical transformative years.



Our shareholders and other constituencies in the investment community deserve special mention, some of whom I have had the pleasure of meeting during our last Annual General Meeting. Although engagement with stakeholders has always been a priority area, admittedly, we could have done better. After five years of getting our house in order, DRB-HICOM is in almost all aspects, a more interesting and exciting proposition to the investment community. I promise you that we will do better in the coming year to address the needs of the investment community.

I also wish to thank our valued customers, associates, business partners and financiers. Their confidence in the Group has helped us achieved our goals and expand our horizons. My fellow members on the Board have always been generous with their support and wise counselling. Their vast knowledge and experience have proven invaluable in bringing the Group to where it is today.

We have our task cut out for us if we are to achieve our Vision and the goals set out in the Second 5-Year Plan. Your support is vital as we move forward to a future of opportunities and possibilities.

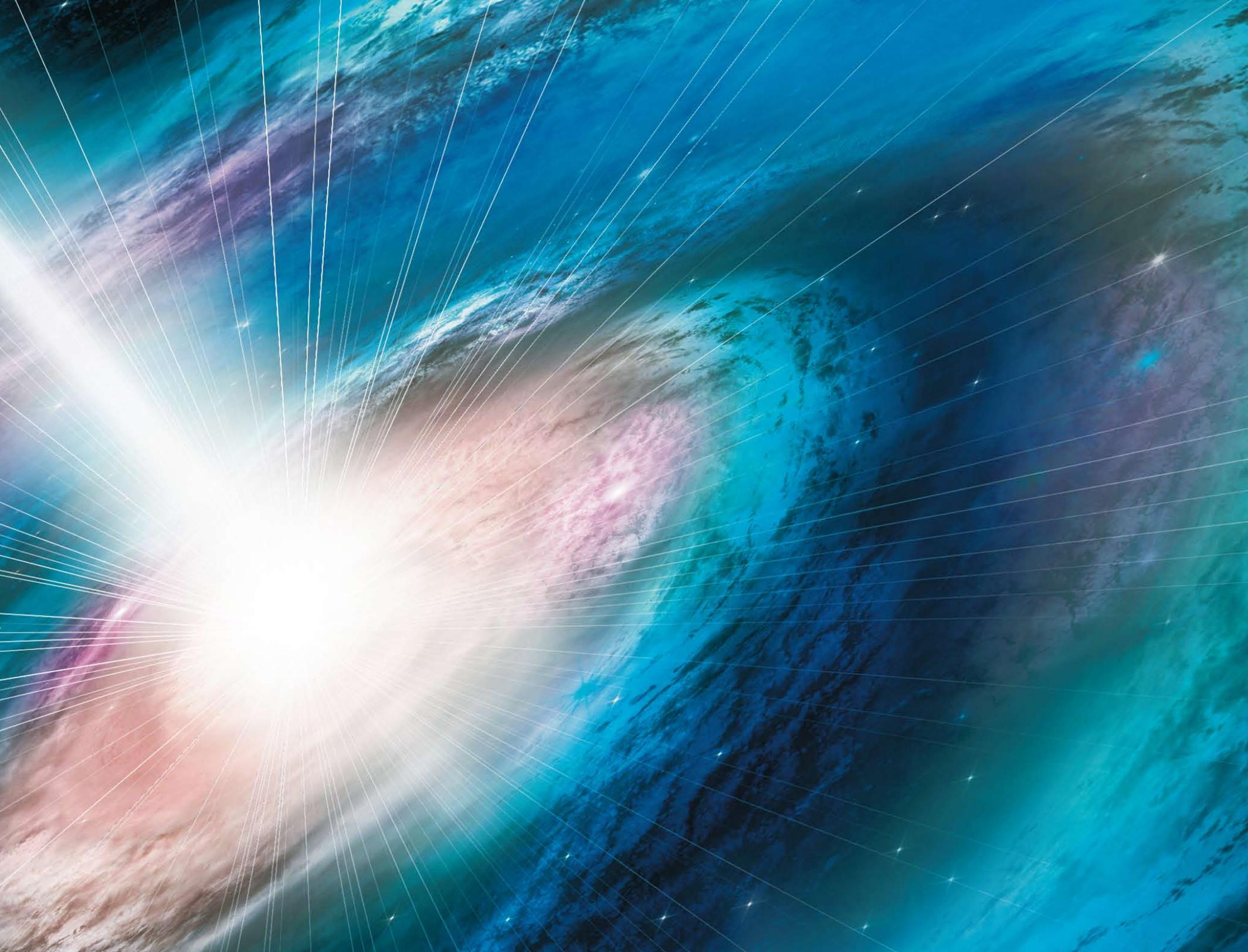
I thank all of you.


DATO' SYED MOHAMAD BIN SYED MURTAZA
CHAIRMAN



THE POTENTIAL OF POSSIBILITIES

Astronomical theories continue to analyse the vast infinity of space, bringing to fore scientific and mathematical thoughts of probabilities in what lies beyond the limits of our universe. As a diversified entity, DRB-HICOM continues to strategise its partnerships that has potential for immense possibilities.







QUALITY

Our values of Quality is about taking charge by developing commitments that articulate and embrace clear vision with goals, accepts constraints, and instinctively brings the edge on the important task at hand.

DRB-HICOM can look back with satisfaction on another year of commendable growth and profitability. On the financial front, we continued to enhance our strengths, setting new records in top and bottom-line growths. What is particularly satisfying is the strong operational performance demonstrated by the Group's Automotive and Services sectors. All but a handful of the operating units in these sectors have posted improved financial results in FY 2011. Resultantly, operating profits accounted for 90% of the Group's total profit of RM701.5 million, compared to 68% a year ago.





In terms of contribution to Group revenue, we have always aimed for a more balanced contribution among our three core sectors as a cushion against economic cycles. In the past, we have been largely reliant on our automotive business, but we are working hard to balance the contributions from Automotive business with Services sector. For FY 2011, Automotive accounted for 59% of total revenue, while Services contributed 39%.

Meanwhile, waiting in the wings is our Property, Asset and Construction sector (PAC). PAC has recently completed a series of realignment and streamlining exercises, while the Glenmarie brand has been re-positioned as the flagship of the Group's property development business. This sector has been held back owing to the gestation period involved from conception to completion of a property development project. Moreover, in the wake of the 2008/09 slowdown, a conscious decision was taken to delay the launch of new property projects. As it turned out, this was a right decision as the Gross Development Value (GDV) of these properties, some of which are in prime locations,

has doubled. Planning Approval was recently obtained from the Johor Bahru City Council, paving the way for the launch of Glenmarie Heights in Iskandar Development Region, which is spread over 1,516.59 acres with an expected GDV of about RM8.0 billion.

With several recent high-profile business moves and with our financial performance on an up-trend, the Group has already come under the radar screens of some research houses with very positive valuations. It is also noteworthy that foreign shareholding in the Company has doubled to 15.2% as at financial year-end, compared to 7.6% in March 2010. These are indications that DRB-HICOM has become a more attractive proposition from the perspective of the investment community.

As we begin a new chapter in the ongoing development of the Group, I think it is important for you to have an understanding of where we came from, the way we operate and how we are meeting our ultimate objective of returning value to shareholders.

Group Managing Director's Review of Operations

OUR TRANSFORMATION JOURNEY

DRB-HICOM's transformation journey was an integral part of the First 5-Year Plan. The themes selected for our Annual Reports over the past five years provide snap-shots of the progress the Group has made in its transformation into an entrepreneurial conglomerate.

SHAPING THE FUTURE

When the new Management Team came on board in 2006, we began with a holistic and critical review of all aspects of the Group's structure, operations, direction, business model and its positioning in the industry. While taking care of legacy issues, we also set the Group firmly on the path to a more sustainable and profitable future, fortified with a new Vision and Mission, along with a set of values to represent what we stand for in the marketplace. To ensure that the Group remained competitive and nimble, we rationalised and streamlined our operations into three core business sectors. We practised financial prudence to pare down debts and reviewed the business model for the entire Group to exploit growth opportunities where we have the inherent strengths and a competitive advantage, capitalising on internal synergies to improve financial performance.

2006

2007

2008

HARNESSING OUR POTENTIAL

By now, a leaner and more competitive entity, the focus shifted to unlocking the potential from the Group's three core sectors. In the Automotive sector, we discarded the agency way of doing business and focused on building win-win partnerships with our principals. We were also successful in turning around and improving concessionary business models. Necessary enablers were put in place, significant progress was made in optimising processes, productivity increases, quality improvements and cost-reduction.

BUILDING OUR MOMENTUM

Primed with a new Vision and Mission, this has awakened a refreshing purpose within the Group 'To be Number 1 and to continuously excel in all that we do'. Our hard work and efforts were rewarded within a year, with the Group posting a profit before tax of RM187.1 million, reversing the loss of RM196.7 million incurred the previous year. While hiving off companies that were no longer part of our core businesses, we selectively acquired stakes in businesses aimed at improving asset quality, while diversifying the Group's earnings base.



CRAFTING FUTURE SUCCESS

By the end of the First 5-Year Plan, DRB-HICOM has evolved into a stronger, more competitive and resilient entity, equipped to take on the challenges and opportunities of an increasingly competitive marketplace. In the space of five years (FY 2007 – FY2011), the Group was able to accomplish the following:

1. Increased its total revenue by 134.5% to RM6.80 billion from RM2.90 billion
2. Achieved a PBT of RM701.5 million, a 274.9% increase from RM187.1 million
3. Grew net profit by 396.8% to RM472.5 million from RM95.1 million
4. Improved Earnings Per Share to 24.44 sen*
5. Reduced gearing ratio to 0.26 times from 0.87 times
6. Improved our earnings to equate Automotive contribution with Services sector
7. Forged strategic partnerships with reputable and respected global brands such as Mercedes-Benz, Honda, Suzuki, Mitsubishi, Isuzu, Mahindra, Audi AG and Volkswagen AG (VWAG)
8. Produced engines for leading motorcycle brands like Honda, Yamaha, and Suzuki.
9. Designed, developed and manufactured various models for the national motorcycle brand MODENAS.
10. Assembled and manufactured land based military and special purpose vehicles
11. Acquired total of 1,567 acres of prime property development land, positioning our PAC sector to be a significant contributor to Group Revenue

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

The exclusive collaboration and licence agreement the Group has concluded with VWAG and more recently, our successful bid to purchase a 32.21% stake in POS Malaysia are other indications of the Group's coming of age and its improved standing in the investment community. Clinching the VWAG deal was a major coup for the Group. VWAG is not only Europe's biggest vehicle manufacturer but is a premier marque in the global automotive scene. In securing POS Malaysia, DRB-HICOM was chosen on the strength of its overall bid, which offered not only a defined strategy but also an executable business plan and an acceptable offer price. This was also Khazanah's

DRB-HICOM has evolved into a stronger, more competitive and resilient entity, equipped to take on the challenges and opportunities of an increasingly competitive marketplace.





first divestment of its entire stake in a major Government-linked company and is testimony of the confidence placed on DRB-HICOM to generate value in a key asset.

Second 5-Year Plan

The Group has already established a bright business future, but our transformation is by no means completed. This is DRB-HICOM's moment to step forward and continue to shape the Group's future with undiminished entrepreneurial foresight, determination and energy. Enduring companies are never static, and although our past business model has served us well, it may need to be recalibrated to take into account market and business dynamics. While concentrating on our traditional areas of strength in our three core areas, we will continue to explore fresh paths to growth and profitability, exploiting opportunities that will add value to our business portfolio and where we already have a competitive advantage. By the end of the Second 5-Year Plan currently underway, we expect to be a different entity, combining our mature experience and vigour to become a new force to be reckoned with within Malaysia and possibly, in the region.

Organic Growth

There is still significant potential for organic growth within our three sectors. Within our PAC sector, we are on the threshold of unlocking the significant potential of our land-bank which is expected to account for 20% of Group revenue over the new five years. We are positioning this sector to cater to the medium and upper-market segment, and new property launches in the Klang Valley could bring a GDV of RM500 million for FYE 2012. Apart from residential properties, PAC is moving into high-rise mixed development and commercial components. The Jalan Tun Razak development will feature a mix of offices, service apartments and hotel-apartments, and is set to be another iconic land-mark in Kuala Lumpur's changing sky-line. In the Iskandar growth corridor in the southern state of Johor, the Group is developing the new township of Glenmarie Heights covering some 1,517 acres. This will be Malaysia's truly green/eco-township, and when developed over the next 10 years will generate an expected GDV of

RM6.0 billion. To attract multinationals to invest in our Pegoh industrial land, we are networking with various Government agencies and participating in business matching events.

We are also positioning our Services sector to support the goals of the nation's Economic Transformation Programme, a carefully crafted road-map that will transform Malaysia into a high-income and developed nation. We plan on taking POS Malaysia to even greater heights. It already enjoys a commanding lead in the mail business, but we plan to expand its market share in the courier segment, turnaround its retail business and revitalise its logistics business. The Group's banking and insurance businesses can leverage on more than 1,000 postal outlets nationwide to further extend their reach to all Malaysians, especially those living in rural or remote areas.

In the waste management business, Alam Flora is ready to expand its services to Kelantan and Terengganu. The expected completion of KLIA 2, the new low-cost terminal in 2012, will open up more business opportunities for KLAS. HICOM Power, which provides operations and maintenance services to the Tanjung Bin power plant, plans to expand its services to cover other coal-fired power plants.

Our Automotive sector is set for more exciting times ahead as we bring in more models and variants. Plans are also in the pipeline to intensify our CKD programme, which will catalyse the overall development of the local automotive industry. We will also initiate strategies aimed at broadening the scope and depth of our operations and strengthening our capabilities. Following the recent award, DEFTECH will own the first intellectual property rights on Armoured Wheeled Vehicle systems and sub-systems. This will enhance the capabilities and knowledge of DEFTECH employees and will eventually



enable Malaysia to have its own armoured vehicle. We see tremendous potential in the defence business as a future source of recurrent revenue. The joint-venture signed with Potenza paves the way for the development of a new range of technologically advanced sports car models manufactured locally. Through these tie-ups, we are moving further up the value chain, bringing Malaysia a step closer towards realising its aspiration of becoming the region's automotive hub. The sector is also exploring business opportunities in other new areas related to the automotive business such as automotive leasing, logistics support, towing services and telemarketing.

Revvig up Investor Relations

Admittedly, the key area of investor relations (IR) has taken a back-seat whilst we were all engrossed in getting our corporate house in order. Now that the house-keeping duties are behind us, we are stepping up efforts to engage the investment community on a more sustainable basis. As an indication of the seriousness of our intentions, we have set up an Investor Relations Department during the year in review. By improving the quality and timeliness of disclosure, we hope to dispel certain lingering perception issues about the Group. Our target audience is the investment community and those in the know already see the value and potential of the Group. However, we need to reach out to an even wider audience. In this regard, a full programme of IR activities has been planned, details of which have been included in a separate section of this report.

The Quality Imperative

In the face of increasing competition, there can be no compromise on quality standards. Many of our operating units (OPUs) have established their own quality improvement programmes such as the 5 'S' concept, Lean Six Sigma, Value Engineering, Kanban and Jishuken



Kaizen, to cite a few examples. In order to penetrate global markets, certification to the internationally recognised ISO Quality Management System is a prerequisite. Several of our OPUs have earned ISO accreditation during the year, while others have upgraded their certifications to comply with the more exacting standards of MS ISO 9001:2008. We are also embarking on the implementation of CONQUAS rating on our property at Glenmarie Gardens.

Leveraging on our human capital

In any business, people are the ultimate source of competitive advantage. For this reason, we have set up the International College of Automotive (ICAM) to provide a pipeline of talents to meet our needs and also those of the country's burgeoning automotive industry. We are justifiably proud of our accomplishments to date, but a word of caution is in order. At this stage of our journey, with our ultimate goal within sight, we cannot afford to be complacent. That is why, from time to time, we need to remind ourselves of our Vision and Mission and the Values



DRB-HICOM is well positioned for long-term growth and success. Our balance sheet strength, performance trends, diversified history and long-term strategy provide us with a wide array of strategic opportunities.

that differentiate us from the others. As a reality check, we have some distance yet to travel to be Number 1 and this requires us to continuously excel in all that we do. Our future and destiny lies in the hands of our people.

ACKNOWLEDGEMENTS

The past five years have been an intense and difficult period in the history of the Company. This was especially true for our employees who have proven they are tough, capable and more importantly, imaginative, in meeting a myriad of challenges head-on. I want to thank all of you, management and staff, for contributing so effectively to the transformation of DRB-HICOM.

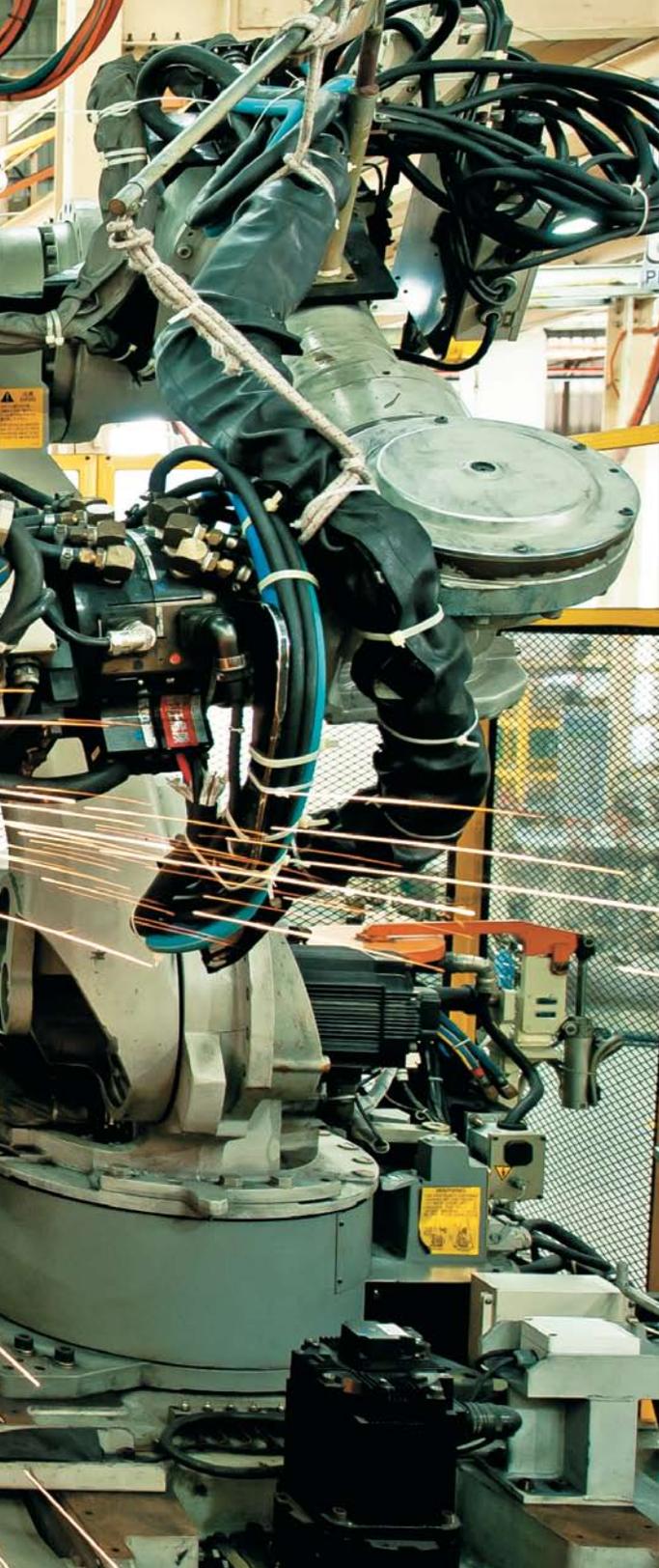
I also acknowledge with gratitude, the cooperation and support we have received from our partners, financiers, business associates and the various regulatory authorities. Our growing numbers of customers and shareholders deserve special thanks for their patience, loyalty and confidence in all that we were trying to achieve.

DRB-HICOM is well positioned for long-term growth and success. Our balance sheet strength, performance trends, diversified history and long-term strategy provide us with a wide array of strategic opportunities. We will need your continued support to realise all that we have set out to achieve.

Thank you.

DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
GROUP MANAGING DIRECTOR





AUTOMOTIVE SECTOR

DRB-HICOM continues to consolidate its position as the biggest automotive Group in Malaysia. The Group has forged ties with global brands such as Audi, Mercedes-Benz, Honda, Suzuki, Mitsubishi, Isuzu, Mahindra as well as local players like Proton. During the year under review, the list has been expanded with the addition of global players like Volkswagen AG, Potenza Sports Car Ltd. and Bombardier Recreational Products Pty. Ltd. (BRP), Australia. With the establishment of ICAM, the Group has achieved full integration along the entire value chain of the automotive industry. In FY 2011, the sector contributed RM4.04 billion or 59% of total Group revenue. The improved performance was attributed to higher sales and ongoing cost-reduction and productivity enhancement measures.

Group Managing Directors' Review of Operations (continued)

Automotive Sector

OVERVIEW

Total industry volume (TIV) of new vehicles registered in 2010 hit a historic high of 605,156 units. This represents a growth of 12.0% from TIV of 536,905 recorded in 2009. In the motorcycle segment, TIV for 2010 was recorded at 501,964 units, a 10% increase from the previous year.

In the Automotive Distribution division, Honda, Isuzu, Suzuki and Mitsubishi set new records in sales volumes. Headway was also made in our efforts to offer the Malaysian public a wider product range, particularly those currently under-represented in the local market. This is the result of collaboration agreements signed with renowned names such as Volkswagen, Potenza and BRP. Our collaboration with VWAG will enable us to optimise our assembly and manufacturing plants, with the first Passat CKD roll-out targeted for the fourth quarter of 2011. Another highlight of the year was the acceptance of a Letter of Award from the Malaysian Government to design, develop, integrate, manufacture and supply Armoured Wheeled Vehicles.

In a generally favorable year, the main challenges faced by the Group's Manufacturing and Engineering division were the increasing costs of raw materials which impacted on margins as well as labour-related problems, largely due to the high turnover of contract workers and the lack of truly skilled automotive personnel.

Across the sector, all our operating units have invested more efforts in revenue generating activities focused on strengthening operational controls, productivity improvements, maximising assets, optimising stock levels and human capital development. Emphasis was also placed on enhancing the customer satisfaction level. In an increasingly competitive playing field, customer satisfaction is the differentiating factor that will set the Group apart from the competition.

AUTOMOTIVE DISTRIBUTION

Honda Malaysia Sdn. Bhd. (Honda Malaysia) sold 46,002 cars in FY 2011, surpassing all previous records. The Company registered a PBT of RM452.5 million on the back of total revenue of RM3.8 billion, an increase of 120% compared to the previous year. During the year, Honda Malaysia increased its plant capacity to 40,000 units per annum to meet market demand.

Edaran Otomobil Nasional Berhad (EON) sold a total of 30,533 vehicles for the year and serviced 294,727 vehicles, generating revenue of RM1.88 billion and PBT of RM81.5 million. To improve the overall customer experience, EON has set aside RM20.0 million on renovation and relocation works. EON's wholly-owned subsidiary, **EON Auto Mart Sdn. Bhd. (EAM)** achieved its highest sales volume with 3,536 units sold.





Euromobil Sdn. Bhd. (Euromobil), the distributor of Audi, achieved total sales of 745 units in FY 2011. This represented a 55% increase from previous year (745 units vs 480 units), increasing the brand's market share in the luxury car segment to 7%.

Mitsubishi Motors Malaysia Sdn. Bhd. (Mitsubishi Motors Malaysia) is the exclusive distributor of Mitsubishi vehicles in Malaysia. Three new models, the Pajero, ASX and Lancer Sportback, were introduced during the year and this helped boost sales to 12,234 units (42% increase from previous year i.e. 12,234 units vs 8,597 units).

Automotive Corporation (Malaysia) Sdn. Bhd. (ACM) is the sole distributor of light-duty trucks marketed under the brand name of HICOM Perkasa and is also the franchise holder and distributor of Isuzu medium-heavy duty trucks. Total sales for FY 2011 amounted to 4,539 units, representing a 5% growth.

Suzuki Malaysia Automobile Sdn. Bhd. (SMA) achieved total sales of 7,141 units, a 26% increase from the previous year. During FY 2011, SMA introduced a new CBU model, the Alto 1.0L Suzuki product to the Malaysian market, which accounted for 11% of total sales. In March 2010, SMA commenced exports of Swift 1.5L vehicles to Brunei.



Group Managing Directors' Review of Operations (continued)

Automotive Sector

USF-HICOM (Malaysia) Sdn. Bhd. (USF-HICOM) launched the much awaited Mahindra Scorpio Automatic in June 2010. The company also inked an exclusive distributorship agreement with BRP, Australia to distribute the Can-Am Spyder Roadsters in Malaysia. The Spyder Roadsters come in two models and are expected to be launched in the third quarter of 2011.

Isuzu Malaysia Sdn. Bhd. (Isuzu Malaysia) achieved record sales of 6,018 units of Isuzu D-Max pick-up trucks in FY 2011. Sales were boosted in part by the introduction of the new 2.5-litre Super Commonrail model. The company also launched the new Isuzu-branded N-series trucks, the best-selling range of light-duty trucks in the global markets.

Motosikal Dan Enjin Nasional Sdn. Bhd. (MODENAS) achieved total sales of 50,014 motorcycles in FY 2011, a marginal increase from the 49,233 units recorded the previous year. Although domestic sales fell by 735 units, the export volume increased by 1,516 units owing to the revival of the Iranian market.





DRB-HICOM Auto Solutions Sdn. Bhd. (DHAS) is the logistics and PDI facilitator for import and export activities, representing seven major marques within the Group. DHAS recorded a revenue of RM81.2 million for FY 2011, an increment of 172% from the last financial year.

DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH) started the year on a high note when it anchored Malaysia's major defence exhibition, Defence Services Asia in April 2010. Apart from the 8x8 Armoured Wheeled Vehicle project mentioned, DEFTECH was also entrusted with a Letter of Intent for the maintenance of the Army's



PENDEKAR Main Battle Tank Project. DEFTECH also renewed its spare parts contract for the ADNAN ACV 300. While the Ministry of Defence remained the company's major client, DEFTECH also completed custom fabrication jobs for mobile police stations and medium recovery trucks for the Royal Malaysian Police.

MANUFACTURING & ENGINEERING

PHN Industry Sdn. Bhd. (PHN) is a Tier 1 stamping vendor specialising in metal-based automotive components. For the year under review, PHN recorded sales of RM263.2 million, up RM13.0 million from the previous year and, PBT increased by 15.8% to RM10.9 million, due to higher sales. During the year, PHN reviewed a total of 122 KPIs as part of its continual improvement programme and implemented various cost reduction activities and other key initiatives to enhance the company's competitiveness.

HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (HTS) is the largest plastic automotive vendor in the country. During the year, the company was successful in securing several new projects for the supply of replacement and facelift bumpers (Perodua Myvi and Proton Saga), instrument panels (Proton Waja and Persona, Honda New Civic) and chroming emblems (Honda New Civic). With the addition of Toyota Boshoku Malaysia to its customer base, HTS will localise the production of door trims for the new Toyota Camry. HTS has also embarked on export sales, with a foot-hold gained in China, Germany and Thailand.

For the year under review, HTS recorded sales of RM307.6 million up RM35.3 million from previous year and PBT of RM17.8 million, 14.5% higher than previous year.

Group Managing Directors' Review of Operations (continued)

Automotive Sector



HICOM Diecastings Sdn. Bhd. (HICOM Diecastings) supplies high and low-pressure diecasting automotive components to Malaysian OEM (original equipment manufacturers) car manufacturers and to major motorcycle engine assemblers. For the year in review, the company's sales revenue increased by 20.8% to RM103.5 million, while PBT improved to RM4.2 million. The improved financial numbers were largely due to the strong performance of the local automotive industry and better gross profit margins.

Oriental Summit Industries Sdn. Bhd. (OSI), a main chassis component manufacturer, generated revenue of RM189.9 million and PBT of RM6.4 million in FY 2011. A winner of multiple awards for FY 2011, OSI was also named DRB-HICOM's Best Company (Turnaround) for 2010.

HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. (HAMM) assembles the Mercedes-Benz C, E and S class series, Fuso, Actros and bus chassis as well as the Suzuki Swift for the respective franchise holders. During the year, HAMM produced a total of 12,246 units compared to 9,497 units recorded previously, boosting total revenue to RM71.3 million from RM49.8 million a year ago. The Group has the distinction of being the first assembler of the luxury Mercedes-Benz S Class series in Asia. In December 2010, HAMM commenced production of the new Mercedes-Benz C and S Class facelift models.

ISUZU HICOM Malaysia Sdn. Bhd. (IHM) registered total sales revenue of RM316.3 million. The 36% increase in revenue was attributed mainly to an increase in sales volume as well as cost savings derived from the ongoing improvements of manufacturing processes. A new model line-up of ISUZU N-series trucks was launched in November 2010 to meet the growing demand for commercial vehicles.



HICOM-HONDA Manufacturing Sdn. Bhd. (HICOM-HONDA) maintained its Number 1 spot in the motorcycle engine market with total sales of 219,258 units or a 47% market share. Engine (CBU) sales for the year totalled 223,407 units. The launch of the new Icon scooter towards the end of the financial year is expected to increase sales in FY 2012.

HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.'s (HICOM-YAMAHA) principal activities are the manufacture and assembly of motorcycle engines and parts. With Yamaha's share of the motorcycle market increasing to 38%, HICOM-YAMAHA has increased engine sales by 15% to 163,074 units. The introduction of a new replacement model, the Legend T115, was a contributing factor in the increase in sales volume.

PROSPECTS

The Malaysian Automotive Association has forecast in January 2011 that the local automotive industry is expected to reach another all-time TIV high of 618,000 units for 2011. However, the forecast may be reviewed in the light of the natural disaster that hit Japan in March 2011. Having successfully navigated the last recession of 2008/2009, most of our operating units have already sharpened their resilience and we are optimistic about the outlook and prospects of the Automotive sector in moving forward.

With VWAG on board, this is expected to bring about synergistic benefits across the sector. HAMM, for example, will be involved in assembling the Volkswagen models and is optimistic it will achieve a turnaround in FY 2012. HICOM-HONDA will be introducing new 110cc and 125cc models to



comply with Malaysian and global emission standards, while SMA will launch two totally new variants into its model range whilst stepping up efforts to penetrate into relatively untapped markets.

All our outlets will be launching new improvement and revenue-generating initiatives. Some will focus on the development of soft skills for their human capital, while others will strive to enhance brand presence and

recognition through more effective marketing strategies. To sustain profit margins, there will be an increase in parts and components localisation, without compromising on the quality of the product.

Euromobil will be venturing into the used car market focusing on the luxury segment. Many of our business units are also looking to the export markets and they will leverage on the footholds established to build market share.



KLAS

KARGO

RKN 21755 PC
Envirotainer

AKE 50394 TH
TRANSMILE AIR

AKE 50479 TH
TRANSMILE AIR

AKE 50469 TH
TRANSMILE AIR

AKE 1615 EK
Emirates

AKE 50460 TH
TRANSMILE AIR

AKE 50267 TH
TRANSMILE AIR



SERVICES SECTOR

The Services sector exemplifies the Group's conviction that one of its greatest strengths lies in the diversity of its portfolio. With four concessionaires under its wing and interests in the banking and insurance sectors, the Services sector generates a stable source of recurrent revenue for the Group. During the year in review, the Services sector contributed RM2.64 billion or 39% of the Group revenue.



Group Managing Directors' Review of Operations (continued)

Services Sector

OVERVIEW

With the Malaysian economy on the up-trend, the financial system continued to be sustained throughout 2010, supported by steady fundamentals. During the year, the Islamic banking industry in the country registered a robust growth, accounting for 20% of the overall banking system. This has translated into a record performance for Bank Muamalat, one of the Group's high achievers. Another star performer is KL Airport Services Sdn. Bhd., which continued to gain from the further liberalisation of the airlines industry. The Group has also benefited from the healthy growth of the Malaysian insurance industry, with Uni.Asia General Insurance Berhad achieving a turnaround in FY 2011.



Among the year's highlights, PUSPAKOM's exclusive concession agreement was extended by the Government on 19 January 2011. The new concession agreement was signed on 25 February 2011 and will expire on 31 August 2024. Another key development during the year was the Group's successful acquisition of a 32.21% stake in POS Malaysia from Khazanah, completed on 1 July 2011. The potential inclusion of POS Malaysia into the Group will add a new and important leaf to our portfolio, contributing towards future growth and profitability.

CONCESSIONAIRES

HICOM Power Sdn. Bhd. (HPSB) holds the concession to provide operation and maintenance (O&M) services for the 2,100 MW Tanjung Bin power plant, the largest independent coal-fired power plant in Southeast Asia. Operationally, HPSB was able to maintain a high capacity factor at an annual average of 71% in the 2010 calendar year. This has enabled the plant to fulfill its dispatch demand with an availability achievement of 92.24%. Two minor overhauls and a maintenance outage were carried out as scheduled. These maintenance plans were necessary for statutory conformance and maintaining optimum efficiency.

With its concession agreement recently renewed, **PUSPAKOM Sdn. Bhd. (PUSPAKOM)** remains the country's only comprehensive national vehicle inspection company. PUSPAKOM generated revenue of RM119.69 million, which is 3% higher compared to the previous year. PBT also increased by 41.8% to RM24.72 million. Some 94% of PUSPAKOM's revenue was derived from its concession inspection services, while the non-concession inspection services made up the remaining 6%. In February 2011, PUSPAKOM was appointed by the Ministry of Domestic Trade, Cooperatives and Consumerism as the authority to inspect vehicles under the Hire Purchase Act 1967 (Amendment 2010).





KL Airport Services Sdn. Bhd. (KLAS) is among the Group's star performers. For the year under review, KLAS registered a PBT of RM21.4 million, or 64% above its budget. Higher revenue was attributed to an increase in ground handling and engineering activities, resulting from new customers and increased frequencies from existing ones. KLAS also benefited from an increase in cargo tonnage and terminal charges and substantial growth in the customs freight agent business. In FY 2011, KLAS strengthened its customer base with the addition of eight new airlines and expanded its business activities into cargo logistic management, institutional catering, halal logistics and ground handling management, among others.

Alam Flora Sdn. Bhd. (Alam Flora) is one of the leading solid waste management companies in Southeast Asia, serving 30% of the Malaysian population. For the year under review, revenue rose to RM608.5 million with profit before tax of RM11.74 million.



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OTHER BUSINESSES

Bank Muamalat Malaysia Berhad (Bank Muamalat) posted record revenue in FY2011, amounting to RM821.5 million or 9.9% higher when compared to the previous corresponding period (on an annualised basis). PBT soared to a historical high of RM204.3 million, an increase of 79.8% when measured on an annualised basis. The enhanced performance was underpinned by the uptrend in yields, reflecting an environment of tighter monetary stance. Financing income rose 13.2% to RM474.4 million, while income from money market activities advanced 37.5% to RM119.0 million for the year under review. Total assets of the Bank grew 9.4% to stand at RM18.3 billion as at 31 March 2011. Its capital adequacy strengthened to 19.2% as at financial year-end, while asset quality has improved to 4.8% from 6.9% a year ago.

Uni.Asia Life Assurance Berhad (UAL) continued to stamp its presence on the Malaysian life assurance landscape. In FY 2011, UAL recorded a PBT of RM31.38 million, a slight decline compared to RM33.35 million in the previous year,



due to equity fair value loss for the year in review compared to fair value gain the year before. While maintaining a strong positioning in Bancassurance, the Company has taken a conscious decision to make the agency business a core contributor in achieving its business goals. The target is to reduce the dependency on Bancassurance from the current 70:30 ratio to 30% Bancassurance and 70% agency. This decision was made in view that 70% of the Regular Premium business generated in the industry was derived from the agency business and UAL intends to get a bigger portion of the pie in moving forward.

In a year that saw the general insurance industry growing by 9.0%, **Uni.Asia General Insurance Berhad (UAG)** reported a PBT of RM40.3 million, reversing a loss of RM24.3 million in the previous year. The Company also strengthened its Capital Adequacy Ratio (CAR) to over 200%, exceeding the Bank Negara Malaysia's supervisory requirement level of 130% and its total assets exceeding the RM1.0 billion-mark for the first time. The sound financial results were mainly attributable to the successful adoption of a new business model, which focused on key strategic transformation initiatives that strengthened its portfolio mix and restored profitability.



HICOM University College Sdn. Bhd. (HUCSB) owns the International College of Automotive (ICAM), which was officially established in the first quarter of 2010 upon receiving approval from the Ministry of Higher Education. ICAM was set up to complement the growth of the automotive industry through a sustainable development of human capital and also as a source of recurrent revenue. The Group's venture into education is slated to become a core business eventually. The 4.6 acres campus is located within the compounds of DRB-HICOM Automotive Complex in Pekan. ICAM currently offers 6 diploma courses, i.e. Diploma in Vehicle Assembly Management, Diploma in Vehicle Inspection, Diploma in Automotive Management Systems, Diploma in Automotive Retail Management, Diploma in Automotive Service Technology and Diploma in Automotive Parts Management. In March 2010, ICAM saw its first intake of 75 students.

Scott & English (M) Sdn. Bhd. (Scott & English) is a premier engineering and trading group, and has been the market leader in the sales of heavy commercial marine engines as well as on-board and industrial generator sets. A slow-down in the ship building industry has affected the group in terms of revenue and PBT, which declined by 13.6% and 39.9% respectively during the year in review.

Midea Scott & English Electronics Sdn. Bhd. (Midea Scott & English Electronics) is an associate company dealing in home appliances. Despite an increasingly competitive market, the company achieved a sales turnover of RM49.7 million, which was a 47% improvement over the previous year. Midea Scott & English Electronics was also able to turnaround with a PBT of RM1.029 million for its financial year ended 31 December 2010, reversing a loss before tax of RM0.958 million incurred the year before.

PROSPECTS

FY 2012 holds the promise of sustained growth and profitability for the Services sector. Among our concessionaires, Alam Flora is set to expand its services to Terengganu and Kelantan by the end of 2012. Given its track record, Alam Flora is optimistic about the future prospects pursuant to the implementation of the National Privatisation of Solid Waste Management which is expected to commence in September 2011. In the meantime, Alam Flora has identified various green businesses to broaden its revenue base. The company will invest in research and development as well as collaborate with local universities to develop the systems and technologies required by these entities.

PUSPAKOM's nationwide foot-print is set to expand in FY 2012. Two new branches will be established to carry out inspection services, while eight others will be relocated for operational efficiencies. It has set up seven new hire purchase inspection branches strategically located throughout the peninsula and installed additional lanes in five existing branches in order to support this. KLAS is working closely with Malaysia Airports Holdings Berhad to secure the business of new airlines operating into Malaysia and to develop the Next Generation Hub. With the expected gas curtailment curbing the generation of gas-fired power plants, HPSB is very likely to operate at a high capacity factor.

Bank Muamalat has strengthened its financial position and is on course to meet its objectives spelt out under Phase 2 of a 3-Phase business plan. Various strategies have been put in place to 'Meet the Benchmark', which is the overriding goal of the second phase plan. ICAM will begin admitting foreign students from March 2012, as queries have already come in from China, the Middle East and Africa. There are plans for ICAM to be upgraded to the status of an university college, offering first degree and post-graduate twinning programmes with suitable foreign universities.

The acquisition exercise of POS Malaysia was completed on 1 July 2011. The Group has far-reaching plans to reinvigorate POS Malaysia and the future holds exciting possibilities to expand our businesses by tapping the synergies inherent within the Group.





PROPERTY, ASSET & CONSTRUCTION SECTOR

Although the Property, Asset & Construction (PAC) sector has launched a number of projects with a GDV close to RM200 million, it remains the Group's diamond in the rough. With 4,152 acres of ready-to-be-developed land bank, its potential has not been fully realised owing to the gestation period involved to bring a property development project to completion. Moreover, the launch of new projects was also held back when the property market was affected by the economic slowdown of 2008/2009. Given the more conducive economic environment, PAC is poised to make its impact in the coming financial year.

Group Managing Directors' Review of Operations (continued)

Property, Asset & Construction Sector

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PAC is optimistic of generating higher revenue growth, contributed mainly by its property development projects.

OVERVIEW

The property market has always been one of the barometers of the state of a country's economy. In a year that saw the Malaysian economy rebounding, the property market set new records with a total of 376,583 property transactions worth RM107.44 billion. The volume and value of transactions registered a double-digit growth of 11.4% and 32.6% respectively.

The Property Division bounced back in 2010 with the launch of their signature development, the uber exclusive bungalows of Glenmarie Gardens as well as semi-detached houses and terrace houses in Glenmarie Cove and Proton City. The year under review also saw the launching of commercial properties under Laman Glenmarie. The division also ventured into the "build and lease" business model, adopted for the new PUSPAKOM Inspection Centre in Shah Alam and the students' accommodation for ICAM in Pekan.

During the year under review, the PAC sector contributed RM122.8 million or 2% of total Group revenue.

The next financial year will see further development projects, including the second phase of Glenmarie Gardens, bungalows in Glenmarie Cove, Laman Glenmarie residential project as well as residential and commercial development in Proton City.

The Asset Division reported a moderate growth in terms of revenue. The golf club and hotel business segments continued to remain sustainable, while FY 2011 was a recovery year for our mall operations in Singapore, where the average occupancy rate increased from 60% in 2010 to 87% in 2011.

The Construction Division has been restructured to become a more competitive entity. HICOM Builders Sdn. Bhd. (HBSB) is now the main construction arm of the DRB-HICOM Group following an operations merger and rationalisation exercise that involved Comtrac Sdn. Bhd. (Comtrac). HBSB will undertake all major construction projects within the Group, while Comtrac will focus on external projects.



PROPERTY DIVISION

Moving forward from a major restructuring exercise completed in March 2010, **Glenmarie Properties Sdn. Bhd. (GPSB)** has focused its attention on enhancing the Glenmarie brand through the following strategies:

- A far-reaching marketing and promotional campaign to reach out to the public, especially prospective investors
- Promoting the Glenmarie Brand to capture the Glenmarie Experience, which aims at delighting the customer and invoke the five senses at every stage of pre-sales, sales and after-sales activities. The Glenmarie Experience would catalyse brand awareness, which in turn would enable Glenmarie Properties to achieve wider recognition
- Differentiating the Glenmarie Brand through green initiatives, such as the development of an Eco-City with environmentally sustainable components

The quality of the projects we undertake is key to ensure future marketability and enhance the confidence of clients. To raise the bar on quality standards, GPSB has adopted the Construction Quality Assessment System (CONQUAS), an internationally recognised benchmarking tool for quality. CONQUAS has been implemented for all our new projects such as Glenmarie Gardens and Laman Glenmarie. GPSB is also in the process of putting in place an Integrated Management System, which combines three international standards: ISO 9001: 2008 Quality Management System, ISO 14001: 2004 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System.

HICOM-Gamuda Development Sdn. Bhd. (HICOM-Gamuda) is now at the final phase in the development of Kota Kemuning. The balance of land available for development is about 12 acres and this has been re-planned to optimise land use efficiency and value.

Proton City Development Corporation Sdn. Bhd. (PCDC) is a joint-venture between DRB-HICOM and Perusahaan Otomobil Nasional Berhad (PROTON). Proton City is a township with industrial, commercial and residential development spread over 4,000 acres. During the year, PCDC launched 110 units of single and double storey houses, with a take-up rate to date of 82.7%. Total land sales amounted to 26.88 acres, of which 17.79 acres constituted industrial and vendor land, while the remaining 9.09 acres were commercial land.

Group Managing Directors' Review of Operations (continued)

Property, Asset & Construction Sector

ASSET & FACILITY MANAGEMENT

Holiday Inn Kuala Lumpur Glenmarie closed the year under review with an occupancy rate of 68.9%, an increase of 4.1% from the previous year. In April 2010, the hotel was categorised as a 5-Star hotel by the Ministry of Tourism and the Malaysian Association of Hotels.

Integral to the Group's turnaround plan, we have aggressively promoted our other hospitality assets through a targeted marketing strategy. The **Rebak Island Resort** in Langkawi has been positioned as a private island sanctuary while the **Lake Kenyir Resort and Spa** in Terengganu has been promoted as an eco-resort catering to a growing niche market. To improve occupancy rates, we have initiated the cross bundling of the Group's products, for example, combining the sale of bungalows with a golf club membership or a holiday package to our resorts.

Integral to the Group's turnaround plan, we have aggressively promoted our other hospitality assets through a targeted marketing strategy. The **Rebak Island Resort** in Langkawi has been positioned as a private island sanctuary while the **Lake Kenyir Resort and Spa** in Terengganu has been promoted as an eco-resort catering to a growing niche market.

The Group also owns a retail property in Singapore. Through concerted efforts in the past year, we have improved the occupancy rate of **The Retail Centre, The Verge** from 60% to 87%.

Glenmarie Asset Management Sdn. Bhd. (GAM), formerly known as HICOM Facility Management Berhad, provides integrated facilities management services to the Group. The range of services provided include security, cleaning and landscaping, renovation works, administration and telecommunication services.





CONSTRUCTION DIVISION

HICOM Builders Sdn. Bhd. (HBSB) successfully launched the Mutiara Tropicana Phase 2 development, comprising 48 units of townhouses with a GDV of RM31.0 million. Under a RM42.5 million contract, HBSB has commenced construction works on the two blocks of 12-storey apartments that will serve as students' accommodation for ICAM. It has also started work on another phase of housing development in Proton City for PCDC worth RM25.3 million.

Comtrac Sdn. Bhd. (Comtrac) has completed the construction of nine bungalows at Glenmarie Cove with an approximate market value of RM19.0 million. Another project completed is the RM70.0 million fitting out of the 5-Star 'The Danna' hotel in Langkawi. Currently ongoing is the construction of a RM7.4 million elevated water tank at the Port of Tanjung Pelepas as well as earthworks and river revetment works for Precinct 4, Glenmarie Cove.

PROSPECTS

Moving forward, the Malaysian property market outlook appears promising. The market will benefit from the 'My First Home Scheme', a Government initiative to assist young Malaysians buy their first homes. Other indicators also point to a positive outlook for the property sector in the coming financial year.

PAC will focus on the following strategies to achieve its KPIs for FY 2012:

- Realigning and streamlining operations
- Enhancing business operations by reviewing processes and procedures, implementing quality programmes, adopting a construction management approach versus total outsourcing, among others

- Invigorating its human capital
- Refurbishing, upgrading and turnaround of hospitality assets
- Recovery and expansion of retail asset performance
- Reinforcing HICOM Builders/COMTRAC/Facility Operations by increasing book orders from in-house projects, enhancing Industrialised Building System capabilities, targeting Private Finance Initiatives and ETP projects, and collaborating with Eastern Corridor Economic Region authorities on industrial park management
- Continuing to enhance and champion the Glenmarie Brand

In view of the encouraging prospects for the property market in general, and after factoring in the expected project roll-out and the planned strategies that are in place, PAC is optimistic it will see significant growth, to be contributed mainly by the property development projects.

On the strength of the projected revenue, PAC is expected to turn around in FY 2012. Projects that would be driving revenue growth and profitability would include Glenmarie Gardens (high-end bungalows), Laman Glenmarie Shophouses, Laman Glenmarie Phase 2 (double-storey terraced houses), HICOM Pegoh Park, new phases of Glenmarie Cove and Proton City, Mutiara Tropicana, rental income from ICAM and PUSPAKOM Inspection Centres, as well as income from Rebak Island Resort, Lake Kenyir Resort and Spa and The Verge.



VALUES OF CREATING GROWTH

Earth's layered atmosphere retains its temperature and composition through its gravitational pull, providing a protected shield for conditions of living. As an organisation focused on its underlying values, DRB-HICOM is creating growth.







TRANSPARENCY

Our values of Transparency evaluates performance through openness, formulating the measure of ethical business standards in organisations that conducts the benchmark of compliancy in all of its operations.

Human Capital Development

With DRB-HICOM's wide business diversity, we recognise the importance of human capital development in our efforts to uphold the Company's vision of "to be Number 1 and to continuously excel in all that we do". At DRB-HICOM, we acknowledge that our people are the most important assets of the Company and therefore, we make every effort to ensure that our people are constantly up-skilled and provided with opportunities to improve themselves and grow within the Company.





HUMAN CAPITAL ON-BOARDING PROGRAMME

FY2010/2011 saw the birth of the renewed on-boarding programme, where new employees are introduced to the many facets of DRB-HICOM's operations and businesses. The on-boarding programme is conducted on a monthly basis facilitated by Group Human Capital (GHC). The two-day programme comprises briefing sessions by members of Senior Management and Heads of Divisions for businesses and operational functions.

The on-boarding programme is part of DRB-HICOM's efforts to empower new employees in their roles and provide them with resources to embark on their career with the Company. The programme is also an effective tool to enable a seamless transition into the new environment, corporate culture and practices.



CAREER FAIR 2011-ACQUIRING THE RIGHT TALENTS

DRB-HICOM realises the need to have quality in its talent pool and to provide young and talented Malaysians career opportunities that can nurture them to be capable leaders in the country's economic growth. In an effort to achieve that goal, DRB-HICOM participated in the inaugural National Youth Job Fair 2011, held from 25-27 March 2011 at the Putra World Trade Centre. The three-day fair which is said to be Malaysia's largest career fair, attracted 50,000 job seekers—from school leavers to fresh graduates.

DRB-HICOM secured 8,000 curriculum vitae from young Malaysians eager to embark on a career with well-established companies. The event which is set to be held annually proved to be an excellent platform for DRB-HICOM to source for talents and to promote itself as a preferred employer in the country's business landscape.

SAFETY, HEALTH AND ENVIRONMENT (SHE) PROGRAMMES

At DRB-HICOM, employee safety and a conducive working environment are paramount in increasing productivity levels and engagement amongst employees. Therefore, over the last 12 months, GHC organised a First Aid Training Course to train and equip selected employees to be certified first-aiders. The SHE team also disseminated SHE Alerts and conducted thorough investigations on accidents and mishaps. The team also embarked on audits and inspections of subsidiaries to evaluate performance and compliance to SHE policies.

The SHE team conducted work place programmes on health and safety in collaboration with the Department of Occupational Safety & Health (DOSH), Fire and Rescue Services, the Road Safety Department, the Royal Malaysian Police and the Social Security Organisation (SOCSSO). Group companies also embarked on SHE programmes such as month-long Safety Campaigns which also included blood donation drives. The SHE initiative in DRB-HICOM speaks of the Company's commitment to the Malaysian Government's call to reduce workplace accidents and occupational hazards.



REACHING FOR THE NEXT LEVEL

GHC believes in nurturing quality and keeping abreast of the latest management practices resulting in healthy leadership within DRB-HICOM and its operating companies, to ensure steady alignment with our corporate directions and aspirations for excellence. In line with that, GHC initiated a session for Chief Executive Officers (CEO), Chief Financial Officers (CFO) and Chief Operating Officers (COO) from all group companies, on the book "The Law of Attraction".

Micheal J. Losier, renowned author of the book, was invited to meet with our leadership team to share insights into leveraging on positive actions and thoughts that can impact business performance.

HUMAN CAPITAL DRIVING EXCELLENCE IN SYNERGY WITH THE BUSINESS

In our continuous efforts to develop employees to meet business needs, DRB-HICOM in collaboration with the Royal Malaysian Police embarked on a series of programmes to equip our Auxiliary Police (AP) officers with comprehensive training and knowledge. The officers were despatched to PULAPOL (Pusat Latihan Polis) for a 62-day course on security measures, first aid, law and customer service skills, among others. The officers were also given a comprehensive induction on DRB-HICOM's businesses and operations upon their return from PULAPOL, to enable them to accede to the company's business and operational needs.

In March 2011, GHC hosted an Industrial Relations (IR) Tripartite Dialogue which was facilitated by representatives from the Selangor IR department, in line with the company's constant training and development strategy. The Dialogue was purposed to help DRB-HICOM's IR practitioners to keep abreast with the latest laws, policies and cases related to IR. A total of 56 IR practitioners from DRB-HICOM's head office and subsidiaries attended the session.

In line with its commitment to provide consistent professional development to employees, GHC organised a learning session on Financial Reporting Standards for all Chief Financial Officers (CFOs) from all subsidiaries. The mandatory session featured the latest standards on financial reporting to equip and enable CFOs within the group to have sound financial reporting standards which are on par with industry best practices.

DRB-HICOM's commitment to employee development and training is clearly visible in the many programmes organised throughout the year to keep employees updated and knowledgeable on current practices and standards.

CONCLUSION

DRB-HICOM is passionate about constant growth and innovation. We work in synergy to ensure that our customers and stakeholders continue to be confident in our offerings. We have made a commitment to provide only the best for our customers and stakeholders resulting in the need for continuous improvement for our people.



Corporate Responsibility



DRB-HICOM's commitment to Corporate Responsibility (CR) focuses on the sustainability and good governance. The Group has put in efforts to include stakeholders in all business activities to maximise its positive impact on society and perform greater accountability. The Group's CR framework is built on four strategic dimensions, namely Workplace, Community, Marketplace and Environment to uphold its Group-wide CR initiatives.

OUR COMMITMENT IN THE WORKPLACE

We are committed to provide fair and equitable treatment to our employees while at the same time maintain a workplace free from discrimination, harassment and retaliation. There are no disparities in pay between men and women. All employees receive the same pay regardless of gender. Although there is no minimum wage law in Malaysia, our base salary is competitive and includes performance-based incentives and rewards.

Women Empowerment

We support the United Nations Millennium Development Goals, which include the empowerment of women. We have taken a historic step in accelerating the Company's goals on gender equality and the development of women. We are pleased to evident the positive results of our

actions through the significant increase in the number of female senior managers in the Company, during this reporting period.

We continue to inspire our female employees to grow as women entrepreneurs. We contributed RM10,000 to E-Women which is a one-stop-centre portal on current affairs, business ideas, events, business trends and other enterprise issues.

PROVIDING AN EXCITING WORKPLACE

DRB-HICOM Karting Championship

In strengthening the strong corporate culture of DRB-HICOM, ICAM held its first DRB-HICOM Karting Championship Series with the theme 'Powered by MODENAS, Driven by

ICAM' in October 2010. The Championship aims to bring everyone closer together as a big corporate company while enjoying an exciting motorsport experience.

Secretaries Amazing Race

A total of 52 secretaries from all DRB-HICOM Group companies were treated to an "amazing race" which ended in Lake Kenyir Resort and Spa. The programme started with a visit to KLAS when participants were brought for a tour around the in-flight catering kitchen and preparation areas to learn the ropes of in-flight food and beverage operations. The team then flew to Kenyir for a three-day, two-night retreat where they were entertained with fun-filled activities, courses on soft skills and team building programmes.



TRAINING AND DEVELOPMENT

e-Training/e-Learning

In 2010, we finalised the new concept of e-Training/ e-Learning which is going to be introduced in the next financial year. The concept of e-Learning is introduced to compliment traditional classroom instructor-led training programmes. We hope that knowledge gained from attending classroom training can be retained and enhanced through this approach.

Performance Management System (PMS)

We continue to implement a fair and effective performance review process where both employee and his/her immediate superior are responsible for completing the appraisal process. The objectives/targets cascading process from the top ensures that all employees are aligned towards common goals.

Employee Suggestion Scheme (ESS)

We continue to practice the Employee Suggestion Scheme to encourage our employees to suggest ideas which will improve our Company. We benefit from this scheme by receiving innovative, creative and effective improvement ideas. The ESS Programme is coordinated by a team who reports to the ESS Committee. We believe that the ESS portrays effective two-way communication which has successfully helped in boosting employees' morale. In FYE 2011, 60% of suggestions received were successfully implemented.

HEALTH AND SAFETY AT WORK

Our business is diversified which includes automotive manufacturing and distribution; defence; financial services; property and construction; and service industries. We recognise the fundamental responsibility and are committed to ensure that all employees work in a safe

and healthy environment. Our SHE policy is communicated to all employees and is made available to any interested parties who are concerned with or affected by the SHE performance of the operating unit.

OUR COMMUNITY ENGAGEMENT

We recognise our responsibility to manage the impact of our business in the community. Our longstanding community engagement has allowed the Company to grow and develop in tandem. Programmes are determined according to community needs and there are three strategic core themes on which we focus; Youth Development and Education, Socio-Economic Development and Quality of Life.





YOUTH DEVELOPMENT AND EDUCATION

The Development of International College of Automotive (ICAM)

The establishment of ICAM is essentially being driven by the rising needs in our nation's automotive industry for highly skilled workforce. Taking full advantage of the Group's more than 20 years experience in leading automotive industry, ICAM potentially will create a paradigm shift in augmenting the Group's position by generating knowledgeable and skilled workforce in meeting the future business challenges.

ICAM has officially commenced its operations in the first quarter of 2010 with its campus in Pekan, Pahang Darul Makmur. During its initial operations, ICAM offered three (3) diploma courses, namely Diploma in Automotive Management Systems, Diploma in Assembly Management and Diploma in Vehicle Inspection.

Starting September 2010, ICAM has offered three (3) new diploma courses, namely Diploma in Automotive Service Technology, Diploma in Automotive Retail Management and Diploma in Automotive Parts Management.

ICAM's holistic and unique automotive education model would achieve its vision of Becoming a Leader in Automotive Education. The first intake in the first quarter of 2010, included 75 employees from the Group's automotive companies and by March 2011, 34% of the offers were taken up by the local public.

School Adoption Programme by HICOM Power Sdn. Bhd. (HPSB)

For the second consecutive year, HPSB is involved in the "Projek Sekolah Angkat" whereby Sekolah Kebangsaan Serkat, Johor was chosen to be the adopted school. Fund has been allocated for its educational activities and motivational briefings. We are proud to evident the success of this project where three students had achieved 5A's in the UPSR's examination. We conducted a Social Return on Investment (SROI) calculation to measure the social value created by the School Adoption Programme. The SROI for the Student Exchange Programme is RM2.91; where for every Ringgit spent, RM2.91 of social value is created.





SOCIO-ECONOMIC DEVELOPMENT

ICAM to Boost Nation Building

Under the 10th Malaysia Plan (RMK10), the Government is targeting the technical and vocational education opportunities to reach a level of at least 37% of highly skilled workers by 2015; it is currently 23%.

ICAM approaches are directly complementing the New Economic Policy (NEP) deliverables which include:

- Developing a high quality workforce
- Building infrastructure for a knowledge base
- Enhancing the sources of growth and its sustainability

ICAM's motives are also aligned with the Economic Transformation Programme (ETP). The ETP introduced by the Malaysian Government has prioritised the investments in 12 National Key Economic Areas (NKEAs), one of which is education. Through ICAM, we aim to create additional work opportunities in this area.





QUALITY OF LIFE

We acknowledge that CR is about doing business responsibly and ethically, with integrity and strong governance. We believe this extends beyond just philosophical and philanthropic commitment. We placed great emphasis on delivering high impact CR through various key initiatives including;

- Sponsorship to The Star-Newspaper-in-Education (NiE) Programme by adopting 20 schools in Klang Valley, Pahang and Kedah to provide the weekly NiE pullout. Articles featured are interactive Grammar and Literature for both the primary and secondary school children
- For the third consecutive year, DRB-HICOM sponsored the “Program Sahabat Korporat Tabung Haji 1431H” organised by Lembaga Tabung Haji (LTH). The programme held in September 2010 aimed at providing opportunities for corporate organisations to contribute towards the welfare of Haj pilgrims
- KLAS Food distribution catered to 300 stranded passengers in KLIA due to the Iceland volcanic ash incident which closed European airports in April 2010
- DEFTECH donated RM1 million to the Majlis Rayuan Hari Pahlawan, as a way of showing its appreciation to former military personnel for their services and sacrifices in maintaining peace in the country

OUR COMMITMENT IN THE MARKETPLACE

DRB-HICOM and its subsidiaries are committed to delivering high quality products and services with excellent level of effectiveness and efficiency. Our best practices are summarised in our “HICOM Management System” (HMS) which serves as a testimony of our commitment in ensuring excellent delivery to our stakeholders. The best practices or initiatives being promoted were guided by the 9 HMS principles.

HMS 9 PRINCIPLES



Commitment in ensuring quality products and services is also manifested by subsidiaries having certified to ISO 9001 and ISO TS16949. These standards help to direct and control our quality of products and services. We always strive to go beyond compliance. In FYE 2011, various quality monitoring initiatives were also introduced such as Poka Yoke (mistake proofing), Six Sigma and Value Stream Mapping.

Sustainable Procurement

DRB-HICOM is 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.

Marketing Responsibility

Effective communication is the key to our business efficiency and profitability both internally and externally. Employees are encouraged to accept responsibility for the quality of communication with our customers. Each contact with a customer either in person, on the phone or by mail is regarded as an opportunity to improve the quality of communication between us and the people whose needs we serve.

Customer Satisfaction Survey

We continue to ensure the high level of customer satisfaction levels. We have implemented a few mechanisms for our automotive division to gauge customer satisfaction levels. These include market surveys, service campaigns, service centres and on-line satisfaction polls.

Compliance of Our Products and Services

We continue to adhere to all relevant laws and regulations to ensure compliance with relevant governmental authorities.

OUR COMMITMENT IN THE ENVIRONMENT

The Group’s Environmental Policy upholds the Environmental Management System (EMS) which has been externally benchmarked against international certifications including the ISO 14001. For all our support and effort towards greener environment, we were duly honoured on 29 March 2011 when DRB-HICOM emerged as Champion for Environment Category (under the Market Capitalisation above RM1 billion Category) in the StarBiz Corporate Responsibility Awards 2010.

GOING BEYOND GREEN AND CLIMATE CHANGE

We support the action of the United Nations, governments and the world at large by implementing steps to minimise climate change risks. Holiday Inn Kuala Lumpur Glenmarie achieved the EarthCheck Bronze benchmarked status in April 2010 by the EarthCheck Certifications which is the world's leading environmental practices monitoring programme used by the travel and tourism industry.

BIODIVERSITY AND CONSERVATION

We continue to work with World Wildlife Fund (WWF) and the Terengganu Wildlife Department in upgrading and refurbishing Lake Kenyir Resort and Spa in a bid to position the resort on the international tourism map. Results show that our conservation efforts has been positive as we have discovered an increase in the number of species of hornbills known as "Oriental Pied" from 8 in 2007 to 34 in 2011. We have also discovered a significant increase in the number of mammals around the Resort.

On a separate occasion, Honda and WWF-Malaysia initiated a 5-year project to save Sumatran Rhinos and pledged RM5 million to fund WWF-Malaysia's conservation efforts. The project aims to educate the future generation and the Malaysian public on environmental and conservation issues through various activities.

OTHER ENVIRONMENTAL INITIATIVES

Green Procurement

In FYE 2011, our Procurement Department introduced the element of 'Green Purchasing' in its invitation to bid. Environmentally Preferable Purchasing (EPP), often referred to as "green purchasing", is the affirmative selection and acquisition of products and services that most effectively



minimise negative environmental impacts over their life cycle of manufacturing, transportation, use and recycling or disposal. In addition, DRB-HICOM Group Companies adopt environmentally preferred goods and services in support of the Green Procurement commitment.

Sustainable Product-Green Technology

DRB-HICOM was heavily focused on finalising its production plan of CTric, the first electric bike by MODENAS in Southeast Asia. Recent R&D shows that this electric bike will result in 30% of savings through its eagle glide system. CTric uses a nano gel battery concept which prevents spillage during accidents. Following the successful development of the first electric bike, the bike was launched on 16 June 2011.

DRB-HICOM introduced green technology vehicles to cater for exceptional fuel economy. It is powered by Honda's new generation of Integrated Motor Assist (IMA) System that ingeniously recaptures and stores kinetic energy from vehicle braking and deceleration and supplies additional power for acceleration when required. We also introduced



the Ecological Drive Assist System (Eco Assist) which further improves vehicle fuel efficiency and performance. Maintaining safety as our key focus, the Honda all-new Insight has obtained a 6-star JNCAP safety rating for driver and 5-star JNCAP safety rating for passengers.

CONCLUSION

Embracing to the Group's shared values of Excellence, Decorum, Teamwork, Integrity, Innovation, Quality and Transparency, DRB-HICOM continuously aligns its operations and businesses to its CR initiatives thus incorporating the benefits to its stakeholders. The Group will continue to emphasise on its social, environmental and financial aspects, triple bottom line accounting, a service delivery system geared towards the goal of having a positive impact on society while achieving business success.

* Further disclosure on our CR achievements can be found in DRB-HICOM Sustainability Report 2011.



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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 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with investments in the automotive (including defence), services (including banking business) and property, asset and construction 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	570,206	387,087
Attributable to:		
Owners of the Company	472,468	387,087
Non-controlling interest	97,738	–
	570,206	387,087

DIVIDENDS

Dividends paid/payable by the Company since 31 March 2010 were as follows:

	RM'000
In respect of the financial year ended 31 March 2010:	
Final gross dividend of 2.5 sen per share, less taxation of 25%, paid on 15 October 2010	36,248
In respect of the financial year ended 31 March 2011:	
Interim gross dividend of 2.0 sen per share, less taxation of 25%, paid on 28 March 2011	28,999
Total dividends paid	65,247

The Directors now recommend the payment of a final gross dividend of 4.0 sen per share, less taxation of 25%, amounting to RM57,997,112 in respect of the financial year ended 31 March 2011, 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 18 June 2010, Edaran Otomobil Nasional Berhad ("EON") became a wholly-owned subsidiary of HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, upon completion of its capital reduction and repayment exercise. Consequently, EON was delisted from Bursa Malaysia Securities Berhad with effect from 2 July 2010.
- (b) On 21 December 2010, the Company entered into a Collaboration and License Agreement with Volkswagen AG ("VWAG") and Volkswagen Group Malaysia Sdn. Bhd. ("VGM") to collaborate in the assembly of Volkswagen vehicles in Malaysia.
- (c) On 25 February 2011, PUSPAKOM Sdn. Bhd. ("PUSPAKOM"), a wholly-owned subsidiary of the Group and the Government of Malaysia entered into a Concession Agreement to grant PUSPAKOM the exclusive rights and authority to carry out and perform motor vehicles inspection, testing and related activities for a period of fifteen (15) years commencing 1 September 2009 to 31 August 2024.
- (d) On 7 March 2011, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary of the Group accepted the Letter of Award dated 23 February 2011 from the Government of Malaysia to design, develop, manufacture, commission, supply and delivery of two hundred and fifty seven (257) units of twelve (12) variants of the 8 x 8 Armoured Wheeled Vehicles ("Contract"). The Contract valued at RM7.55 billion is for a period of 7 years commencing from 2011.
- (e) On 22 April 2011, the Company entered into a Share Sale and Purchase Agreement ("SPA") with Khazanah Nasional Berhad to acquire 172,997,399 ordinary shares of POS Malaysia Berhad ("POSM") of RM0.50 each ("POSM Share"), representing approximately 32.21% of the total issued and paid-up share capital of POSM for a total cash consideration of up to RM622,790,636.40 or at a purchase price of up to RM3.60 per POSM Share, of which up to RM0.10 per POSM Share is a refundable amount. The SPA was completed on 1 July 2011 and as a result, POSM became an associate company of the Group.

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' Noorizan 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 2011
	As at 1 April 2010	Acquired	Disposed	
<u>Holding Company</u>				
<u>Direct</u>				
Dato' Sri Haji Mohd Khamil bin Jamil	30,000	-	-	30,000

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 7 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 statements of comprehensive income and financial position 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.

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 negative goodwill arising from accretion of interest in a subsidiary company as disclosed in the consolidated statement of comprehensive income; 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, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 14 July 2011.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director

Statements of Comprehensive Income

for the financial year ended 31 March 2011

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	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	4	6,804,064	6,314,134	500,313	323,223
Cost of sales	5	(5,465,055)	(5,099,605)	–	–
Gross profit		1,339,009	1,214,529	500,313	323,223
Other income					
– negative goodwill arising from accretion of interest in a subsidiary company		71,216	–	–	–
– gain on disposal of estates		–	211,433	–	–
– others		207,108	172,151	3,306	32,112
Selling and distribution costs		(154,444)	(144,073)	–	–
Administrative expenses		(790,509)	(742,965)	(33,382)	(44,706)
Other expenses		(121,720)	(113,437)	(9,409)	(13,860)
Finance costs	9	(78,088)	(68,566)	(26,999)	(28,765)
Share of results of jointly controlled entities (net of tax)	18	70,459	56,250	–	–
Share of results of associated companies (net of tax)	19	158,493	72,572	–	–
Profit before taxation	6	701,524	657,894	433,829	268,004
Taxation	10	(131,318)	(114,629)	(46,742)	(60,523)
Net profit for the financial year		570,206	543,265	387,087	207,481
Other comprehensive income					
Gain/(loss) on fair value changes of available-for-sale securities		11,888	–	(2,418)	–
Fair value adjustment on investment property		1,129	–	–	–
Currency translation differences of foreign subsidiary companies		359	1,108	–	–
Share of other comprehensive income of an associated company		4	184	–	–
Other comprehensive income for the financial year, net of tax		13,380	1,292	(2,418)	–
Total comprehensive income for the financial year		583,586	544,557	384,669	207,481
Net profit for the financial year attributable to:					
Owners of the Company		472,468	472,298		
Non-controlling interest		97,738	70,967		
		570,206	543,265		
Total comprehensive income for the financial year attributable to:					
Owners of the Company		482,764	472,727		
Non-controlling interest		100,822	71,830		
		583,586	544,557		
Basic earnings per share (sen)	12	24.44	24.43		

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 March 2011

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	Note	2011 RM'000	2010 (Restated) RM'000	2009 (Restated at 1 April 2009) RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13	1,840,697	1,829,080	1,889,878
Prepaid lease properties	14	19,459	20,017	20,694
Investment properties	15	554,452	542,571	585,515
Land held for property development	16(b)	946,560	931,200	249,418
Jointly controlled entities	18	336,709	331,925	334,083
Associated companies	19	484,515	409,691	417,321
Intangible assets	20	219,021	233,750	251,614
Deferred tax assets	21	155,629	130,635	139,465
Securities: Financial assets at fair value through profit or loss				
– Banking		–	–	10,228
Securities: Available-for-sale	22(b)			
– Banking		3,163,859	3,292,058	2,638,068
– Non-banking		962,272	–	–
Securities: Held-to-maturity	22(c)			
– Banking		28,224	28,224	28,346
– Non-banking		462,861	–	–
Other investments	22(d)	–	1,191,961	879,254
Other assets	23	320	–	–
Banking related assets				
– Financing of customers	24	4,813,029	5,166,102	4,672,622
– Statutory deposits with Bank Negara Malaysia	25	94,121	87,821	72,871
		14,081,728	14,195,035	12,189,377

	Note	2011 RM'000	2010 (Restated) RM'000	2009 (Restated at 1 April 2009) RM'000
CURRENT ASSETS				
Non-current assets held for sale	26	3,390	–	140,674
Inventories	27	523,545	657,065	681,807
Property development costs	16(a)	230,727	260,624	180,185
Trade and other receivables	28	1,330,616	1,167,169	1,304,033
Reinsurance assets	39	270,290	131,801	142,680
Tax recoverable		78,505	125,557	152,151
Securities: Financial assets at fair value through profit or loss	22(a)			
– Non-banking		443,209	–	–
Securities: Available-for-sale	22(b)			
– Banking		1,151,047	720,747	663,385
– Non-banking		70,115	–	–
Securities: Held-to-maturity	22(c)			
– Banking		–	–	2,545
– Non-banking		14,712	–	–
Marketable securities	22(e)	–	387,168	462,864
Banking related assets				
– Cash and short-term funds	31	6,447,295	5,775,383	3,569,105
– Financing of customers	24	2,298,082	1,319,096	1,111,031
Short term deposits	29	1,147,188	1,201,953	892,119
Cash and bank balances	30	203,128	184,782	173,592
Derivative assets	32	2,342	–	–
		14,214,191	11,931,345	9,476,171
TOTAL ASSETS		28,295,919	26,126,380	21,665,548
EQUITY AND LIABILITIES				
Share capital	33	1,719,601	1,719,601	1,719,601
Reserves		3,260,743	2,860,135	2,441,143
Equity attributable to owners of the Company		4,980,344	4,579,736	4,160,744
Non controlling interest		1,151,768	1,242,774	1,199,756
TOTAL EQUITY		6,132,112	5,822,510	5,360,500

Consolidated Statement of Financial Position

as at 31 March 2011 (continued)

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	Note	2011 RM'000	2010 (Restated) RM'000	2009 (Restated at 1 April 2009) RM'000
NON-CURRENT LIABILITIES				
Life insurance contract liabilities	34	1,732,565	1,528,124	1,252,965
Deferred income	35	79,000	78,177	74,940
Long term borrowings	36	825,241	902,153	930,357
Provision for liabilities and charges	37	761	690	830
Deferred tax liabilities	21	65,757	46,357	35,653
Banking related liabilities				
– Deposits from customers	38	27,082	32,636	49,936
		2,730,406	2,588,137	2,344,681
CURRENT LIABILITIES				
General and life insurance contract liabilities	39	708,582	651,639	575,747
Trade and other payables	40	2,058,788	1,880,961	1,527,352
Provision for liabilities and charges	37	3,445	4,536	10,005
Bank borrowings	41			
– Bank overdrafts		5,997	29,546	25,525
– Others		515,180	596,080	588,256
Current tax liabilities		17,342	28,788	–
Banking related liabilities				
– Deposits from customers	38	15,812,819	14,415,598	10,568,766
– Deposits and placements of banks and other financial institutions	42	14,993	16,361	125,815
– Bills and acceptances payable	43	291,375	92,224	538,901
Derivative liabilities	32	4,880	–	–
		19,433,401	17,715,733	13,960,367
		22,163,807	20,303,870	16,305,048
TOTAL LIABILITIES		28,295,919	26,126,380	21,665,548
TOTAL EQUITY AND LIABILITIES		28,295,919	26,126,380	21,665,548

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Company Statement of Financial Position

as at 31 March 2011

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	Note	2011 RM'000	2010 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	5,003	5,284
Investment properties	15	142,268	147,642
Subsidiary companies	17	5,092,095	5,179,056
Jointly controlled entities	18	9,800	9,800
Associated companies	19	71,803	71,803
		5,320,969	5,413,585
CURRENT ASSETS			
Trade and other receivables	28	162,235	20,480
Tax recoverable		18,444	18,367
Securities: Available-for-sale	22(b)	19,189	–
Marketable securities	22(e)	–	21,607
Short term deposits	29	155,321	118,010
Cash and bank balances	30	10,905	4,032
		366,094	182,496
TOTAL ASSETS		5,687,063	5,596,081
EQUITY AND LIABILITIES			
Share capital	33	1,719,601	1,719,601
Reserves		3,409,735	3,091,720
TOTAL EQUITY		5,129,336	4,811,321
NON-CURRENT LIABILITIES			
Long term borrowings	36	159,947	191,000
Deferred tax liabilities	21	2,839	1,662
		162,786	192,662
CURRENT LIABILITIES			
Trade and other payables	40	204,371	401,098
Bank borrowings – Others	41	190,570	191,000
		394,941	592,098
TOTAL LIABILITIES		557,727	784,760
TOTAL EQUITY AND LIABILITIES		5,687,063	5,596,081

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

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	Note	Non-distributable						Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
		Issued and fully paid ordinary shares (Note 33) RM'000	Share Premium (Note 44) RM'000	Merger Reserve (Note 45) RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves (Note 46) RM'000				
At 1 April 2010		1,719,601	20,701	911,016	6,550	–	65,996	1,855,872	4,579,736	1,242,774	5,822,510
Effects of adopting FRS 139	2.2	–	–	–	–	7,070	–	(27,783)	(20,713)	(7,805)	(28,518)
As restated		1,719,601	20,701	911,016	6,550	7,070	65,996	1,828,089	4,559,023	1,234,969	5,793,992
Acquisitions of additional interests in subsidiary companies	49(i)(a) to (c)	–	–	–	–	–	–	–	–	(157,131)	(157,131)
Total comprehensive income for the financial year		–	–	–	1,959	7,204	1,133	472,468	482,764	100,822	583,586
Transfer of a subsidiary company's other reserves		–	–	–	(371)	(37,081)	89,066	(47,810)	3,804	1,626	5,430
Dividend paid to non-controlling interest		–	–	–	–	–	–	–	–	(28,518)	(28,518)
Final dividend in respect of financial year ended 31 March 2010	11	–	–	–	–	–	–	(36,248)	(36,248)	–	(36,248)
Interim dividend in respect of financial year ended 31 March 2011	11	–	–	–	–	–	–	(28,999)	(28,999)	–	(28,999)
At 31 March 2011		1,719,601	20,701	911,016	8,138	(22,807)	156,195	2,187,500	4,980,344	1,151,768	6,132,112

← Non-distributable →										
	Note	Issued and fully paid ordinary shares (Note 33) RM'000	Share Premium (Note 44) RM'000	Merger Reserve (Note 45) RM'000	Currency Translation Differences RM'000	Other Reserves (Note 46) RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000	Total RM'000
At 1 April 2009		1,719,601	20,701	911,016	6,305	29,210	1,473,911	4,160,744	1,199,756	5,360,500
Acquisition of additional interests in a subsidiary company	49(iii)(a)	-	-	-	-	-	-	-	(137)	(137)
Total comprehensive income for the financial year		-	-	-	245	184	472,298	472,727	71,830	544,557
Transfer of a subsidiary company's other reserves		-	-	-	-	36,602	(32,340)	4,262	1,827	6,089
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	(30,502)	(30,502)
Final dividend in respect of financial year ended 31 March 2009	11	-	-	-	-	-	(36,248)	(36,248)	-	(36,248)
Interim dividend in respect of financial year ended 31 March 2010	11	-	-	-	-	-	(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

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Company Statement of Changes In Equity

DRB-HICOM BERHAD
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	Note	← Non-distributable →			Distributable		Total RM'000
		Issued and fully paid ordinary shares (Note 33) RM'000	Share Premium (Note 44) RM'000	Merger Reserve (Note 45) RM'000	Available- for-sale Reserve RM'000	Retained Earnings (Note 48) RM'000	
2011							
At 1 April 2010		1,719,601	20,701	2,318,321	–	752,698	4,811,321
Effects of adopting FRS 139	2.2	–	–	–	–	(1,407)	(1,407)
As restated		1,719,601	20,701	2,318,321	–	751,291	4,809,914
Total comprehensive (loss)/income for the financial year		–	–	–	(2,418)	387,087	384,669
Final dividend in respect of financial year ended 31 March 2010	11	–	–	–	–	(36,248)	(36,248)
Interim dividend in respect of financial year ended 31 March 2011	11	–	–	–	–	(28,999)	(28,999)
At 31 March 2011		1,719,601	20,701	2,318,321	(2,418)	1,073,131	5,129,336
2010							
At 1 April 2009		1,719,601	20,701	2,318,321	–	603,214	4,661,837
Total comprehensive income for the financial year		–	–	–	–	207,481	207,481
Final dividend in respect of financial year ended 31 March 2009	11	–	–	–	–	(36,248)	(36,248)
Interim dividend in respect of financial year ended 31 March 2010	11	–	–	–	–	(21,749)	(21,749)
At 31 March 2010		1,719,601	20,701	2,318,321	–	752,698	4,811,321

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 31 March 2011

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	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	570,206	543,265	387,087	207,481
Adjustments for non-cash items:				
Allowance for/(write back of)/write off of investment securities and financing of customers (net)	61,778	96,235	–	(9,907)
Amortisation of				
– intangible assets	21,427	20,623	–	–
– prepaid lease properties	558	560	–	–
Depreciation of property, plant and equipment	145,439	135,781	418	459
Doubtful debts (net of write backs)	38,212	14,693	(11)	2,879
Finance costs	78,088	68,566	26,999	28,765
Impairment losses of				
– property, plant and equipment	20,004	71,336	–	–
– land held for property development	1,044	–	–	–
– non-current assets held for sale	1,960	–	–	–
Inventories written off/down (net of write backs)	9,258	10,255	–	–
Provision for/(write back of) liabilities and charges (net)	2,216	2,802	–	–
Taxation	131,318	114,629	46,742	60,523
Amortisation of deferred income	(5,406)	(3,300)	–	–
Dividend income (gross)	(3,232)	(3,171)	(454,680)	(279,053)
Excess of fair value of net assets acquired over purchase consideration	–	(137)	–	–
Gain on disposal/write off of property, plant and equipment	(3,447)	(3,582)	(1)	(16)
(Gain)/loss on disposal of				
– investment properties	(19)	9	–	–
– estates	–	(211,433)	–	–
– shares in an associated company	(570)	201	–	–
Gain on disposal of investment securities:				
– available-for-sale	(3,176)	(1,722)	–	–
– financial assets at fair value through profit or loss	(12,821)	(14,253)	–	–
(Gain)/loss on fair value adjustment of				
– investment properties	(2,553)	(5,755)	5,374	7,522
– securities: financial assets at fair value through profit or loss	(26,791)	–	–	–

Statements of Cash Flows

for the financial year ended 31 March 2011 (continued)

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	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)				
Gain on disposal of investments	-	(3,569)	-	-
Gain on waiver of payables	-	(20,135)	-	(20,135)
Interest income	(38,495)	(31,750)	(36,286)	(33,858)
Marked to market (gain)/loss on derivatives (net)	(6,760)	4,371	-	-
Negative goodwill arising from accretion of interest in a subsidiary company	(71,216)	-	-	-
Net unrealised foreign exchange differences	(14,012)	(14,283)	-	-
Reversal of impairment loss of available-for-sale securities	(42,197)	(13,237)	-	-
Share of results of jointly controlled entities (net of tax)	(70,459)	(56,250)	-	-
Share of results of associated companies (net of tax)	(158,493)	(72,572)	-	-
Cash inflow/(outflow) before working capital changes	621,861	628,177	(24,358)	(35,340)
Amounts due to customers on contracts	1,224	(6,996)	-	-
General and life insurance contract liabilities	90,728	243,049	-	-
Inter-company balances	5,280	(92,665)	(5,170)	481
Inventories	136,141	10,154	-	-
Property development costs	4,856	3,821	-	-
Trade and other receivables	(165,923)	157,898	(265)	50,730
Trade and other payables	154,089	221,455	(4,259)	(37,720)
Financing of customers	(673,934)	(811,315)	-	-
Statutory deposits with Bank Negara Malaysia	(6,300)	(14,950)	-	-
Deposits with customers	1,391,667	3,829,532	-	-
Deposits and placements of banks and other financial institutions	(1,368)	(109,454)	-	-
Bills and acceptance payables	199,151	(446,677)	-	-
Net cash generated from/(used in) operations	1,757,472	3,612,029	(34,052)	(21,849)
Interest received	37,768	31,387	7,973	48,901
Dividends received	146,220	142,232	409,675	216,890
Finance cost paid	(74,856)	(52,646)	(16,939)	(28,277)
Taxation paid, net of refunds	(114,771)	(78,488)	(638)	-
Provision for liabilities and charges paid	(3,207)	(8,431)	-	-
Net cash inflow from operating activities	1,748,626	3,646,083	366,019	215,665

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment securities by insurance subsidiary companies	(1,044,838)	(1,224,698)	-	-
Acquisition of investment securities by a banking subsidiary company	(4,727,630)	(1,166,334)	-	-
Acquisition of additional shares in subsidiary companies	(12)	-	(3,000)	(7,000)
Capital reduction and repayment in a subsidiary company	(80,829)	-	-	-
Cost incurred on land held for property development	(4,807)	2,141	-	-
Expenditure on investment properties	(1,390)	(6,164)	-	-
Net cash outflow from acquisitions of subsidiary companies	-	(144,070)	-	-
Proceeds from dilution of an associated company	658	-	-	-
Proceeds from disposal of associated companies	-	10,290	-	-
Proceeds from disposal/maturity of investment securities/redemption of available-for-sale securities by insurance subsidiary companies	1,804,759	1,117,300	-	-
Proceeds from disposal of investment securities by a banking subsidiary company	3,383,328	518,449	-	-
Proceeds from disposal of property, plant and equipment/investment properties	10,719	13,223	1	205
Purchase of property, plant and equipment/intangible assets	(150,201)	(135,110)	(137)	(3,825)
Net cash outflow from investing activities	(810,243)	(1,014,973)	(3,136)	(10,620)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to non-controlling interest	(28,518)	(30,502)	-	-
Dividends paid to shareholders	(65,247)	(57,997)	(65,247)	(57,997)
Fixed deposits held as security/maintained as sinking fund	(18,322)	(26,568)	-	-
Proceeds from bank borrowings	1,301,430	749,974	10,000	140,000
Repayment of borrowings	(1,486,990)	(769,315)	(43,477)	(9,000)
Repayment of loans to subsidiary companies (net of proceeds)	-	-	(219,975)	(198,256)
Net cash outflow from financing activities	(297,647)	(134,408)	(318,699)	(125,253)
NET INCREASE IN CASH AND CASH EQUIVALENTS	640,736	2,496,702	44,184	79,792
Effects of foreign currency translation	(16)	11	-	-
CASH AND CASH OF EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	7,095,926	4,599,213	122,042	42,250
CASH AND CASH OF EQUIVALENTS AT END OF THE FINANCIAL YEAR	7,736,646	7,095,926	166,226	122,042

Statements of Cash Flows

for the financial year ended 31 March 2011 (continued)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Cash and cash equivalents at end of the financial year comprise the following:					
Short term deposits		1,147,188	1,201,953	155,321	118,010
Cash and bank balances		203,128	184,782	10,905	4,032
Cash and short term funds of a banking subsidiary		6,447,295	5,775,383	–	–
Bank overdrafts		(5,997)	(29,546)	–	–
		7,791,614	7,132,572	166,226	122,042
Less: Fixed deposits held as security/sinking fund	29(b)	(54,968)	(36,646)	–	–
		7,736,646	7,095,926	166,226	122,042
(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	13(b)	11,441	1,797	–	–
(ii) Acquisitions of subsidiary companies partly paid via disposal of estates	49(iii)(b)	–	341,742	–	–

The notes set out on pages 165 to 278 form an integral part of the financial statements.

Notes to the Financial Statements

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1 PRINCIPAL ACTIVITIES

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

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

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

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 for banking and insurance subsidiary companies 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 for banking and insurance subsidiary companies and Shariah principles for a banking subsidiary company of the Group, 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 year. 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 55 to the financial statements.

31 March 2011 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Changes in accounting policies and effects arising from adoption of revised FRSs**

The new/revised accounting standards, amendments to published standards and IC Interpretations to existing standards issued by MASB and effective for the current financial year are as follows:

(i) Applicable and adopted by the Group

FRS 4	<i>Insurance Contracts</i>
FRS 7	<i>Financial Instruments: Disclosures</i>
FRS 8	<i>Operating Segments</i>
Revised FRS 101	<i>Presentation of Financial Statements</i>
Revised FRS 123	<i>Borrowing Costs</i>
FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
FRS 140	<i>Investment Property</i>
Amendment to FRS 5	<i>Non-current Assets Held for sale and Discontinued Operations</i>
Amendment to FRS 7	<i>Financial Instruments: Disclosures</i>
Amendment to FRS 8	<i>Operating Segments</i>
Amendment to FRS 107	<i>Statement of Cash Flows</i>
Amendment to FRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
Amendment to FRS 110	<i>Events after the Reporting Period</i>
Amendment to FRS 116	<i>Property, Plant and Equipment</i>
Amendment to FRS 117	<i>Leases</i>
Amendment to FRS 118	<i>Revenue</i>
Amendment to FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
Amendment to FRS 123	<i>Borrowing Costs</i>
Amendment to FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendment to FRS 128	<i>Investments in Associates</i>
Amendment to FRS 131	<i>Investments in Joint Ventures</i>
Amendments to FRS 132	<i>Financial Instruments: Presentation</i>
Amendment to FRS 134	<i>Interim Financial Reporting</i>
Amendment to FRS 136	<i>Impairment of Assets</i>
Amendment to FRS 138	<i>Intangible Assets</i>
IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>
IC Interpretation 13	<i>Customer Loyalty Programmes</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>

(ii) Not applicable to the Group

Amendment to FRS 119	<i>Employee Benefits</i>
Amendment to FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 11	<i>FRS 2 – Group and Treasury Share Transactions</i>
IC Interpretation 14	<i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Changes in accounting policies and effects arising from adoption of revised FRSs** (Continued)

The adoption of the new/revised accounting standards, amendments to published standards and IC Interpretations to existing standards issued by MASB and effective for the current financial year did not have a significant financial impact on the Group and did not result in substantial changes to the Group's accounting policies other than the effect of the following FRSs as described below:

FRS 4 Insurance Contracts

The adoption of FRS 4: Insurance Contracts has resulted in a change in accounting policy relating to the presentation of insurance contract liabilities, i.e. claims liabilities and premium liabilities. Prior to 1 April 2010, insurance contract liabilities were offset with the corresponding recoverable reinsurance assets.

Upon the adoption of FRS 4, the offsetting of insurance contract liabilities and the corresponding reinsurance assets is prohibited. Consequently, the corresponding reinsurance assets are required to be shown separately on the face of the statement of the financial position. This change in the presentation has been accounted for retrospectively and the comparative figures as at 31 March 2010 and 1 April 2009 have been restated as follows:

As at 31 March 2010

	As previously stated RM'000	Effect on adoption of FRS 4 RM'000	As restated RM'000
Consolidated Statement of Financial Position			
<u>As at 31 March 2010</u>			
<u>Current assets</u>			
Reinsurance assets	–	131,801	131,801
<u>Current liabilities</u>			
General and life insurance contract liabilities	519,838	131,801	651,639

As at 1 April 2009

	As previously stated RM'000	Effect on adoption of FRS 4 RM'000	As restated RM'000
Consolidated Statement of Financial Position			
<u>As at 1 April 2009</u>			
<u>Current assets</u>			
Reinsurance assets	–	142,680	142,680
<u>Current liabilities</u>			
General and life insurance contract liabilities	433,067	142,680	575,747

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

FRS 7 Financial Instruments: Disclosures

Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 March 2011.

FRS 8 Operating Segments

This standard which replaces FRS 114 Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segment reporting will be based on the internal reporting to the "chief operating decision maker" who makes decisions on the allocation of resources and assesses the performance on the reportable segments. There is no impact on the segmental information disclosed by the Group in Note 54 as the disclosures already reflect the requirement of this standard.

Revised FRS 101 Presentation of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The revised FRS 101 was adopted retrospectively by the Group and the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Changes in accounting policies and effects arising from adoption of revised FRSs (Continued)**Amendment to FRS 117 Leases

With the adoption of the above standard, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. The Group has reassessed and determined that certain leasehold lands of the Group are in substance finance leases and has reclassified the leasehold lands from prepaid lease properties to property, plant and equipment. The change in classification has no effect on the results of the Group.

The change in accounting policy has been made retrospectively and the comparative figures have been restated as follows:

As at 31 March 2010

	As previously stated RM'000	Effect on adoption of FRS 117 RM'000	As restated RM'000
Consolidated Statement of Financial Position			
As at 31 March 2010			
Property, plant and equipment	1,776,114	52,966	1,829,080
Prepaid lease properties	72,983	(52,966)	20,017
			<hr/>

	As previously stated RM'000	Effect on adoption of FRS 117 RM'000	As restated RM'000
Consolidated Statement of Comprehensive Income			
Financial year ended 31 March 2010			
Depreciation of property, plant and equipment	134,930	851	135,781
Amortisation of prepaid lease properties	1,411	(851)	560
			<hr/>

As at 1 April 2009

	As previously stated RM'000	Effect on adoption of FRS 117 RM'000	As restated RM'000
Consolidated Statement of Financial Position			
As at 1 April 2009			
Property, plant and equipment	1,836,061	53,817	1,889,878
Prepaid lease properties	74,511	(53,817)	20,694
			<hr/>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

FRS 139 Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. Financial liabilities are classified as fair value through profit or loss and other financial liabilities. The classification depends on the nature of the asset/liabilities and the purpose for which the asset was acquired/liability was assumed. The classification of financial assets and financial liabilities are determined at initial recognition.

Set out below are the major changes in classification of financial assets and financial liabilities of the Group:

(a) Available-for-sale financial assets

Certain marketable securities and other investments, previously measured at cost and subject to impairment, are now classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value. They are included in non-current assets unless the investment is intended to be disposed within 12 months of the reporting date. Changes in fair values of available-for-sale equity securities are recognised in other comprehensive income, together with the related currency translation differences. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the equity security is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss in subsequent periods. When equity securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss.

(b) Loans and receivables

Loans and receivables, previously measured at cost less allowance for doubtful debts, are now measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method. When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(c) Held-to-maturity (HTM) investments

Prior to 1 April 2010, HTM investments which includes certain marketable securities and other investments, were accounted for 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 statement of comprehensive income.

Under FRS 139, HTM investments are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less impairment, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

FRS 139 Financial Instruments: Recognition and Measurement (continued)

(d) Fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Group. Under FRS 139, financial assets and liabilities at fair value through profit or loss are measured initially and subsequently at fair value.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the reporting date. Derivative financial liabilities are also categorised as held for trading within fair value through profit or loss category.

Prior to 1 April 2010, derivative financial instruments were not recognised in the financial statements. With the adoption of FRS 139, derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. Derivative financial instruments are remeasured at each reporting date. Resulting gains or losses arising from subsequent fair value remeasurements of derivative financial instruments are taken to the profit or loss.

(e) Other financial liabilities

Other financial liabilities (including loans and borrowings), previously measured at cost, are now measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

(f) Non-hedging derivatives

Prior to 1 April 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 April 2010 are recognised at their fair values and are classified as financial assets/liabilities at fair value through profit or loss.

(g) Financial guarantee contracts

Prior to 1 April 2010, financial guarantees provided to banks in connection with bank loans and other banking facilities are disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 April 2010.

31 March 2011 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Changes in accounting policies and effects arising from adoption of revised FRSs (Continued)***FRS 139 Financial Instruments: Recognition and Measurement (continued)*Impact on opening balances

In accordance with the transitional provisions for the first time adoption of FRS 139, the above changes are applied prospectively and the comparatives as at 31 March 2010 are not restated. Instead, the effects arising from the adoption of this standard have been accounted for by adjusting the opening balances as follows:

	Balance as at 1 April 2010 before adopting FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 April 2010 after adopting FRS 139 RM'000
Group			
<u>Non-current assets</u>			
Property, plant and equipment	1,776,114	(7,081)	1,769,033
Jointly controlled entities	331,925	(119)	331,806
Associated companies	409,691	(1,570)	408,121
Other investments	1,191,961	(1,191,961)	–
Securities: Available-for-sale			
– Banking	3,292,058	(38,413)	3,253,645
– Non-banking	–	788,548	788,548
Securities: Held-to-maturity			
– Non-banking	–	398,316	398,316
Other assets	–	320	320
Deferred tax assets	130,635	9,603	140,238
<u>Current assets</u>			
Trade and other receivables	1,167,169	(2,023)	1,165,146
Marketable securities	387,168	(387,168)	–
Securities: Available-for-sale			
– Non-banking	–	36,859	36,859
Securities: Financial assets at fair value through profit or loss			
– Non-banking	–	362,385	362,385
<u>Non-current liabilities</u>			
Long term borrowings	902,153	(3,313)	898,840

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Changes in accounting policies and effects arising from adoption of revised FRSs (Continued)***FRS 139 Financial Instruments: Recognition and Measurement (continued)**Impact on opening balances (continued)*

	Balance as at 1 April 2010 before adopting FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 April 2010 after adopting FRS 139 RM'000
Group (continued)			
<u>Current liabilities</u>			
Trade and other payables	1,880,961	(8,402)	1,872,559
Derivative liabilities	–	7,929	7,929
<u>Equity</u>			
Available-for-sale reserve	–	7,070	7,070
Retained earnings	1,855,872	(27,783)	1,828,089
Non-controlling interest	1,242,774	(7,805)	1,234,969
Company			
<u>Current assets</u>			
Marketable securities	21,607	(21,607)	–
Securities: Available-for-sale	–	21,607	21,607
<u>Non-current liabilities</u>			
Long term borrowings	191,000	1,407	192,407
<u>Equity</u>			
Retained earnings	752,698	(1,407)	751,291

31 March 2011 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.3 Impact of new MASB pronouncements**

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

- (i) **New/revised accounting standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted**

Effective for the Group financial year beginning on or after:

1 April 2011

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
FRS 3	<i>Business Combinations (Revised)</i>
Amendments to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 7	<i>Improving Disclosures about Financial Instruments</i>
Amendments to FRS 101	<i>Presentation of Financial Statements</i>
Amendments to FRS 121	<i>The Effects of Changes in Foreign Exchange Rates</i>
Amendments to FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 128	<i>Investment in Associates</i>
Amendments to FRS 131	<i>Investments in Joint Ventures</i>
Amendments to FRS 132	<i>Classification of Rights Issues</i>
Amendments to FRS 134	<i>Interim Financial Reporting</i>
Amendments to FRS 138	<i>Intangible Assets</i>
Amendments to FRS 139	<i>Financial Instruments: Recognition and Measurement</i>
IC Interpretation 4	<i>Determining Whether an Arrangement contains a Lease</i>
IC Interpretation 12	<i>Service Concession Arrangements</i>
IC Interpretation 13	<i>Customer Loyalty Programmes</i>
Amendment to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>

1 April 2012

Revised FRS 124	<i>Related Party Disclosures</i>
IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>
IC Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impact of new MASB pronouncements (Continued)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 and IC Interpretation 15 are described below.

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss.

Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

IC Interpretation 15 *Agreements for the Construction of Real Estate*

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 *Construction Contracts* or FRS 118 *Revenue*.

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. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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 statement of comprehensive income.

The total assets and liabilities of subsidiary companies are included in the Group's statement of financial position and the interests of non-controlling 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Non-controlling interest

Non-controlling interest represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in statements of comprehensive income of the Group and within equity in the consolidated statement of financial position separately from parent shareholders' equity. Non-controlling interest is initially measured at the non-controlling interest's 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 non-controlling interest as transactions with parties external to the Group. Gains and losses resulting from disposal of shares in subsidiary companies to non-controlling interest are recorded in statements of comprehensive income. Purchases from non-controlling interest result in goodwill, being the difference between any consideration 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 financial statements of the jointly controlled entities used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. When the reporting dates of the Group and a jointly controlled entity are different, the jointly controlled entity is required to prepare additional financial statements as of the same date as that of the Group for consolidation purpose.

The Group's share of results of jointly controlled entities is included in the consolidated statement of comprehensive income using the equity method of accounting. In the consolidated statement of financial position, 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.

2.7 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 financial statements of the associated companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. When the reporting dates of the Group and an associated companies are different, the associated company is required prepare additional financial statements as of the same date as that of the Group for consolidation purpose.

The Group's share of results of associated companies is included in the consolidated statement of comprehensive income using the equity method of accounting. The share of the results of the associated company will not be taken into the Group's statement of comprehensive income 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 statement of financial position, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investments in 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.

On disposal of investments, the difference between the net disposal proceeds and its carrying amount is charged or credited to the statement of comprehensive income.

2.9 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at the initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

- **Financial assets at fair value through profit or loss**

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

- **Loans/financing and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve months after the reporting date which are classified as non-current.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

- **Held-to-maturity investments**

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within twelve months after the reporting date which are classified as current.

- **Available-for-sale financial assets**

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within twelve months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

- **Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

- **Unquoted equity securities at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

- **Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

- **Insurance receivables**

Insurance receivables are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. An objective evidence of impairment is deemed to exist where the principal for insurance receivables is past due for more than 90 days or 3 months, as prescribed in the Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia.

Prior to adoption of FRS 4, known bad debts are written off and specific allowances are made for insurance receivables as follows:

- (i) motor premiums which remain outstanding for more than 30 days from the date on which they become receivables;
- (ii) non-motor premiums, including agents or reinsurance balances, which remain outstanding for more than 6 months from the date on which they become receivables; and
- (iii) all debts which are considered doubtful.

An impairment loss in respect of insurance receivables is recognised through profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

The change in the accounting policy in assessing impairment of insurance receivables did not have any material impact on the financial statements of the Group.

- **Impairment of financing**

The adoption of FRS 139 has resulted in a change in the accounting policy relating to the assessment for impairment of financial assets, particularly financing. The existing accounting policies relating to the assessment of impairment of other financial assets of the banking subsidiary company are already largely in line with those of FRS 139.

Prior to the adoption of FRS 139, allowances for impaired financing (previously referred to as non-performing financing) were computed in conformity with the Bank Negara Malaysia ("BNM/GP3") Guidelines on Classification of Non-Performing financings and Provision for Substandard, Bad and Doubtful Debts. Upon the adoption of FRS 139, the banking subsidiary company assesses at the end of each reporting period whether there is any objective evidence that a financing or group of financing is impaired.

Financing of banking subsidiary company are classified as impaired when they fulfil either of the following criteria:

- (i) principal or profit or both are past due from more than 3 months;
- (ii) where a financing is in arrears for less than 3 months, the financing exhibits indications of credit weaknesses; or
- (iii) where an impaired financing has been rescheduled or restructured, the financing will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of 3 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

- **Impairment of financing** (continued)

The financing or group of financing is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the financing (an incurred 'loss event') and that the loss event has an impact on future estimated cash flows of the financing or group of financing that can be reliably estimated.

The banking subsidiary company first assesses individually whether objective evidence of impairment exists individually for financing that are individually significant, or collectively for financial assets that are not individually significant. If the banking subsidiary company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Where appropriate, the calculation of the present value of the estimated future cash flows of a collateralised financing or receivable reflect the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. Profit income continues to be accrued on the reduced carrying amount and is accrued using the rate of profit used to discount the future cash flows for the purpose of measuring the impairment loss.

Financing together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the banking subsidiary. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

For financing that are collectively assessed, the banking subsidiary has applied the transitional provision issued by Bank Negara Malaysia via its guidelines on Classification and Impairment Provision for Loans/Financing, whereby collective assessment allowance is maintained at a minimum of 1.5% of total financing outstanding, net of individual assessment allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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. Assets under construction/development for future use as investment property are also classified in this category. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, 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 included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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 statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income in the period of the retirement or disposal.

2.12 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.

2.13 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 statement of comprehensive income 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 statement of comprehensive income.

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 reporting date, the Group assesses whether there is any indication of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property, plant and equipment and depreciation (Continued)

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 reporting date.

2.14 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, if the risks and rewards of the ownership are not substantially transferred to the Group. 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.

2.15 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 statement of financial position 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 statement of comprehensive income.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

(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 statement of comprehensive income 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 concession period of 25 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 statement of comprehensive income in the financial year in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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 statement of comprehensive income.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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 statement of comprehensive income 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and short term 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.

(i) **Current 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 reporting date. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) **Deferred tax**

Deferred tax is provided for in full, using the liability method on temporary differences at the reporting 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 goodwill, 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Income taxes (Continued)

(ii) Deferred tax (continued)

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 reporting date. Deferred tax is recognised in the statement of comprehensive income, 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21 Share capital

(i) Classification

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. 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 reporting date. Dividends proposed after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date. Upon the dividend becoming payable, it will be accounted for as a liability.

2.22 Borrowings

(i) Classification

Borrowings are measured at fair value net of transaction costs initially and subsequently, at amortised cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

(ii) Capitalisation of borrowing cost

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 recognised in profit or loss in the period they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

- **Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

- **Other financial liabilities**

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings, deposit from customers and bills and acceptance payable.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised at fair value net of transaction costs initially and subsequently, at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.25 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 reporting 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) Claims liabilities in relation to a general insurance subsidiary company

Outstanding claims provision are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the end of the reporting period. The liability is calculated at the reporting date by an independent actuarial firm using projection techniques that included a regulatory risk margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

(iv) Provision for benefits and claims in relation to a life insurance subsidiary company

Benefits and claims 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. Benefits and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Life insurance contract liabilities

In prior years, it was disclosed as "Life assurance fund". A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The valuation of life insurance contract liabilities is determined according to Risk Based Framework for Insurers issued by Bank Negara Malaysia ("BNM") as set out in below:

(i) **Actuarial liabilities**

Comprise of Participating Fund Insurance Contract Liabilities, Non-participating Fund Insurance Contract Liabilities and Investment-linked Fund Insurance Contract Liabilities.

(ii) **Unallocated Surplus**

Surpluses in the discretionary participation features ("DPF") are distributable to policyholders and shareholders in accordance with the relevant terms under the insurance contracts. The life insurance subsidiary, however has the discretion over the amount and timing of the distribution is subject to the advice of the life insurance subsidiary company's appointed Actuary. As required by BNM Guidelines on Financial Reporting for Insurers, unallocated surplus of the DPF and non-DPF funds where the amount of surplus allocation to either policyholders or shareholders has yet to be determined by the end of the financial year, are held within insurance contract liabilities.

2.27 Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.28 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 statement of comprehensive income 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 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 are 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.

Unearned premium reserves

Unearned premium reserves ("UPR") represent 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 reporting 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 Bank Negara Malaysia;
- (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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 General insurance underwriting results (Continued)

Acquisition costs and deferred acquisition costs ("DAC")

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.

Those costs are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, these costs are amortised/allocated to the periods according to the original policies which give rise to income. Amortisation is recognised in profit or loss.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in income statement. DAC is also considered in the liability adequacy test for each accounting period.

DAC is derecognised when the related contracts are either settled or disposed off.

2.30 Life insurance underwriting results

The surplus transferable from the life insurance fund to the statement of comprehensive income 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 statement of comprehensive income to the life insurance fund is made in the financial year of the actuarial valuation.

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)

2.31 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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.

2.32 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 statement of comprehensive income 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 statement of comprehensive income 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivables. 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 and upon transfer of significant risks and rewards of ownership of the goods to the customers.

(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 incepted for which policies have not been issued as of the reporting 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Revenue recognition (Continued)

(iii) Others

(a) Dividend income

Dividends are recognised when the Group's right to receive payment is established.

(b) Interest income

Interest income is recognised using effective interest method.

(c) Income from financing of a banking subsidiary company

Profit income from financing is recorded using the effective profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financing or a shorter period, where appropriate, to the net carrying amount of the financing. The calculation takes into account all contractual terms of the financing (for example, repayment options), but not future credit losses.

For impaired financing where the value of the financing has been written down as a result of an impairment loss, financing income continues to be recognised using the rate of profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

(d) Rental income

Rental income is accrued on a straight line basis over the lease term.

2.34 Foreign currency translation

(i) **Functional and presentation currency**

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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) **Foreign currency transactions**

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 reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange date when fair value was determined. Exchange gains and losses are dealt with in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.34 Foreign currency translation (Continued)

(iii) Foreign subsidiaries

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 reporting date. Income and expenses are translated at exchange rates at the date of transactions. Exchange differences arising on translation are taken directly to other comprehensive income.

On disposal of foreign subsidiary companies, such translation differences are recognised in the statement of comprehensive income as part of the gain or loss on disposal.

2.35 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.

2.36 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 2011 therein are shown below:

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
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
DRB-HICOM Auto Solutions Sdn. Bhd.	100.00	100.00	Vehicle importation, logistics, vehicle pre-delivery inspection and value added services for provision of logistics and related services to vehicles	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
HICOM Power Sdn. Bhd. <i>(formerly known as Rangkaian Positif Sdn. Bhd.)</i>	100.00	100.00	Operations and maintenance services of power plant	31 March
HICOM University College Sdn. Bhd.	100.00	100.00	Higher educational and vocational training institution	31 March
PUSPAKOM Sdn. Bhd. ("PUSPAKOM")	100.00	100.00	Inspection of commercial vehicles for roadworthiness and the inspection of other vehicles	31 March
Bank Muamalat Malaysia Berhad [note 17(c)]	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
* HICOM Trucks Sdn. Bhd. <i>(formerly known as Hicomobil Sdn. Bhd.)</i>	100.00	100.00	Dormant	31 March
* DRB-HICOM Export Corporation Sdn. Bhd.	71.65	71.65	Dormant	31 March
* Intrakota Komposit Sdn. Bhd.	70.00	70.00	Dormant	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
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	Dormant	31 March
* Ladang Kupang Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
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 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 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 MODENAS:				
Edaran Modenas Sdn. Bhd.	70.00	70.00	Distribution of motorcycles, related spare parts and accessories and servicing of motorcycles	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Bank Muamalat Malaysia Berhad:				
Muamalat Invest Sdn. Bhd.	70.00	70.00	Provision of fund management services	31 March
Muamalat Venture Sdn. Bhd.	70.00	70.00	Islamic venture capital	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
Subsidiary companies of HICOM Holdings Berhad:				
Automotive Corporation Holdings Sdn. Bhd.	100.00	100.00	Investment holding	31 March
USF-HICOM Holdings Sdn. Bhd.	100.00	100.00	Investment holding	31 March
* Glenmarie Puchong Sdn. Bhd. (formerly known as Desa Puchong Sdn. Bhd.)	100.00	100.00	Property development	31 March
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. Ceased operations during the financial year	31 March
* HICOM Polymers Industry Sdn. Bhd.	100.00	100.00	Distribution of automotive and industrial after-market products	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

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (continued)				
* Edaran Otomobil Nasional Berhad ("EON")	100.00	79.05	Marketing of Proton motor vehicles, related spare parts and servicing of vehicles	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 (Malaysia) Sdn. Bhd.	70.00	70.00	Importation, distribution and servicing of industrial, marine and engineering products	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-Potenza Sports Cars Sdn. Bhd. (formerly known as HICOM Ventures Sdn. Bhd.)	100.00	100.00	Development, manufacture and sale of motor vehicles	31 March
* Bukit Kledek Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* NSE Development 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
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (continued)				
Glenmarie Development (Pahang) Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Technical and Engineering Services Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Vertex Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Petro-Pipes Sdn. Bhd.	51.00	51.00	Dormant	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 companies of Automotive Corporation (Malaysia) Sdn. Bhd.:				
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	93.00	93.00	Assembly of motor vehicles and other road transport vehicles	31 March
* Auto Prominence (M) Sdn. Bhd.	100.00	100.00	Dormant	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 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
	2011 %	2010 %		
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 companies of HICOM Berhad:				
Glenmarie Properties Sdn. Bhd.	100.00	100.00	Investment holding	31 March
HB Property Development Sdn. Bhd.	100.00	100.00	Property investment	31 March
* HICOM Builders Sdn. Bhd.	100.00	100.00	Property development, civil engineering and building construction	31 March
* HICOM Megah Sdn. Bhd.	100.00	92.46	Investment holding	31 March
* Glenmarie Cove Development Sdn. Bhd.	89.50	89.50	Investment holding and property development	31 March
* Connemara Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
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
* Glenmarie Asset Management Sdn. Bhd. <i>(formerly known as HICOM Facility Management Berhad)</i>	100.00	100.00	Provision of facility management services	31 March
Puncak Permai Sdn. Bhd.	58.00	58.00	Investment holding	31 March
Jubli Premis Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Benua Kurnia Sdn. Bhd.	100.00	100.00	Property development	31 March
* Neraca Prisma Sdn. Bhd.	100.00	100.00	Property development	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Indungan Sdn. Bhd.:				
[§] Rebak Island Marina Berhad	75.00	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
Subsidiary company of HICOM Builders Sdn. Bhd.:				
* Imatex Management Services Sdn. Bhd.	100.00	100.00	Provision of management services	31 March
Subsidiary company of HICOM Megah Sdn. Bhd.:				
^{§/¶} Corwin Holding Pte. Ltd.	90.00	83.21	Owner and operator of a shopping mall	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 companies of EON:				
^{§*} EON Properties Sdn. Bhd.	100.00	79.05	Investment and management of properties	31 March
^{§*} Automotive Conversion Engineering Sdn. Bhd.	100.00	79.05	Conversion and modification of motor vehicles and distribution of car accessories	31 March
^{§*} Euromobil Sdn. Bhd.	100.00	79.05	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of EON: (continued)				
§* EON Auto Mart Sdn. Bhd.	100.00	79.05	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March
* Multi Automotive Service and Assist Sdn. Bhd.	55.00	55.00	Providing vehicle assistance and supply of auto related products and services	31 March
§* EONMobil Sdn. Bhd.	100.00	79.05	Dormant	31 March
§* EON Trading Sdn. Bhd.	100.00	79.05	Dormant	31 March
§* EON Technologies Sdn. Bhd.	100.00	79.05	Dormant	31 March
>* EON Resorts Sdn. Bhd.	–	79.05	Dormant	31 March
>* Corporate Galaxy Sdn. Bhd.	–	79.05	Dormant	31 March
>* Liku Nostalgia Sdn. Bhd.	–	79.05	Dormant	31 March
Subsidiary company of EON Trading Sdn. Bhd.:				
§* EON Inovasi Sdn. Bhd.	100.00	79.05	Dormant	31 March
Subsidiary company of EON Technologies Sdn. Bhd.:				
§* EON Network Systems Sdn. Bhd.	100.00	79.05	Dormant	31 March
Subsidiary companies of Comtrac Sdn. Bhd.:				
* Comtrac Trading Sdn. Bhd.	70.00	70.00	Trading of construction materials	31 March
§* Comtrac Builders Sdn. Bhd.	70.00	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

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Comtrac Sdn. Bhd.: (continued)				
* 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, property development and property management services	31 March
* Comtrac Development Sdn. Bhd.	70.00	70.00	Dormant	31 March
* Comtrac Premises Sdn. Bhd.	70.00	70.00	Dormant	31 March
* Isti-Emas Sdn. Bhd.	70.00	70.00	Dormant	31 March
* Stagwell Sdn. Bhd.	70.00	70.00	Dormant	31 March
Subsidiary company of Comtrac Glenview Sdn. Bhd.:				
* Glenview Management Corporation Sdn. Bhd.	35.70	35.70	Property management	31 March
Subsidiary company of Oriental Summit Industries Sdn. Bhd.:				
* Automotive Components Engineering Centre Sdn. Bhd.	70.00	70.00	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
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

31 March 2011 (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of HICOM Technical and Engineering Services Sdn. Bhd.:				
>* HICOM Environmental Sdn. Bhd.	–	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
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
HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.	45.00	45.00	Manufacture and assembly of motorcycle engines and parts	31 March
^v * MBM Alam Flora W.L.L.	48.00	48.00	Dormant	31 December

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
JOINTLY CONTROLLED ENTITIES (Continued)				
Jointly controlled entities of EON:				
* Mitsubishi Motors Malaysia Sdn. Bhd.	48.00	37.94	Distribution of motor vehicles, vehicle components, spare parts and accessories	31 March
* Proton Parts Centre Sdn. Bhd.	45.00	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
ASSOCIATED COMPANIES				
Associated companies of DRB-HICOM Berhad:				
* 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
* HICOM-Chevrolet Sdn. Bhd.	49.00	49.00	Dormant	31 December
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
P ZF Steerings (Malaysia) Sdn. Bhd.	30.00	30.00	Manufacture and assembly of mechanical and power rack and pinion steering systems	31 December
S Midea Scott & English Electronics Sdn. Bhd.	30.00	40.00	Trading in consumer electrical and electronics household products	31 December
* Suzuki Motorcycle Malaysia Sdn. Bhd.	29.00	29.00	Investment holding and manufacture, assembly and distribution of motorcycles and parts	31 December

31 March 2011 (continued)

3 COMPANIES IN THE GROUP (CONTINUED)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2011 %	2010 %		
ASSOCIATED COMPANIES (Continued)				
Associated companies of HICOM Holdings Berhad: (continued)				
[§] Niro Ceramic (M) Sdn. Bhd.	21.58	22.25	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, stabilizer links, steering linkages and power steering gear	31 December
Associated companies of EON:				
^{§*} SRT-EON Security Services Sdn. Bhd.	40.00	31.62	Provision of security services	30 June
^{§*} Johnson Controls Automotive Holding (M) Sdn. Bhd.	30.00	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 49 and 50.

^{*} These companies in the Group are audited by other firms of auditors other than Ernst & Young, Malaysia and member firms of Ernst & Young Global.

[#] The country of incorporation is Singapore.

⁺ The country of incorporation is Cambodia.

[^] The country of incorporation is Myanmar.

[@] The country of incorporation is Thailand.

^v The country of incorporation is Bahrain.

^P Classified under asset held for sale.

[>] Struck off during the financial year.

All the other companies are incorporated in Malaysia.

4 REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	3,963,265	3,622,887	-	-
Rendering of services	1,572,438	1,485,230	-	-
Banking	822,445	766,479	-	-
Insurance business	401,109	386,181	-	-
Sale of land and development properties	36,703	33,578	-	-
Construction contracts	8,104	19,779	-	-
Dividends (gross)	-	-	454,680	279,053
Interest income from subsidiary companies	-	-	33,407	31,878
Rental income	-	-	12,226	12,292
	6,804,064	6,314,134	500,313	323,223

5 COST OF SALES

	Group	
	2011 RM'000	2010 RM'000
Cost of inventories	3,493,834	3,292,223
Cost of services rendered	1,199,857	1,044,020
Cost of banking	387,570	302,711
Cost of insurance business	345,696	411,932
Cost of contract and property development	38,098	48,719
	5,465,055	5,099,605

31 March 2011 (continued)

6 PROFIT BEFORE TAXATION

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

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Allowance for/(write back of)/write off of investment securities and financing of customers (net)		61,778	96,235	–	(9,907)
Amortisation of					
– intangible assets	20	21,427	20,623	–	–
– prepaid lease properties	14	558	560	–	–
Auditors' remuneration					
– current year		2,144	2,015	150	140
– under provision in prior year		57	26	10	–
Contribution for Albukhary International University		–	50,000	–	5,000
Depreciation of property, plant and equipment	13	145,439	135,781	418	459
Directors' emoluments	7	7,567	6,236	798	846
Doubtful debts (net of write backs)		38,212	14,693	(11)	2,879
Impairment losses of					
– property, plant and equipment	13	20,004	71,336	–	–
– land held for property development	16(b)	1,044	–	–	–
– non-current assets held for sale		1,960	–	–	–
Inventories written off/down (net of write backs)		9,258	10,255	–	–
Net realised foreign exchange differences		3,292	(569)	–	–
Property, plant and equipment written off	13	1,980	1,682	–	–
Provision for/(write back of) liabilities and charges (net)	37	2,216	2,802	–	–
Rental of plant and machinery and equipment		16,084	15,802	–	–
Rental of premises		37,702	34,361	–	–
Replanting expenditure for biological assets		–	973	–	–
Staff costs	8	777,652	696,175	–	–
Amortisation of deferred income	35	(5,406)	(3,300)	–	–
Dividend income (gross)					
– quoted		(1,125)	(1,544)	–	–
– unquoted		(2,107)	(1,627)	(454,680)	(279,053)
Excess of fair value of net assets acquired over purchase consideration		–	(137)	–	–
(Gain)/loss on fair value adjustment of					
– investment properties	15	(2,553)	(5,755)	5,374	7,522
– securities: financial assets at fair value through profit or loss		(26,791)	–	–	–

6 PROFIT BEFORE TAXATION (CONTINUED)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gain on disposal of investments	-	(3,569)	-	-
Gain on disposal of investment securities:				
– available-for-sale	(3,176)	(1,722)	-	-
– financial assets at fair value through profit or loss	(12,821)	(14,253)	-	-
(Gain)/loss on disposal of				
– property, plant and equipment	(5,427)	(5,264)	(1)	(16)
– investment properties	(19)	9	-	-
– estates	-	(211,433)	-	-
– shares in an associated company	(570)	201	-	-
Gain on waiver of payables	-	(20,135)	-	(20,135)
Interest income on				
– short term deposits	(38,495)	(31,750)	(2,879)	(1,980)
– subsidiary companies	-	-	(33,407)	(31,878)
Marked to market (gain)/loss on derivatives (net)	(6,760)	4,371	-	-
Negative goodwill arising from accretion of interest in a subsidiary company	(71,216)	-	-	-
Net unrealised foreign exchange differences	(14,012)	(14,283)	-	-
Rental income of premises	(24,689)	(27,717)	(12,226)	(12,292)
Rental income of plant and machinery and equipment	(320)	(474)	-	-
Reversal of impairment loss of available-for-sale securities	(42,197)	(13,237)	-	-

7 DIRECTORS' EMOLUMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-executive Directors:				
– fees	815	896	685	708
– allowances and other benefits	1,160	1,255	113	138
Executive Director:				
– salaries, bonuses, allowances and other benefits	4,855	3,653	–	–
– defined contribution plan	737	432	–	–
	7,567	6,236	798	846

The estimated value of benefits-in-kind received by Directors amounted to RM60,000 (2010:RM77,000).

8 STAFF COSTS

	Group	
	2011 RM'000	2010 RM'000
Salaries, wages, bonuses, allowances and other benefits	702,164	619,641
Defined contribution plan	74,481	70,534
Termination benefits	1,007	6,000
	777,652	696,175

9 FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on borrowings	69,939	65,687	26,411	28,765
Hire purchase and finance lease charges	1,160	2,879	–	–
Unwinding of discount	6,989	–	588	–
	78,088	68,566	26,999	28,765

10 TAXATION

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statement of comprehensive income:					
Malaysian income tax:					
Current taxation		132,389	111,257	46,114	61,286
Deferred taxation	21	2,564	9,888	1,177	(708)
Foreign tax:					
Current taxation		79	31	-	-
		135,032	121,176	47,291	60,578
Arising in Malaysia:					
Over provision of current taxation in respect of prior financial years		(3,714)	(6,547)	(549)	(55)
Income tax expense recognised in profit or loss		131,318	114,629	46,742	60,523
Deferred income tax related to other comprehensive income:					
Deferred taxation	21	6,492	-	-	-
The explanation of the relationship between taxation charge and profit before taxation is as follows:					
<u>Numerical reconciliation of effective taxation charge</u>					
Profit before taxation		701,524	657,894	433,829	268,004
Tax calculated at the Malaysian tax rate of 25% (2010: 25%)		175,381	164,474	108,457	67,001
Tax effects of:					
- share of results of jointly controlled entities		(25,261)	(19,990)	-	-
- share of results of associated companies		(44,752)	(24,727)	-	-
- expenses not deductible for tax purposes		68,502	73,963	7,499	1,181
- income not subject to tax		(44,652)	(68,771)	(68,665)	(7,604)
- tax losses/temporary differences not recognised		7,842	7,159	-	-
- different tax rates		4,555	(734)	-	-
- utilisation of previously unrecognised tax losses		(6,583)	(10,198)	-	-
Over provision of current taxation in respect of prior financial years		(3,714)	(6,547)	(549)	(55)
Taxation charge		131,318	114,629	46,742	60,523

31 March 2011 (continued)

10 TAXATION (CONTINUED)

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	
	2011 RM'000	2010 RM'000
Unabsorbed tax losses	1,125,937	1,108,402
Unutilised capital allowances	257,265	282,309
Unutilised investment tax allowances	42,287	42,287
Unutilised reinvestment allowances	<u>121,701</u>	<u>121,701</u>

11 DIVIDENDS

Dividends paid, declared and proposed are as follows:

	Group and Company	
	2011 RM'000	2010 RM'000
Dividend paid		
In respect of the financial year ended 31 March 2010:		
Final gross dividend of 2.5 sen (2009: Final gross dividend of 2.5 sen) per share, less taxation of 25% (2009: 25%)	<u>36,248</u>	36,248
In respect of the financial year ended 31 March 2011:		
Interim gross dividend of 2.0 sen (2010: Interim gross dividend of 1.5 sen) per share, less taxation of 25% (2010: 25%)	<u>28,999</u>	21,749

At the forthcoming Annual General Meeting of the Company, a final gross dividend in respect of the financial year ended 31 March 2011 of 4.0 sen (2010: 2.5 sen) per share less taxation of 25% (2010: 25%), amounting to RM57,997,112 (2010: RM36,248,093) 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 2012 when approved by shareholders.

12 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the number of shares in issue during the financial year.

	Group	
	2011	2010
Net profit attributable to owners of the Company (RM'000)	472,468	472,298
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	24.44	24.43

13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold 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 2009		297,872	–	–	965,850	351,808	19,484	95,235	39,258	66,554	1,836,061
Effect of adopting FRS 117:											
– Transfer from prepaid lease properties	14	–	7,024	46,793	–	–	–	–	–	–	53,817
As restated		297,872	7,024	46,793	965,850	351,808	19,484	95,235	39,258	66,554	1,889,878
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	6	–	–	–	(567)	(538)	(26)	(519)	(25)	(7)	(1,682)
Depreciation charge	6	–	(126)	(725)	(19,187)	(66,382)	(4,718)	(31,956)	(12,687)	–	(135,781)
Impairment losses	6	(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	15	15,000	–	–	(333)	–	–	–	–	–	14,667
Net book value at 31 March 2010		311,642	6,898	46,068	921,227	333,499	17,750	98,867	33,582	59,547	1,829,080

31 March 2011 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Note	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold 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 2010		311,642	–	–	921,227	333,499	17,750	98,867	33,582	59,547	1,776,114
Effect of adopting FRS 117:											
– Transfer from prepaid lease properties	14	–	6,898	46,068	–	–	–	–	–	–	52,966
Effect of adopting FRS 139		–	–	–	(7,081)	–	–	–	–	–	(7,081)
As restated		311,642	6,898	46,068	914,146	333,499	17,750	98,867	33,582	59,547	1,821,999
Additions		2,118	–	13,966	23,007	24,091	10,985	34,619	6,256	64,134	179,176
Disposals		(95)	–	–	(135)	(2,222)	(1,087)	(137)	(86)	–	(3,762)
Written off	6	–	–	–	(428)	(646)	(111)	(41)	(133)	(621)	(1,980)
Depreciation charge	6	–	(123)	(751)	(29,079)	(67,050)	(4,682)	(33,258)	(10,496)	–	(145,439)
Impairment losses	6	–	–	–	(12,639)	(6,008)	(105)	(538)	(714)	–	(20,004)
Currency translation differences		(284)	–	–	(721)	(1,171)	–	(9)	(1)	–	(2,186)
Reclassification		–	–	–	13,824	19,995	–	6,146	7,727	(47,692)	–
Transfers from/(to) investment properties	15	–	–	(1,099)	28,280	–	–	–	–	–	27,181
Transfers to intangible assets	20	–	–	–	–	–	–	(2,190)	–	–	(2,190)
Transfers to inventories		(6,477)	–	–	(4,730)	–	–	(774)	–	–	(11,981)
Transfers to receivables		–	–	–	–	–	–	–	(9)	(108)	(117)
Net book value at 31 March 2011		306,904	6,775	58,184	931,525	300,488	22,750	102,685	36,126	75,260	1,840,697

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold 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 31 MARCH 2011										
Cost	323,445	8,634	66,138	1,598,954	1,339,443	53,293	491,702	207,701	75,260	4,164,570
Accumulated depreciation	-	(1,859)	(7,954)	(475,814)	(1,020,140)	(30,437)	(387,334)	(170,568)	-	(2,094,106)
Accumulated impairment losses	(16,541)	-	-	(191,615)	(18,815)	(106)	(1,683)	(1,007)	-	(229,767)
Net book value	306,904	6,775	58,184	931,525	300,488	22,750	102,685	36,126	75,260	1,840,697
NET BOOK VALUE AT 31 MARCH 2010										
Cost	328,183	8,634	53,291	1,556,094	1,385,157	47,341	464,971	206,590	66,551	4,116,812
Accumulated depreciation	-	(1,736)	(7,223)	(453,812)	(1,012,729)	(29,590)	(364,116)	(172,716)	-	(2,041,922)
Accumulated impairment losses	(16,541)	-	-	(181,055)	(38,929)	(1)	(1,988)	(292)	(7,004)	(245,810)
Net book value	311,642	6,898	46,068	921,227	333,499	17,750	98,867	33,582	59,547	1,829,080
NET BOOK VALUE AT 31 MARCH 2009										
Cost	312,872	8,619	53,893	1,554,312	1,321,521	49,550	442,194	199,848	66,554	4,009,363
Accumulated depreciation	-	(1,595)	(7,100)	(441,710)	(958,528)	(30,066)	(345,357)	(160,586)	-	(1,944,942)
Accumulated impairment losses	(15,000)	-	-	(146,752)	(11,185)	-	(1,602)	(4)	-	(174,543)
Net book value	297,872	7,024	46,793	965,850	351,808	19,484	95,235	39,258	66,554	1,889,878

31 March 2011 (continued)

13 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	Total RM'000
Net book value at 1 April 2009		–	1,600	277	65	165	2,107
Additions		–	–	500	325	–	825
Disposals		–	–	(189)	–	–	(189)
Transfer from a subsidiary company		3,000	–	–	–	–	3,000
Depreciation charge	6	–	(200)	(162)	(32)	(65)	(459)
Net book value at 31 March 2010		3,000	1,400	426	358	100	5,284
Additions		134	–	–	3	–	137
Depreciation charge	6	–	(200)	(100)	(55)	(63)	(418)
Net book value at 31 March 2011		3,134	1,200	326	306	37	5,003
NET BOOK VALUE AT 31 MARCH 2011							
Cost		3,134	12,154	525	1,176	734	17,723
Accumulated depreciation		–	(10,954)	(199)	(870)	(697)	(12,720)
Net book value		3,134	1,200	326	306	37	5,003
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

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Certain property, plant and equipment of the Group with a net book value of RM359,139,000 (2010: RM363,268,000) have been charged as security for bank borrowings (Notes 36 and 41).

(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	
	2011 RM'000	2010 RM'000
Additions during the financial year:		
– Motor vehicle	1,223	–
– Plant and machinery	3,485	1,797
– Office equipment	6,733	–
	11,441	1,797
Net book value at financial year end:		
– Motor vehicles	1,965	1,360
– Plant and machinery	32,236	36,651
– Office equipment	7,989	233
	42,190	38,244

(c) The title deeds to the leasehold land of certain subsidiary companies amounting to RM1,024,000 (2010: RM8,177,000) are in the process of being registered in the names of the subsidiary companies.

14 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 2009		9,387	65,124	74,511
Effect of adopting FRS 117:				
– Transfer to property, plant and equipment	13	(7,024)	(46,793)	(53,817)
As restated		2,363	18,331	20,694
Amortisation charge	6	(196)	(364)	(560)
Transfer to investment properties	15	–	(117)	(117)
At 31 March 2010		2,167	17,850	20,017

14 PREPAID LEASE PROPERTIES (CONTINUED)

	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group				
Net book value				
At 1 April 2010		9,065	63,918	72,983
Effect of adopting FRS 117:				
– Transfer to property, plant and equipment	13	(6,898)	(46,068)	(52,966)
As restated		2,167	17,850	20,017
Amortisation charge	6	(195)	(363)	(558)
At 31 March 2011		1,972	17,487	19,459
Net book value at 31 March 2011				
Cost		2,603	20,971	23,574
Accumulated amortisation		(631)	(3,484)	(4,115)
Net book value		1,972	17,487	19,459
Net book value at 31 March 2010				
Cost		2,603	20,971	23,574
Accumulated amortisation		(436)	(3,121)	(3,557)
Net book value		2,167	17,850	20,017
Net book value at 31 March 2009				
Cost		2,618	20,621	23,239
Accumulated amortisation		(255)	(2,290)	(2,545)
Net book value		2,363	18,331	20,694

- (a) Certain prepaid lease properties of the Group with net book value of RM8,229,000 (2010: RM8,479,000) have been charged as security for bank borrowings (Notes 36 and 41).
- (b) The title deeds to the leasehold land of a subsidiary company amounting to RM2,464,000 (2010: RM5,564,000) are in the process of being registered.

15 INVESTMENT PROPERTIES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 April		542,571	585,515	147,642	155,164
Additions		17,199	6,176	-	-
Disposals		(1,683)	(1,035)	-	-
Currency translation differences		8,453	(4,294)	-	-
Transfers to property, plant and equipment	13	(27,181)	(14,667)	-	-
Transfer to non-current assets held for sale	26	(660)	-	-	-
Transfer from prepaid lease properties	14	-	117	-	-
Transfers from/(to) land held for property development	16(b)	11,696	(40,000)	-	-
Transfers from inventories		-	5,004	-	-
Fair value adjustment on investment property		1,504	-	-	-
Changes in fair value during the financial year	6	2,553	5,755	(5,374)	(7,522)
At 31 March		554,452	542,571	142,268	147,642
The disclosure on income and expenses of investment properties are as below:					
Rental income		27,240	22,933	12,226	12,292
Direct operating expenses from investment properties that generated rental income during the financial year		11,803	10,189	469	472
Direct operating expenses from investment properties that did not generate rental income during the financial year		98	344	-	-

- (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 carrying value of RM44,516,000 (2010: RM39,422,000) are in the process of being transferred to certain subsidiary companies.
- (c) Certain investment properties of the Group with carrying value of RM464,192,000 (2010: RM443,393,000) have been charged as security for bank borrowings (Notes 36 and 41).

16 PROPERTY DEVELOPMENT ACTIVITIES

(a) Property development costs

	Note	Group	
		2011 RM'000	2010 RM'000
<u>At cost</u>			
At 1 April			
Land		140,709	125,861
Development costs		535,019	628,190
Accumulated costs charged to profit or loss		(415,104)	(573,866)
		260,624	180,185
Less: Completed developments in previous years			
– Land		(12,650)	(10,765)
– Development costs		(156,458)	(171,660)
– Accumulated costs charged to profit or loss		169,108	182,425
Add: Costs incurred during the financial year			
– Development costs		20,277	21,031
Transfers (to)/from land held for property development	16(b)	(23,293)	86,329
Less: Costs recognised as an expense in profit or loss during the financial year		(25,133)	(23,663)
Transfers to receivables		(1,748)	–
Transfers to inventories		–	(3,258)
At 31 March		230,727	260,624
<u>At end of the financial year</u>			
Land		112,145	140,709
Development costs		388,970	535,019
Accumulated costs charged to profit or loss		(270,388)	(415,104)
		230,727	260,624

16 PROPERTY DEVELOPMENT ACTIVITIES (CONTINUED)(b) Land held for property development

	Note	Group	
		2011 RM'000	2010 RM'000
<u>At cost</u>			
At 1 April			
Land		874,157	132,409
Development costs		78,146	136,182
Accumulated impairment losses		(21,103)	(21,103)
		931,200	247,488
Acquisition of subsidiary companies		–	727,900
Add: Costs incurred during the financial year			
– Development costs		4,807	2,141
		936,007	977,529
Transfers (to)/from investment properties	15	(11,696)	40,000
Transfers from/(to) property development costs	16(a)	23,293	(86,329)
Impairment losses	6	(1,044)	–
At 31 March		946,560	931,200
<u>At end of the financial year</u>			
Land		878,075	874,157
Development costs		90,632	78,146
Accumulated impairment losses		(22,147)	(21,103)
		946,560	931,200

- (i) Included in property development costs and land held for property development is interest on borrowings capitalised for the financial year amounting to RM7,935,000 (2010: RM3,778,000).
- (ii) Land amounting to RM1,003,074,000 (2010: RM1,046,258,000) belonging to subsidiary companies included in property development costs and land held for property development have been charged as security for bank borrowings (Notes 36 and 41) and bank guarantee.

17 SUBSIDIARY COMPANIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	4,214,563	4,211,563
Less: Accumulated impairment losses	(48,677)	(48,677)
	4,165,886	4,162,886
Amounts due from subsidiary companies (non-trade)	1,141,261	1,244,922
Less: Allowance for impairment	(215,052)	(228,752)
	926,209	1,016,170
Total	5,092,095	5,179,056

- (a) The details of the subsidiary companies are listed in Note 3 to the financial statements.
- (b) The amounts due from subsidiary companies are unsecured and have no fixed terms of repayment. Interest is charged at 4.00% to 6.65% (2010: 4.00% to 6.40%) per annum.
- (c) As part of conditions precedent to the acquisition of 70% equity in Bank Muamalat Malaysia Berhad ("BMMB"), Bank Negara Malaysia ("BNM") requires the Company to reduce its investment in BMMB to 40%. The Company is currently exploring various options to address the matter.

18 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share of net assets	336,709	331,925	–	–
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.

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	
	2011 RM'000	2010 RM'000
Non-current assets	107,983	103,353
Current assets	507,017	421,080
Non-current liabilities	(36,956)	(34,874)
Current liabilities	(241,335)	(157,634)
Share of net assets	<u>336,709</u>	<u>331,925</u>
Revenue	1,222,460	992,074
Expenses	(1,126,740)	(915,834)
Profit before taxation	95,720	76,240
Taxation	(25,261)	(19,990)
Net profit	<u>70,459</u>	<u>56,250</u>
(a) Capital commitments for property, plant and equipment		
– contracted	657	3,724
– not contracted	8,166	8,079
	<u>8,823</u>	<u>11,803</u>

(b) There are no contingencies relating to jointly controlled entities.

19 ASSOCIATED COMPANIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share of net assets	484,515	409,691	–	–
Unquoted shares, at cost	–	–	71,803	71,803

The details of the associated companies, all of which are unquoted, 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	
	2011 RM'000	2010 RM'000
Non-current assets	188,059	188,412
Current assets	669,932	536,724
Non-current liabilities	(24,842)	(11,793)
Current liabilities	(348,634)	(303,652)
Share of net assets	484,515	409,691
Revenue	1,968,682	1,541,698
Expenses	(1,765,437)	(1,444,399)
Profit before taxation	203,245	97,299
Taxation	(44,752)	(24,727)
Net profit	158,493	72,572
(a) Capital commitments for property, plant and equipment		
– contracted	34,481	403
– not contracted	23,595	12,244
	58,076	12,647

(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 RM11,862,000 (2010: RM11,859,000). The Group has no obligation in respect of these losses.

20 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							
2011							
At 1 April 2010		31,363	154,729	44,000	3,027	631	233,750
Additions		-	-	-	3,134	1,374	4,508
Transfer from property, plant and equipment	13	-	-	-	-	2,190	2,190
Amortisation charge	6	-	(7,202)	(12,300)	(832)	(1,093)	(21,427)
At 31 March 2011		31,363	147,527	31,700	5,329	3,102	219,021
2011							
Cost		31,363	164,932	61,400	6,812	7,656	272,163
Accumulated amortisation		-	(17,405)	(29,700)	(1,483)	(4,554)	(53,142)
Carrying amount		31,363	147,527	31,700	5,329	3,102	219,021
2010							
At 1 April 2009		31,363	161,931	56,300	1,217	803	251,614
Additions		-	-	-	2,224	535	2,759
Amortisation charge	6	-	(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

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.

21 DEFERRED TAXATION

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 April		84,278	103,812	(1,662)	(2,370)
Effects of adopting FRS 139		9,603	-	-	-
Movement in life assurance fund (Charged)/credited to profit or loss		5,047	(9,646)	-	-
- Investment securities	10	(32,937)	(14,637)	-	-
- Property, plant and equipment		(1,252)	(5,250)	(1,177)	708
- Property development expenditure		893	-	-	-
- Provisions		6,229	12,383	-	-
- Receivables		25,289	(22,629)	-	-
- Tax losses		(809)	20,272	-	-
- Unearned premium reserve		23	(27)	-	-
		(2,564)	(9,888)	(1,177)	708
Charged into other comprehensive income	10	(6,116)	-	-	-
- Gain on fair value changes of available-for-sale financial securities		(376)	-	-	-
- Fair value adjustment on investment property		(6,492)	-	-	-
At 31 March		89,872	84,278	(2,839)	(1,662)
Subject to income tax					
<i>Deferred tax assets (before offsetting)</i>					
Property, plant and equipment		97,363	59,708	2,689	3,593
Investment securities		10,153	7,635	-	-
Provisions		58,857	22,880	-	-
Receivables		31,170	63,244	-	-
Unearned premium reserve		31	8	-	-
Tax losses		36,827	36,585	-	-
		234,401	190,060	2,689	3,593
Offsetting		(78,772)	(59,425)	(2,689)	(3,593)
Deferred tax assets (after offsetting)		155,629	130,635	-	-

21 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Subject to income tax				
<i>Deferred tax liabilities (before offsetting)</i>				
Property, plant and equipment	(143,586)	(101,872)	(5,528)	(5,255)
Investment securities	–	(3,908)	–	–
Provisions	(193)	–	–	–
Receivables	(750)	(2)	–	–
	(144,529)	(105,782)	(5,528)	(5,255)
Offsetting	78,772	59,425	2,689	3,593
Deferred tax liabilities (after offsetting)	(65,757)	(46,357)	(2,839)	(1,662)
Presented after appropriate offsetting as follows:				
Deferred tax assets	155,629	130,635	–	–
Deferred tax liabilities	(65,757)	(46,357)	(2,839)	(1,662)
	89,872	84,278	(2,839)	(1,662)

22 INVESTMENT SECURITIES**(a) Securities: Financial assets at fair value through profit or loss**

	RM'000
Group	
2011	
<u>Quoted securities</u>	
Equity securities, in Malaysia	206,501
Unit and property trust funds, in Malaysia	16,711
	223,212
<u>Unquoted securities</u>	
Corporate debts securities	12,116
Structured investments, outside Malaysia	112,568
Unit and property trust funds, outside Malaysia	95,313
Total (Current – Non-banking; held by an insurance subsidiary company)	443,209

22 INVESTMENT SECURITIES (CONTINUED)

(b) Securities: Available-for-sale, at fair value

	2011			2010		
	Banking	Non-banking		Banking		
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000	Held by other subsidiary companies RM'000	Sub-total RM'000	Total RM'000	RM'000
Group						
<u>Quoted securities</u>						
Malaysian government investment certificates	1,960,866	149,666	–	149,666	2,110,532	1,181,505
Cagamas bonds	135,714	–	–	–	135,714	115,647
Islamic private debt securities	2,110,431	–	–	–	2,110,431	2,596,505
Sukuk	58,087	–	–	–	58,087	115,043
Shares, in Malaysia	24,994	28,900	–	28,900	53,894	–
Shares, outside Malaysia	–	93	19,189	19,282	19,282	–
Unit trust, in Malaysia	9,909	–	–	–	9,909	–
	4,300,001	178,659	19,189	197,848	4,497,849	4,008,700
<u>Unquoted securities</u>						
Corporate debt securities	–	786,155	–	786,155	786,155	–
Shares, in Malaysia	14,905	2,139	46,245	48,384	63,289	4,105
Total	4,314,906	966,953	65,434	1,032,387	5,347,293	4,012,805
Non-current	3,163,859	896,838	65,434	962,272	4,126,131	3,292,058
Current	1,151,047	70,115	–	70,115	1,221,162	720,747
	4,314,906	966,953	65,434	1,032,387	5,347,293	4,012,805

22 INVESTMENT SECURITIES (CONTINUED)**(b) Securities: Available-for-sale, at fair value** (Continued)

		RM'000
Company		
2011		
Quoted shares, outside Malaysia		19,189
Total (Current)		<u>19,189</u>

(c) Securities: Held-to-maturity, at amortised cost

	← 2011 →			← 2010 →		
	Banking	Non-banking			Banking	
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000	Total RM'000	Fair value RM'000	Total RM'000	Fair value RM'000
Group						
<u>Quoted securities</u>						
Corporate bonds, at cost	30,285	-	30,285		30,285	
Accumulated impairment loss	(2,061)	-	(2,061)		(2,061)	
	<u>28,224</u>	-	<u>28,224</u>	28,224	<u>28,224</u>	28,224
Malaysian government investment certificates	-	20,124	20,124		-	
Amortisation of premiums	-	(87)	(87)		-	
	-	<u>20,037</u>	<u>20,037</u>	20,707	-	
<u>Unquoted securities</u>						
Corporate bonds, at cost	-	444,406	444,406		-	
Accrued interest	-	1,811	1,811		-	
Accretion of discounts, net of amortisation of premiums	-	3,319	3,319		-	
	-	<u>449,536</u>	<u>449,536</u>	461,846	-	
Shares, in Malaysia at cost	-	8,000	8,000	8,000	-	
Total	<u>28,224</u>	<u>477,573</u>	<u>505,797</u>		<u>28,224</u>	
Non-current	28,224	462,861	491,085		28,224	
Current	-	14,712	14,712		-	
	<u>28,224</u>	<u>477,573</u>	<u>505,797</u>		<u>28,224</u>	

22 INVESTMENT SECURITIES (CONTINUED)

(d) Other investments

	Carrying amount RM'000	Market value/ Indicative market value RM'000
Group 2010		
(i) Held by insurance subsidiary companies		
<u>Quoted securities</u>		
Malaysian Government Securities, at cost	120,786	
Amortisation of premiums	(104)	
	120,682	120,682
<u>Unquoted securities</u>		
Corporate debts securities, at cost	1,030,292	
Accretion of discounts, net of amortisation of premiums	450	
Less: Allowance for diminution in value	(4,670)	
	1,026,072	1,035,780
Shares, in Malaysia at cost	2,374	
Less: Allowance for diminution in value	(178)	
	2,196	2,196
Sub-total	1,148,950	
(ii) Held by other Group companies		
<u>Quoted securities</u>		
Shares, in Malaysia at cost	1,688	1,802
Subordinated bonds	6,000	
Less: Allowance for diminution in value	(6,000)	
	-	

22 INVESTMENT SECURITIES (CONTINUED)**(d) Other investments** (Continued)

	Carrying amount RM'000	Market value/ Indicative market value RM'000
Group (continued)		
2010 (continued)		
(ii) Held by other Group companies (continued)		
<u>Unquoted securities</u>		
Shares, in Malaysia at cost	47,686	
Less: Allowance for diminution in value	(6,363)	
	41,323	41,323
Sub-total	43,011	
Total	1,191,961	

(e) Marketable securities

	Group RM'000	Company RM'000
2010		
<u>Lower of cost and market value</u>		
Shares, warrants and other instruments quoted	231,006	–
– in Malaysia	156,162	21,607
– outside Malaysia	387,168	21,607

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23 OTHER ASSETS

	Group	
	2011 RM'000	2010 RM'000
Golf membership, at fair value	320	–

24 FINANCING OF CUSTOMERS

	Group	
	2011 RM'000	2010 RM'000
Cash line	367,763	428,225
Term financing		
– Home financing	4,828,099	4,076,724
– Syndicated financing	143,617	164,712
– Hire purchase receivables	1,392,167	1,557,575
– Leasing receivables	191,584	205,120
– Other term financing	4,258,516	3,425,429
Trust receipts	147,916	140,769
Claims on customers under acceptance credits	779,186	730,361
Staff financing	94,761	89,202
Revolving credits	356,088	498,891
	12,559,697	11,317,008
Less: Unearned income	(4,753,075)	(3,909,046)
	7,806,622	7,407,962
Less: Financing sold to Cagamas	(364,308)	(380,846)
	7,442,314	7,027,116

24 FINANCING OF CUSTOMERS (CONTINUED)

	Group	
	2011 RM'000	2010 RM'000
Less: Allowance for bad and doubtful financing:		
– General	–	(207,014)
– Specific	–	(334,904)
– Collective assessment allowance	(226,702)	–
– Individual assessment allowance	(104,501)	–
Total net financing, advances and other financing	7,111,111	6,485,198
Non-current	4,813,029	5,166,102
Current	2,298,082	1,319,096
	7,111,111	6,485,198
Fair values	8,338,198	7,659,898

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 the reporting 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 allowance for bad and doubtful financing.

25 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

- (a) The statutory deposits are maintained by a banking subsidiary 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 the reporting date approximated their fair values.

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26 NON-CURRENT ASSETS HELD FOR SALE

	Note	Group	
		2011 RM'000	2010 RM'000
Investment properties	15	660	–
Associated company		2,730	–
		3,390	–

On 3 December 2010, HICOM Holdings Berhad, a wholly owned subsidiary of the Group entered into a Share Sale and Purchase Agreement with ZF Lenksysteme GmbH to dispose of its entire stake of 30% in ZF Steerings (Malaysia) Sdn. Bhd. for a cash consideration of RM2,730,000.

27 INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
<u>Cost</u>		
Raw materials	41,819	54,568
Work-in-progress	53,544	131,209
Finished goods	274,489	318,091
Consumables	36,055	33,603
Completed units of unsold properties	18,969	28,251
<u>Net realisable value</u>		
Finished goods	82,386	91,343
Completed units of unsold properties	16,283	–
	523,545	657,065

Certain inventories of subsidiary companies amounting to RM12,253,000 (2010: RM14,448,000) have been pledged as security for bank borrowings (Notes 36 and 41).

28 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables		1,001,118	794,050	2,670	2,670
Less: Allowance for impairment		(110,686)	(68,598)	–	–
		890,432	725,452	2,670	2,670
Other receivables		309,201	279,706	465	170
Less: Allowance for impairment		(4,291)	(6,144)	–	–
		304,910	273,562	465	170
Amounts due from subsidiary companies		–	–	158,461	16,922
Less: Allowance for impairment		–	–	(138)	(149)
		–	–	158,323	16,773
Amounts due from jointly controlled entities		7,521	7,783	4	18
Amounts due from associated companies		28,613	17,980	528	637
Amounts due from related parties		50,901	105,562	–	–
Amounts due from customers on contracts	47	3,545	6,451	–	–
Accrued billings		3,042	402	–	–
Deposits		27,497	18,848	36	41
Prepayments		14,155	11,129	209	171
		135,274	168,155	777	867
		1,330,616	1,167,169	162,235	20,480
The currency exposure profile of trade and other receivables is as follows:					
– Ringgit Malaysia		1,304,596	1,149,521	162,235	20,480
– US Dollar		11,778	9,059	–	–
– Thai Baht		8,984	3,946	–	–
– Others		5,258	4,643	–	–
		1,330,616	1,167,169	162,235	20,480

28 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The carrying amount of trade and other receivables as at reporting date approximate fair value due to the relatively short term maturity of the balances.
- (b) Trade receivables are non interest bearing. The Group's and the Company's normal trade credit terms range from 30 to 60 days (2010: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case by case basis.
- (c) Included in trade receivables of the Group and the Company is an amount of RM2,670,000 (2010: RM2,670,000) owing by the Government in respect of Electrified Double Track Project.
- (d) Included in other receivables for the Group is an amount of RM28,039,000 (2010: RM28,070,000) in respect of reimbursement of certain operating expenditure of a subsidiary company due from the Ministry of Finance.
- (e) All other amounts due from subsidiary companies, jointly controlled entities and associated companies are non-interest bearing, unsecured and repayable on demand.
- (f) The ageing analysis of the Group's trade receivables is as follows:

	Group RM'000	Company RM'000
Neither past due nor impaired	643,391	-
1 to 30 days past due not impaired	152,502	-
31 to 60 days past due not impaired	51,187	-
61 to 90 days past due not impaired	28,156	-
91 to 120 days past due not impaired	11,619	-
More than 121 days past due not impaired	3,577	2,670
	247,041	2,670
Impaired	110,686	-
	1,001,118	2,670

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to RM247,041,000 and RM2,670,000 respectively that are past due at the reporting date but not impaired. At the end of the reporting period, majority of the trade receivables of the Group are active customers with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history.

28 TRADE AND OTHER RECEIVABLES (CONTINUED)Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group RM'000	Company RM'000
At 1 April 2010	68,598	-
Effect of adopting FRS 139	1,718	-
Net amount charged for the year	41,458	-
Unwinding of discount	(1,088)	-
At 31 March 2011	110,686	-

The movements in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group RM'000	Company RM'000
At 1 April 2010	6,144	-
Effect of adopting FRS 139	305	-
Reversal during the year	(1,828)	-
Unwinding of discount	(330)	-
At 31 March 2011	4,291	-

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted payments.

31 March 2011 (continued)

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 RM54,968,000 (2010: RM36,646,000) have been pledged as security for banking facilities.
- (c) Included in short term deposits is the maintenance reserve account of approximately RM36,000,000 (2010:RM36,948,000) maintained by a subsidiary company performing operations and maintenance services to a power plant, pursuant to the Operations and Maintenance Agreement.
- (d) The weighted average effective annual interest rates of short term deposits at the end of the financial year are as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Deposits with banks	2.89	2.34	2.82	2.20

- (e) Deposits of the Group and Company have an average maturity period of 69 (2010: 82) and 33 (2010: 22) 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 RM25,664,000 (2010: RM16,174,000).
- (c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
– Ringgit Malaysia	193,659	175,027	10,905	4,032
– Singapore Dollar	3,476	3,959	–	–
– US Dollar	2,199	4,053	–	–
– Thai Baht	2,779	1,743	–	–
– Euro	1,015	–	–	–
	203,128	184,782	10,905	4,032

31 CASH AND SHORT-TERM FUNDS OF A BANKING SUBSIDIARY COMPANY

	Group	
	2011 RM'000	2010 RM'000
Cash and balances with banks and other financial institutions	169,013	152,804
Money at call and interbank placements with remaining maturities not exceeding one month	6,278,282	5,622,579
	6,447,295	5,775,383

a) The currency exposure profile of the cash and short-term funds of a banking subsidiary company is as follows:

	Group	
	2011 RM'000	2010 RM'000
– Ringgit Malaysia	6,284,501	5,615,516
– US Dollar	138,601	140,196
– Japanese Yen	20,492	12,401
– Euro	2,690	7,148
– Others	1,011	122
	6,447,295	5,775,383

(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	
	2011 %	2010 %
Cash and short-term funds	2.68	2.25

31 March 2011 (continued)

32 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ Notional value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Group			
2011			
Financial assets at fair value through profit or loss			
Forward foreign exchange contract:			
– One year or less	556,759	2,342	4,880

The comparative figures as at 31 March 2010 have not been presented by virtue of the exemption given in paragraph 44AA of FRS 7.

(a) The financial derivatives are recognised on their respective contract dates. The related accounting policies are disclosed in Note 2.2 (f) to the financial statements.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2010:

- (i) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (ii) the cash requirements of the financial derivatives; and
- (iii) the policy in place for mitigating or controlling the risks associated with these financial derivatives.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities.

During the financial year, the Group recognised a total net gain of RM6,760,000 in the consolidated statement of comprehensive income arising from the fair value changes on the forward foreign exchange contracts which are marked to market as at 31 March 2011. The gain is not expected to significantly impact the Group's cash flows.

33 SHARE CAPITAL

	Group and Company			
	2011		2010	
	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/31 March	1,933,237	1,719,601	1,933,237	1,719,601

34 LIFE INSURANCE CONTRACT LIABILITIES

Based on the actuarial valuation of the Life Assurance Fund made up to 31 March 2011, the actuary was satisfied that the assets available in the Life Assurance Fund are sufficient to meet its long term liabilities to policyholders.

	2011 RM'000	2010 RM'000	2009 RM'000
Unallocated surplus			
At 1 April	109,005	50,322	76,129
Surplus/(deficit) arising during the financial year	97,099	106,598	(2,363)
Less: – Bonus allocated to participating policyholders, including interim bonus from normal surplus	–	(19,915)	(20,444)
– Transfer to consolidated statement of comprehensive income	(30,000)	(28,000)	(3,000)
At 31 March	176,104	109,005	50,322
Provision for outstanding claims	62,202	42,196	38,045
Actuarial liabilities	1,539,004	1,419,119	1,202,643
Available-for-sale fair value reserve	17,457	–	–
	1,794,767	1,570,320	1,291,010
Current (Note 39)	62,202	42,196	38,045
Non-current	1,732,565	1,528,124	1,252,965
	1,794,767	1,570,320	1,291,010

35 DEFERRED INCOME

This represents the following items:

- (i) Club membership licence fees received in advance by a subsidiary company, net of amounts recognised as income in the financial statements; and
- (ii) Grants received in advance by certain subsidiaries.

	Note	Advance license fees RM'000	Grants RM'000	Total RM'000
Group				
2011				
At 1 April		73,570	4,607	78,177
Effects of adopting FRS 139		-	2,092	2,092
As restated		73,570	6,699	80,269
Received during the financial year		2,943	1,194	4,137
Amortised during the financial year	6	(2,416)	(2,990)	(5,406)
At 31 March		74,097	4,903	79,000
Group				
2010				
At 1 April		73,131	2,262	75,393
Received during the financial year		2,665	3,419	6,084
Amortised during the financial year	6	(2,226)	(1,074)	(3,300)
At 31 March		73,570	4,607	78,177

36 LONG TERM BORROWINGS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<u>Secured</u>					
• Hire purchase and finance lease liabilities		26,760	26,320	-	-
– Portion repayable within 12 months included under bank borrowings	41	(10,356)	(9,991)	-	-
		16,404	16,329	-	-
• Long term loans		301,456	382,793	-	-
– Portion repayable within 12 months included under bank borrowings	41	(26,761)	(75,357)	-	-
		274,695	307,436	-	-
• Long term loans under Islamic financing		336,068	370,221	204,517	236,000
– Portion repayable within 12 months included under bank borrowings	41	(88,612)	(79,977)	(44,570)	(45,000)
		247,456	290,244	159,947	191,000
<u>Unsecured</u>					
• Long term loans under Islamic financing		250,000	250,000	-	-
• Deferred liability		36,686	38,144	-	-
		825,241	902,153	159,947	191,000

- (a) The hire purchase and finance lease liabilities are secured against the respective assets acquired. The long 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 13, 14, 15, 16 and 27).
- (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.

36 LONG TERM BORROWINGS (CONTINUED)

(c) The weighted average effective annual interest rates at the end of the financial year are as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Hire purchase and finance lease liabilities	3.06	2.69	-	-
Long term loans	2.63	3.04	-	-
Long term loans under Islamic financing	6.05	5.65	5.49	4.66

(d) The currency exposure profile of the long term borrowings is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
- Ringgit Malaysia	612,517	690,208	159,947	191,000
- Singapore Dollar	212,724	211,945	-	-
	825,241	902,153	159,947	191,000

(e) Hire purchase and finance lease liabilities

	Group	
	2011 RM'000	2010 RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	11,724	11,782
- later than 1 year and not later than 2 years	11,323	11,552
- later than 2 years and not later than 3 years	4,786	3,314
- later than 3 years and not later than 4 years	1,327	2,875
- later than 4 years and not later than 5 years	755	79
	29,915	29,602
Future finance charges on hire purchase and finance lease	(3,155)	(3,282)
Present value of hire purchase and finance lease liabilities	26,760	26,320
Representing hire purchase and finance lease liabilities:		
- non-current	16,404	16,329
- current (included in Note 41)	10,356	9,991
	26,760	26,320

36 LONG TERM BORROWINGS (CONTINUED)

(f) The deferred liability is in respect of amounts owing of RM36,686,000 (2010: 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.

(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						
2011						
Fixed rate (Fair value risk)						
Hire purchase and finance lease liabilities	16,404	8,186	6,514	1,103	601	–
Long term loans	30,471	9,024	9,024	5,756	5,756	911
Long term loans under Islamic financing	497,456	96,951	70,306	39,240	11,710	279,249
	544,331	114,161	85,844	46,099	18,067	280,160
Floating rate (Cash flow risk)						
Long term loans	244,224	25,861	218,363	–	–	–
	788,555	140,022	304,207	46,099	18,067	280,160
2010						
Fixed rate (Fair value risk)						
Hire purchase and finance lease liabilities	16,329	8,015	5,601	2,629	84	–
Long term loans	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	256,994	7,784	9,985	207,725	5,250	26,250
	864,009	110,006	120,966	277,814	38,467	316,756

31 March 2011 (continued)

36 LONG TERM BORROWINGS (CONTINUED)

(g) The exposure of long term borrowings, excluding deferred liability, to interest rate risk is as follows: (Continued)

	Carrying amount RM'000	Maturity profile				
		1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
Company						
2011						
<u>Fixed rate (Fair value risk)</u>						
Long term loan under Islamic financing	75,947	11,570	11,709	11,709	11,710	29,249
<u>Floating rate (Cash flow risk)</u>						
Long term loans under Islamic financing	84,000	33,000	33,000	18,000	–	–
	159,947	44,570	44,709	29,709	11,710	29,249
2010						
<u>Fixed rate (Fair value risk)</u>						
Long term loan under Islamic financing	84,000	12,000	12,000	12,000	12,000	36,000
<u>Floating rate (Cash flow risk)</u>						
Long term loans 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

36 LONG TERM BORROWINGS (CONTINUED)

(h) Fair value

- Fair values of fixed rate long term borrowings and deferred liability are as follows:

	2011		2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Deferred liability	36,686	36,686	38,144	36,053
Hire purchase and finance lease liabilities	16,404	15,951	16,329	15,456
Long term loans	30,471	25,087	50,442	48,086
Long term loans under Islamic financing	497,456	477,028	540,244	530,547
	581,017	554,752	645,159	630,142

37 PROVISION FOR LIABILITIES AND CHARGES

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
Group				
2011				
At 1 April		4,891	335	5,226
Currency translation differences		(29)	–	(29)
Charge	6	2,710	572	3,282
Utilised		(2,752)	(455)	(3,207)
Unused amounts reversed	6	(894)	(172)	(1,066)
At 31 March		3,926	280	4,206
Non-current		761	–	761
Current		3,165	280	3,445
		3,926	280	4,206

37 PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

	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	6	3,811	870	4,681
Utilised		(8,254)	(177)	(8,431)
Unused amounts reversed	6	(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

38 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY

	Group		
	2011 RM'000	2010 RM'000	2009 RM'000
Non-Mudharabah Fund			
Demand deposits	2,733,229	2,578,074	2,742,645
Saving deposits	474,725	510,621	577,937
Negotiable Islamic debts certificates	1,500,971	1,299,566	1,154,933
Others	17,582	18,776	21,665
	4,726,507	4,407,037	4,497,180

38 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY (CONTINUED)

	Group		
	2011 RM'000	2010 RM'000	2009 RM'000
Mudharabah Fund			
Demand deposits	217,094	96,361	–
Saving deposits	222,945	115,524	–
General investment deposits	9,211,759	8,385,149	5,116,846
Special general investment deposits	1,461,596	1,444,163	1,004,676
	11,113,394	10,041,197	6,121,522
	15,839,901	14,448,234	10,618,702
Non-current	27,082	32,636	49,936
Current	15,812,819	14,415,598	10,568,766
	15,839,901	14,448,234	10,618,702

- (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 deposits from customers of a banking subsidiary company are denominated as follows:

	Group		
	2011 RM'000	2010 RM'000	2009 RM'000
– Ringgit Malaysia	15,535,713	14,084,055	10,122,418
– US Dollar	304,188	364,179	496,284
	15,839,901	14,448,234	10,618,702

- (c) The maturity period of the deposits from customers of a banking subsidiary company is as follows:

	Group		
	2011 RM'000	2010 RM'000	2009 RM'000
– not later than 6 months	15,345,688	14,048,546	10,071,173
– later than 6 months and not later than 1 year	467,131	367,052	497,593
– later than 1 year and not later than 5 years	27,082	32,636	49,936
	15,839,901	14,448,234	10,618,702

- (d) The weighted average effective annual profit rate of deposits from customers of a banking subsidiary at the end of the financial year is 2.29% (2010:2.27%).

39 GENERAL AND LIFE INSURANCE CONTRACT LIABILITIES

	Note	2011			2010			2009		
		Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000	Re-insurance RM'000	Net RM'000
General insurance contract liabilities (net of deferred acquisition cost/reinsurance)	(a)	646,380	(270,290)	376,090	609,443	(131,801)	477,642	537,702	(142,680)	395,022
Life insurance contract liabilities	(b)	62,202	–	62,202	42,196	–	42,196	38,045	–	38,045
		708,582	(270,290)	438,292	651,639	(131,801)	519,838	575,747	(142,680)	433,067
(a) General insurance contract liabilities										
(i) Claim liabilities										
– Provision for claims		319,315	(104,064)	215,251	329,407	(76,214)	253,193	259,482	(70,968)	188,514
– Provision for IBNR		131,392	(67,006)	64,386	92,550	(22,637)	69,913	85,051	(35,586)	49,465
		450,707	(171,070)	279,637	421,957	(98,851)	323,106	344,533	(106,554)	237,979
(ii) Premium liabilities		195,673	(99,220)	96,453	187,486	(32,950)	154,536	193,169	(36,126)	157,043
		646,380	(270,290)	376,090	609,443	(131,801)	477,642	537,702	(142,680)	395,022
(b) Life insurance contract liabilities										
(i) Provision for claims		62,202	–	62,202	42,196	–	42,196	38,045	–	38,045
		708,582	(270,290)	438,292	651,639	(131,801)	519,838	575,747	(142,680)	433,067

40 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables		610,276	590,201	4,227	4,731
Other payables and accruals		1,321,609	1,164,644	15,920	17,613
Progress billings		13,754	4,643	–	–
Amounts due to subsidiary companies		–	–	184,224	378,754
Amounts due to jointly controlled entities		18,283	11,004	–	–
Amounts due to associated companies		18,414	35,439	–	–
Amounts due to related parties		76,367	74,283	–	–
Amounts due to customers on contracts	47	85	747	–	–
		2,058,788	1,880,961	204,371	401,098

40 TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) The currency exposure profile of trade and other payables is as follows:				
– Ringgit Malaysia	2,004,787	1,785,829	204,371	401,098
– Singapore Dollar	34,605	40,513	–	–
– Japanese Yen	7,262	6,660	–	–
– Thai Baht	5,011	10,729	–	–
– US Dollar	5,226	35,633	–	–
– Others	1,897	1,597	–	–
	2,058,788	1,880,961	204,371	401,098

(b) The Group's and the Company's normal trade payables terms range from 30 to 90 days (2010: 30 to 90 days).

(c) Included in amounts due to subsidiary companies are interest bearing loan of RM175,578,000 (2010:RM372,068,000) which is charged at 2.25% (2010:2.25%) per annum. The loan is unsecured and repayable on demand.

(d) All other amounts due to subsidiary companies, jointly controlled entities and associated companies are non-interest bearing, unsecured and repayable on demand.

(e) Included in other payables and accruals is balance of the purchase price owing to Danaharta Hartanah Sdn. Bhd. ("Danaharta") for the land held for property development of the subsidiary companies. 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 (2010: RM238,950,000).

41 BANK BORROWINGS

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i) Bank overdrafts					
– secured		326	20,897	-	-
– unsecured		5,671	8,649	-	-
		5,997	29,546	-	-
(ii) Other bank borrowings					
<u>Secured</u>					
Bankers acceptances		20,201	72,980	-	-
Revolving credits		5,537	24,100	-	-
Hire purchase and finance lease liabilities – portion repayable within 12 months	36	10,356	9,991	-	-
Long term loans – portion repayable within 12 months	36	26,761	75,357	-	-
Long term loans under Islamic financing – portion repayable within 12 months	36	88,612	79,977	44,570	45,000
<u>Unsecured</u>					
Bankers acceptances		174,824	158,051	-	-
Revolving credits		182,400	171,134	146,000	146,000
Short term loans		6,489	4,490	-	-
		515,180	596,080	190,570	191,000
		521,177	625,626	190,570	191,000

(a) The currency exposure profile of bank overdrafts and other bank borrowings is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
– Ringgit Malaysia	509,827	611,666	190,570	191,000
– Thai Baht	6,489	4,490	-	-
– Singapore Dollar	4,861	9,470	-	-
	521,177	625,626	190,570	191,000

(b) The secured bank overdrafts, bankers acceptances and revolving credits 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 13, 14, 15, 16 and 27).

41 BANK BORROWINGS (CONTINUED)

(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	
	2011 %	2010 %	2011 %	2010 %
Bank overdrafts	7.66	7.25	–	–
Bankers acceptances	3.67	3.36	–	–
Revolving credits	5.52	4.87	5.58	4.87
Short term loans	3.55	2.30	–	–

42 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2011 RM'000	2010 RM'000
Non-Mudharabah		
Bank Negara Malaysia	14,993	16,361

The above are denominated in Ringgit Malaysia and the average maturity period is not exceeding six months (2010: six months).

43 BILLS AND ACCEPTANCES PAYABLES

(a) Bills and acceptance payables are denominated in Ringgit Malaysia and the average maturity period is not exceeding six months (2010: 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	
	2011 %	2010 %
Bills and acceptances payables	2.87	2.60

44 SHARE PREMIUM

	Group and Company	
	2011 RM'000	2010 RM'000
At 1 April/31 March	20,701	20,701

45 MERGER RESERVE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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 were not recorded as share premium. The difference between the issue price and the nominal value of shares issued were classified as merger reserve.

46 OTHER RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable				
Capital redemption reserve arising from redemption of preference shares	2,156	2,156	-	-
Share of associated companies' reserves	4,603	4,599	-	-
Share of subsidiary companies' statutory reserve	127,206	38,140	-	-
Asset revaluation reserve on step up acquisition of subsidiary companies	21,101	21,101	-	-
Fair valuation reserve on investment property	1,129	-	-	-
	156,195	65,996	-	-

47 CONSTRUCTION CONTRACTS

	Note	Group	
		2011 RM'000	2010 RM'000
Aggregate contract costs incurred		51,654	83,435
Recognised profits less losses		10,278	12,642
		61,932	96,077
Less: Progress billings		(58,331)	(90,373)
		3,601	5,704
Analysed as follows:			
Amounts due from customers on contracts	28	3,545	6,451
Amount due from a related party		141	–
Amounts due to customers on contracts	40	(85)	(747)
		3,601	5,704

48 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 2011, the Company has sufficient Section 108 tax credits (which expires on 31 December 2013) to pay RM174,935,000 (2010: RM240,182,000) of the retained earnings of the Company as franked dividends. In addition, the Company has tax exempt income of RM176,990,000 (2010: RM159,842,000) as at 31 March 2011, available to frank as tax exempt dividends.

49 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES

2011

(i) Subsidiary companies

- (a) On 7 June 2010, Rebak Island Marina Berhad ("RIMB"), effectively a 60% indirect subsidiary company of the Group, had undertaken a Renounceable Rights Issue of 12.6 million ordinary shares of RM1.00 each to its shareholders. HICOM Indungan Sdn. Bhd., the holding company of RIMB had subscribed its entitlement of 7.56 million shares and also the remaining portion of 5.04 million shares not taken up by other shareholders. As a result, RIMB became a 75% indirect subsidiary company of the Group.
- (b) On 18 June 2010, EON became a wholly-owned subsidiary of HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, upon completion of its capital reduction and repayment exercise. Consequently, the Group's effective interests in EON's subsidiaries, jointly controlled entities and associated companies increased accordingly. EON was delisted from Bursa Malaysia Securities Berhad with effect from 2 July 2010.

The above transaction resulted in a negative goodwill amounting to RM71,216,000 which has been recognised in the consolidated statement of comprehensive income.

- (c) On 18 June 2010, Comtrac Sdn. Bhd., effectively a 70% indirect subsidiary company of the Group, acquired the remaining 3% equity stake in Comtrac Builders Sdn. Bhd. ("CBSB") for a cash consideration of RM12,000. As a result, CBSB became a 70% indirect subsidiary company of the Group. There was no financial impact from the above transaction.
- (d) On 20 August 2010, EON acquired 55% equity stake in Multi Automotive Service and Assist Sdn. Bhd. ("MASA") from Flora Areana Sdn. Bhd., an indirect wholly-owned subsidiary of the Group. As a result, MASA became a 55% subsidiary of EON via the internal re-organisation.
- (e) On 6 October 2010, HICOM Technical and Engineering Services Sdn. Bhd., a wholly owned subsidiary company of the Group, had transferred its entire equity interest comprising two (2) ordinary shares of RM1.00 each in HICOM Ventures Sdn. Bhd. ("HICOM Ventures") to HICOM Holdings Berhad. On 7 October 2010, HICOM Ventures changed its name to HICOM-Potenza Sports Cars Sdn. Bhd.
- (f) On 10 December 2010, HICOM Berhad, a wholly-owned subsidiary company of the Group, had completed the acquisition of the entire equity interest comprising 14,854,600 ordinary shares of RM1.00 each in HICOM Builders Sdn. Bhd. from HICOM Holdings Berhad via an internal re-organisation.

(ii) Associated company

On 31 December 2010, HICOM Holdings Berhad ("HHB") converted its Convertible Redeemable Loan Stock of RM163,374 into 79,308 new ordinary shares of RM1.00 each at the conversion price of RM2.06 in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic"). As a result, HHB's shareholding in Niro Ceramic reduced from 22.25% to 21.58%.

49 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)**2010**(iii) 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 statement of comprehensive income.

- (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 statement of financial position.

49 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (CONTINUED)**2010** (Continued)(iii) Subsidiary companies (continued)

(b) (continued)

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
Total purchase consideration	485,859
Less: Carrying value of net assets acquired	(35,840)
Increase value in land held for property development recognised	450,019

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 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.

(iv) 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%.

50 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES**2011**(i) Subsidiary companies

- (a) Pursuant to Section 308(2) of the Companies Act, 1965, Liku Nostalgia Sdn. Bhd. ("LKSB") and Corporate Galaxy Sdn. Bhd. ("CGSB"), dormant wholly-owned subsidiaries of EON, which in turn are wholly-owned subsidiary companies of the Group had been struck off from the register and dissolved on 7 December 2010. As a result, LKSB and CGSB ceased to be subsidiary companies of the Group.
- (b) On 18 February 2011, EON Resorts Sdn. Bhd. ("ERSB"), a dormant wholly-owned subsidiary of EON, which in turn is a wholly-owned subsidiary of the Group had been struck off from the register and dissolved. As a result, ERSB ceased to be a subsidiary company of the Group.

(ii) Associated company

On 20 August 2010, the shareholding in Midea Scott & English Electronics Sdn. Bhd. ("Midea SEE") held by HICOM Holdings Berhad ("HHB") was diluted from 40% to 30%, pursuant to the exercise of call option of 1,200,000 ordinary shares granted to an existing shareholder by HHB. As a result, the Midea SEE is a 30% indirect associated company of the Group. The gain from the dilution amounted to RM570,000.

2010(iii) 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 struck off under Section 308 of the Companies Act, 1965. As a result, OSIM ceased to be a subsidiary company of the Group.

(iv) 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.

(v) 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.

51 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Sale of goods/services to:				
– Jointly controlled entities	46,004	35,756	–	–
– Associated companies	94,633	73,917	–	–
– Related parties	339,154	335,782	–	–
(b) Purchase of goods/services from:				
– Jointly controlled entities	483,661	393,419	–	–
– Associated companies	266,123	245,473	–	–
– Related parties	223,830	248,098	–	–
(c) Interest income:				
– Subsidiary companies	–	–	33,407	31,878
(d) Dividend income:				
– Subsidiary companies	–	–	368,708	173,608
– Associated companies	–	–	84,071	105,445
(e) Inter-company loan from/to:				
– Subsidiary companies				
Repayment (net of proceeds)	–	–	(219,975)	(198,256)
(f) Year end balances – banking:				
– Related parties				
Revolving credits	107,828	106,816	–	–
Bank guarantee	125,378	125,805	–	–
Bonds purchased	173,322	229,608	–	–
Trade line	262,252	210,361	–	–
Short term deposits	895,850	455,656	–	–
Term loan	51,660	58,575	–	–
– Associated companies				
Trade line	13,961	17,530	–	–
Short term deposits	81,690	39,778	–	–

51 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(g) Key management compensation:				
– Salaries, bonuses, allowances and other benefits	8,917	6,917	–	–
– Defined contribution plan	1,263	862	–	–

Apart from the above, the balances outstanding with related parties in respect of the above transactions are disclosed in Notes 28 and 40 to the financial statements.

52 CAPITAL AND OTHER COMMITMENTS(a) **Non-banking**(i) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2011 RM'000	2010 RM'000
Authorised capital expenditure not provided for in the financial statements		
– contracted for	33,039	36,561
– not contracted for	410,048	155,791
	443,087	192,352
Analysed as follows:		
Property, plant and equipment	443,087	192,352

52 CAPITAL AND OTHER COMMITMENTS (CONTINUED)(a) **Non-banking** (Continued)(ii) Operating lease commitments – as lessee

Future minimum rentals payable under commitments under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2011 RM'000	2010 RM'000
Repayable within 1 year	2,461	1,026
Repayable within 2 to 5 years	2,536	1,052
	4,997	2,078

(iii) Operating lease commitments – as lessor

Future minimum rentals payable under commitments under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2011 RM'000	2010 RM'000
Repayable within 1 year	2,678	2,046
Repayable within 2 to 5 years	412	2,315
	3,090	4,361

52 CAPITAL AND OTHER COMMITMENTS (CONTINUED)**(b) Banking**

(i) Risk weighted exposures of a banking subsidiary company are as follows:

As at 31 March 2011			
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	11	11	11
Trade-related contingencies	45,914	9,183	9,025
Transaction related contingencies	871,491	435,745	371,611
Obligations under an on-going underwriting agreement	65,000	32,500	6,500
Housing financing sold directly and indirectly to Cagamas with recourse	364,308	364,308	174,040
Credit extension commitment			
– maturity within one year	323,002	64,600	55,443
– maturity exceeding one year	2,242,093	1,121,047	391,538
Bills of collection	37,009	–	–
Foreign exchange related contracts	1,796,996	2,131	1,608
	5,745,824	2,029,525	1,009,776
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

53 CONTINGENT LIABILITIES (UNSECURED)

Except as disclosed below, there are no contingencies as at the reporting date.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Guarantees given to financial institutions in respect of facilities granted to subsidiary companies	–	–	50,994	112,498
(b) Performance bonds and guarantees given to third parties	211,610	168,986	2,016	2,452

54 GROUP SEGMENT REPORTING

The Group principally operates in Malaysia in the following main industry segments:

Industry segment	Description
Automotive	Manufacturing, assembly, vehicles importation, pre-delivery inspection, distribution and sale of motor vehicles, military vehicles, motorcycles and special purpose vehicles including sale of related spares and services.
Services	<ul style="list-style-type: none"> (i) Concession – vehicle inspection, solid waste management, airport ground handling business and operations and maintenance services of a power plant. (ii) Banking – Islamic banking and related financial services. (iii) Insurance – General and life insurance services. (iv) Other services – Trading in engineering products and higher education and vocational training institution.
Property, Asset and Construction	Property holding, development and construction works and assets management 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, investment properties, inventories, receivables, property development costs, land held for property development, investment securities, banking related assets, cash and bank balances, derivative assets, reinsurance assets and exclude interest bearing short term deposits, taxation assets, investments in jointly controlled entities and associated companies and non-current assets held for sale. Segment liabilities comprise mainly of payables, banking related liabilities, provision for liabilities and charges, insurance contract liabilities, derivative 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, intangible assets, land held for property developments and property development activities.

54 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	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2011					
Revenue					
Total revenue	4,053,873	2,664,536	168,050	26,144	6,912,603
Inter-segment revenue	(16,162)	(20,976)	(45,257)	(26,144)	(108,539)
External revenue	<u>4,037,711</u>	<u>2,643,560</u>	<u>122,793</u>	<u>-</u>	<u>6,804,064</u>
Segment results	196,494	340,769	(21,503)	41,393	557,153
Unallocated expenses					(44,988)
Interest income					38,495
Finance cost					(78,088)
Share of results of jointly controlled entities (net of tax)	61,312	-	9,147	-	70,459
Share of results of associated companies (net of tax)	153,400	1,399	3,694	-	158,493
Profit before taxation					<u>701,524</u>
Taxation					(131,318)
Net profit for the financial year					<u>570,206</u>
Attributable to:					
Owners of the Company					<u>472,468</u>
Non-controlling interest					<u>97,738</u>

54 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2011 (continued)					
Other information					
Segment assets	2,045,736	21,766,043	2,044,109	234,095	26,089,983
Interest bearing short term deposits					1,147,188
Taxation assets					234,134
Jointly controlled entities	228,936	–	107,773	–	336,709
Associated companies	449,692	301	34,522	–	484,515
Non-current assets held for sale	2,730	–	660	–	3,390
Total assets					<u>28,295,919</u>
Segment liabilities	612,994	19,571,460	552,640	17,519	20,754,613
Interest bearing borrowings					1,309,732
Taxation liabilities					83,099
Unallocated liabilities					16,363
Total liabilities					<u>22,163,807</u>
Capital expenditure	75,950	73,342	73,225	3,449	<u>225,966</u>
Depreciation and amortisation	83,299	71,834	9,774	2,517	<u>167,424</u>
Impairment losses	14,537	987	7,484	–	<u>23,008</u>

54 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2010					
Revenue					
Total revenue	3,663,053	2,578,255	188,997	26,602	6,456,907
Inter-segment revenue	(61,227)	(18,298)	(36,646)	(26,602)	(142,773)
External revenue	<u>3,601,826</u>	<u>2,559,957</u>	<u>152,351</u>	<u>–</u>	<u>6,314,134</u>
Segment results	703	387,268	171,500	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	(1,455)	5,093	–	<u>72,572</u>
Profit before taxation					657,894
Taxation					(114,629)
Net profit for the financial year					<u>543,265</u>
Attributable to:					
Owners of the Company					<u>472,298</u>
Non-controlling interest					<u>70,967</u>

54 GROUP SEGMENT REPORTING (CONTINUED)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2010 (continued)					
Other information					
Segment assets	2,057,102	19,647,913	1,994,793	226,811	23,926,619
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	69	31,958	–	409,691
Total assets					<u>26,126,380</u>
Segment liabilities	725,034	17,456,751	527,711	14,699	18,724,195
Interest bearing borrowings					1,489,635
Taxation liabilities					75,145
Unallocated liabilities					14,895
Total liabilities					<u>20,303,870</u>
Capital expenditure	60,307	68,000	18,308	2,149	<u>148,764</u>
Depreciation and amortisation	71,505	72,726	10,045	2,689	<u>156,965</u>
Impairment losses	57,094	17,376	13,875	–	<u>88,345</u>

55 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 statement of comprehensive income 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 37.

(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 RM20,004,000 (2010: RM71,336,000) was recognised during the financial year.

55 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 RM36,686,000 (2010: 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) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(viii) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting date. The Group has used discounted cash flow analysis for various available-for-sale financial assets that are not traded in active markets.

56 SIGNIFICANT EVENTS

- (a) On 18 June 2010, Edaran Otomobil Nasional Berhad ("EON") became a wholly-owned subsidiary of HICOM Holdings Berhad, effectively a 100% owned subsidiary company of the Group, upon completion of its capital reduction and repayment exercise. Consequently, EON was delisted from Bursa Malaysia Securities Berhad with effect from 2 July 2010.
- (b) On 21 December 2010, the Company entered into a Collaboration and License Agreement with Volkswagen AG ("VWAG") and Volkswagen Group Malaysia Sdn. Bhd. ("VGM") to collaborate in the assembly of Volkswagen vehicles in Malaysia.
- (c) On 25 February 2011, PUSPAKOM Sdn. Bhd. ("PUSPAKOM"), a wholly-owned subsidiary of the Group and the Government of Malaysia entered into a Concession Agreement to grant PUSPAKOM the exclusive rights and authority to carry out and perform motor vehicles inspection, testing and related activities for a period of fifteen (15) years commencing 1 September 2009 to 31 August 2024.
- (d) On 7 March 2011, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary of the Group accepted the Letter of Award dated 23 February 2011 from the Government of Malaysia to design, develop, manufacture, commission, supply and delivery of two hundred and fifty seven (257) units of twelve (12) variants of the 8 x 8 Armoured Wheeled Vehicles ("Contract"). The Contract valued at RM7.55 billion is for a period of 7 years commencing from 2011.

57 SUBSEQUENT EVENT

On 22 April 2011, the Company entered into a Share Sale and Purchase Agreement ("SPA") with Khazanah Nasional Berhad to acquire 172,997,399 ordinary shares of POS Malaysia Berhad ("POSM") of RM0.50 each ("POSM Share"), representing approximately 32.21% of the total issued and paid-up share capital of POSM for a total cash consideration of up to RM622,790,636.40 or at a purchase price of up to RM3.60 per POSM Share, of which up to RM0.10 per POSM Share is a refundable amount. The SPA was completed on 1 July 2011 and as a result, POSM became an associate company of the Group.

58 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

		Group RM'000		Company RM'000	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
2011					
Financial liabilities:					
Borrowings (non-current)	36				
– Hire purchase and finance lease liabilities		16,404	15,951	–	–
– Long term loans		30,471	25,087	–	–
– Long term loans under Islamic financing		497,456	477,028	159,947	141,731
2010					
Financial liabilities:					
Borrowings (non-current)	36				
– Hire purchase and finance lease liabilities		16,329	15,456	–	–
– Long term loans		50,442	48,086	–	–
– Long term loans under Islamic financing		540,244	530,547	236,000	191,000

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	28
Trade and other payables (current)	40
Borrowings (current)	41

58 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value (Continued)

The carrying amounts of these financial assets and liabilities reasonably approximate, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonably approximate fair value due to the insignificant impact of discounting.

The fair values of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(i) Amounts due from subsidiaries, loans to/from subsidiaries, staff loans, finance lease obligations and fixed rate bank loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(ii) Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

(iii) Unquoted equity instruments

These investments are valued using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(iv) Unquoted debt securities and unquoted corporate bonds

Fair value is estimated by using a discounted cash flow model based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity.

(v) Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates curves.

59 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange currency risk and market price risk. The Board of Directors reviews and sets policies and procedures for the management of these risks. The Risk Committee in accordance with the Group's Enterprise Risk Management framework provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) 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.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

59 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)(b) Liquidity risk (Continued)Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011 RM'000			Total
	On demand or within 1 year	1 to 5 years	Over 5 years	
Group				
Financial liabilities:				
Trade and other payables	2,043,278	14,774	1,105	2,059,157
Borrowings	527,072	545,813	277,253	1,350,138
Derivatives – settled net	2,538	–	–	2,538
Total undiscounted financial liabilities	<u>2,572,888</u>	<u>560,587</u>	<u>278,358</u>	<u>3,411,833</u>
Company				
Financial liabilities:				
Trade and other payables	204,371	–	–	204,371
Borrowings	190,570	130,698	27,253	348,521
Total undiscounted financial liabilities	<u>394,941</u>	<u>130,698</u>	<u>27,253</u>	<u>552,892</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings at floating rates. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in 50 basis points to interest rate, with all other variables held constant.

59 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)(c) Interest rate risk (Continued)

		Profit after tax	
		Group 2011 RM'000	Company 2011 RM'000
Borrowings – floating rates	+50	(2,538)	(863)
	-50	2,538	863

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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.

(e) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks mainly arising from quoted shares held by the Group. Quoted shares are mainly listed on the Bursa Malaysia Securities Berhad. These instruments are classified as financial assets designated at fair value through profit or loss and available-for-sale.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the quoted shares on Bursa Malaysia had been 10% higher or lower, with all other variables held constant, the Group's profit after tax and other comprehensive income would have been approximately RM15,488,000 and RM2,065,000 higher or lower respectively, arising as a result of an increase/decrease in the fair values of the quoted shares.

31 March 2011 (continued)

60 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using gearing ratio, which is gross debt divided by shareholders' equity. Gross debt is equivalent to total borrowings (including current and non-current borrowings) as shown in the consolidated statement of financial position. The Group's policy is to keep the gearing ratio at an acceptable level.

	Note	2011 RM'000	2010 RM'000
Group			
Short term borrowings	41	521,177	625,626
Long term borrowings excluding deferred liability	36	788,555	864,009
Total borrowings		<u>1,309,732</u>	<u>1,489,635</u>
Shareholders' equity		<u>4,980,344</u>	<u>4,579,736</u>
Gross gearing (times)		<u>0.26</u>	<u>0.33</u>
Company			
Short term borrowings	41	190,570	191,000
Long term borrowings	36	159,947	191,000
Total borrowings		<u>350,517</u>	<u>382,000</u>
Shareholders' equity		<u>5,129,336</u>	<u>4,811,321</u>
Gross gearing (times)		<u>0.07</u>	<u>0.08</u>

61 COMPARATIVES

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

62 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 14 July 2011.

63 SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company as at 31 March 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants on 20 December 2010.

	Group RM'000	Company RM'000
Total retained profits of the Company and subsidiaries:		
– Realised	1,719,973	1,077,087
– Unrealised	57,985	(3,956)
	<u>1,777,958</u>	<u>1,073,131</u>
Total share of retained profits from jointly controlled entities:		
– Realised	196,417	–
– Unrealised	32	–
Total share of retained profits from associated companies:		
– Realised	205,887	–
– Unrealised	7,206	–
Total retained profits as per financial statements	<u>2,187,500</u>	<u>1,073,131</u>

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

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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 153 to 278 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2011 and of their financial performance 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 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 for banking and insurance subsidiary companies and Shariah principles for a banking subsidiary company of the Group. The information set out in note 63 to financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In accordance with a resolution of the Board of Directors dated 14 July 2011.



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

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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 153 to 279 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 14 July 2011.

Before me,

Commissioner for Oaths



NO. 6A JALAN WAU C 11/C
SEKSYEN 11
40100 SHAH ALAM
SELANGOR DARUL EHSAN

Independent Auditors' Report

To the members of DRB-HICOM Berhad (Incorporated in Malaysia)

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REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of DRB-HICOM Berhad, which comprise the statements of financial position as at 31 March 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows 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 153 to 278.

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 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 for banking and insurance subsidiary companies 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 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 for banking and insurance subsidiary companies 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 2011 and of their financial performance and cash flows for the financial year then ended.

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 auditors' 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

The supplementary information set out in note 63 on page 279 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.



Ernst & Young
No. AF: 0039
Chartered Accountants

Kuala Lumpur
14 July 2011



Mohd Sukarno Bin Tun Sardon
No. 1697/03/13 (J)
Chartered Accountant



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Analysis of Shareholdings

as at 15 July 2011

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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	: 46,482

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Total Holdings	% Holdings
1 – 99	541	1.16	11,216	0.00 ^{N1}
100 – 1,000	21,149	45.50	15,700,876	0.81
1,001 – 10,000	20,797	44.74	77,451,938	4.01
10,001 – 100,000	3,421	7.36	98,788,466	5.11
100,001 – 96,661,851 ^{N2}	572	1.23	542,399,414	28.06
96,661,852 and Above ^{N3}	2	0.00	1,198,885,141	62.01
Total	46,482	100.00	1,933,237,051	100.00

Remarks: ^{N1} Less than 0.01%
^{N2} Less than 5% of issued Holdings
^{N3} 5% and above of issued Holdings

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No	Name	Number of Shares	% of Issued Shares
1.	Etika Strategi Sdn. Bhd.	1,081,061,741	55.92
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	117,823,400	6.09
3.	HSBC Nominees (Asing) Sdn. Bhd. NTGS LDN For Skagen Kon-Tiki Verdipapirfond	54,160,200	2.80
4.	OCBC Bank (Malaysia) Berhad As Beneficial Owner (ELCI-TRE)	25,177,300	1.30
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For JPMorgan Chase Bank, National Association (Norges BK Lend)	15,877,400	0.82

Analysis of Shareholdings

as at 15 July 2011 (continued)

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TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONTINUED)

(Without aggregating the securities from different securities accounts belonging to the same Depositor) (Continued)

No	Name	Number of Shares	% of Issued Shares
6.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For The Bank of New York Mellon (Mellon Acct)	14,707,947	0.76
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank Berhd (ETP)	14,007,500	0.72
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	11,962,100	0.62
9.	AMSEC Nominees (Tempatan) Sdn. Bhd. AMBank (M) Berhad (Hedging)	11,917,200	0.62
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	11,900,000	0.62
11.	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For GMO Emerging Markets Fund	11,439,423	0.59
12.	Tai Tak Estates Sdn. Bhd.	10,952,653	0.57
13.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For Dimensional Emerging Markets Value Fund	10,607,100	0.55
14.	Citaria Sdn. Bhd.	8,873,972	0.46
15.	M & A Nominee (Asing) Sdn. Bhd. Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	7,641,500	0.40
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	7,391,100	0.38
17.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	7,357,622	0.38
18.	Valuecap Sdn. Bhd.	6,900,000	0.36
19.	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	6,650,000	0.34
20.	HSBC Nominees (Asing) Sdn. Bhd. TNTC For LSV Emerging Markets Equity Fund L. P.	5,017,500	0.26
21.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse (SG BR-TST-ASING)	4,650,000	0.24
22.	Yap Ah Fatt	4,500,000	0.23
23.	M & A Nominee (Asing) Sdn. Bhd. UOB Kay Hian Private Limited For Monconcept Investments Pte Ltd	4,136,100	0.21
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Life Par Fund)	4,000,000	0.21
25.	SBB Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)	3,938,400	0.20
26.	HSBC Nominees (Asing) Sdn. Bhd. BNY Brussels For Powershares DWA Emerging Markets Technical Leaders Portfolio	3,707,500	0.19

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONTINUED)

(Without aggregating the securities from different securities accounts belonging to the same Depositor) (continued)

No	Name	Number of Shares	% of Issued Shares
27.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY For DFA Emerging Markets Small Cap Series	3,689,300	0.19
28.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Morgan Stanley & Co. International PLC (Client)	3,562,900	0.18
29.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	3,250,000	0.17
30.	HSBC Nominees (Asing) Sdn. Bhd. HSBC SG For Lee Rubber Company Pte Ltd	2,962,747	0.15

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	155,809,700	8.06	–	–	8.06
Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ^{NI}	–	–	1,081,061,741	55.92	55.92

Note: ^{NI} By virtue of his deemed interest 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

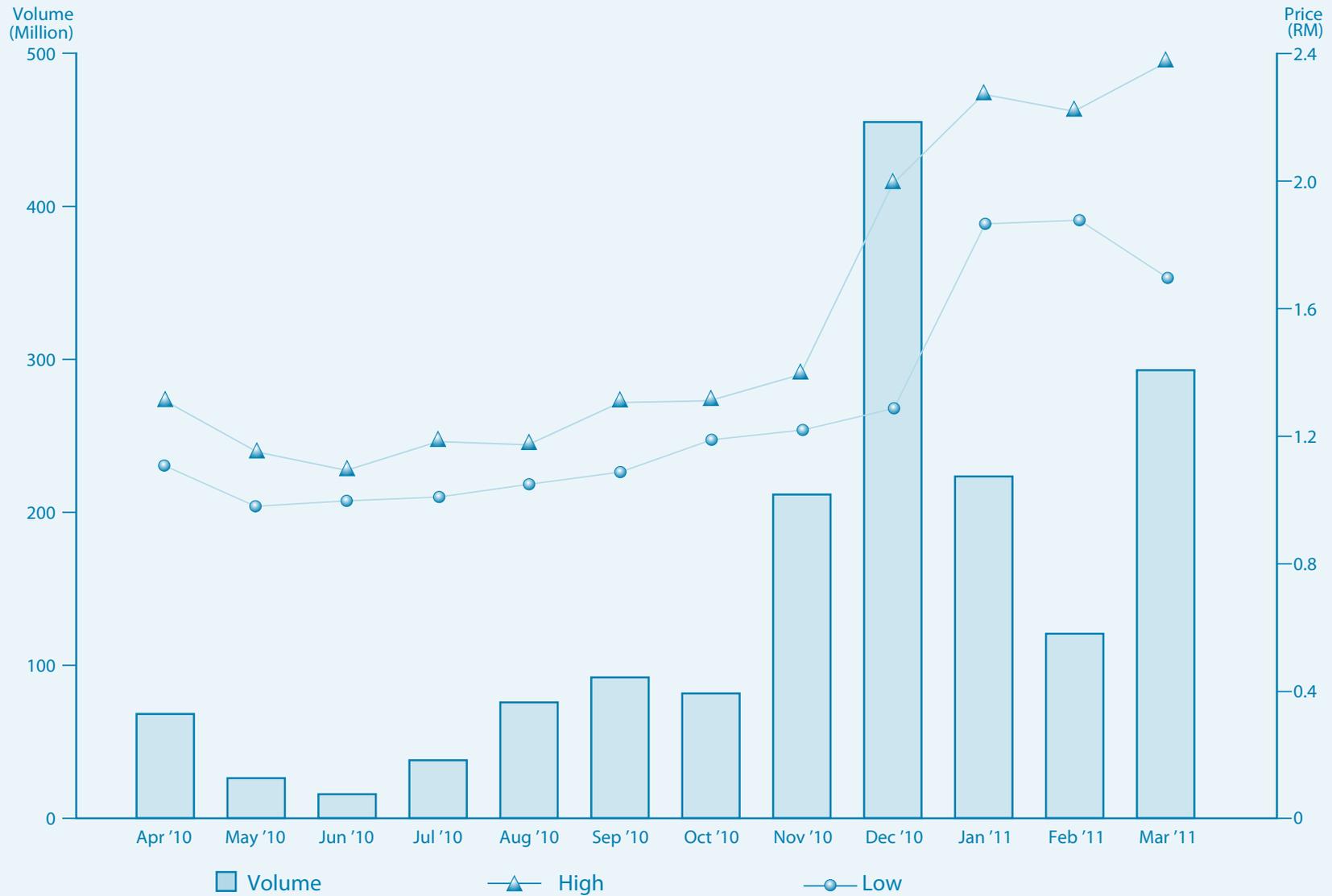
The Directors' direct and indirect interests in shares in the Company and its related companies based on the Register of Directors' Shareholdings are as follows:

Name	Direct Interest		Indirect Interest	
	Number of Shares Held	% of Issued Shares	Number of Shares Held	% of Issued Shares
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 15 July 2011 held any interest in shares in the Company or its related companies.

Share Performance Chart

Share Price from April 2010 to March 2011



Material Properties of DRB-HICOM Group

as at 31 March 2011

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No.	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-11 RM'000
1.	PTD 99396 HS(D) 329948 PTD 68903 HS(D) 290184 PTD 68905 HS(D) 290186 Mukim of Tebrau Daerah Johor Bahru Negeri Johor Darul Ta'zim	Land held for residential and commercial development	–	Freehold	6,137,457 sq.m (Land)	728,470
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	8 yrs	Leasehold expiring in year 2096	6,341.2 sq.m (Building)	328,117
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	17 – 18 yrs	Freehold	1,698,141 sq.m (Land)	192,348
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	15 yrs	Freehold	650,360 sq.m (Land)	161,017
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	14 yrs	Leasehold expiring in year 2065	644,903 sq.m (Land)	128,746

Material Properties of DRB-HICOM Group

as at 31 March 2011 (continued)

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No.	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-11 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	372,377 sq.m (Land)	122,936
7.	Southern Support Zone KL International Airport 64000 Sepang Selangor Darul Ehsan	Head Office, Cargo Complex, Workshop and Inflight Catering	13 yrs	Leasehold 50 years expiring in year 2048	55,985 sq.m (Building)	122,214
8.	Menara Bumiputra Jalan Melaka Lot 7 Seksyen 7 PN 6253, Town of Kuala Lumpur Wilayah Persekutuan	Leasehold land with 35 storey tower blocks	32 yrs	Leasehold expiring in year 2072	41,642.72 sq.m (Land and Building)	90,482
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	11 – 14 yrs	Freehold and Leasehold expiring in year 2054	1,555,940 sq.m (Land)	78,478
10.	Menara Uni.Asia No. 1008, Jalan Sultan Ismail 50250 Kuala Lumpur Wilayah Persekutuan	Office building (11 floors)	12 yrs	Leasehold 99 years expiring in year 2078	11,975 sq.m (Building)	58,170

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 4433
www.acm.com.my

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

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
www.deftech.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 2723/03-5513 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 : 03-7711 2100/2211
Fax : 03-2052 8685

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

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
Seksyen U1, Kawasan Perindustrian Temasya
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03 7688 7688
Fax : 03 7628 0028
www.audi.com.my

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 2529
http: //www.hdsb.com

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
www.hicom-honda.com

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.net.my

ISUZU HICOM Malaysia Sdn. Bhd. (285799-T)

P.O. Box 6, Kawasan Perindustrian Peramu Jaya
26607 Pekan, Pahang Darul Makmur, Malaysia
Tel : 09-4243800
Fax : 09-4101742
www.isuzu-hicom.com.my

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 2239

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, PO 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
Toll free : 1-300-88-6699
www.suzuki.net.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

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

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 Prai, 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
Toll free : 1-800-880-880
www.alamflora.com.my

HICOM University College Sdn. Bhd. (888126-K)

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

International College of Automotive

Kompleks Automotif DRB-HICOM Pekan, P.O. Box 8
26607 Pekan, Pahang Darul Makmur, Malaysia
Tel : 09-424 2400
Fax : 09-424 2500
HL : 1-300-88-4226
www.icam.edu.my

KL Airport Services Sdn. Bhd. (333284-T)

Jalan KLIA S6, Southern Support Zone
64000 Sepang, Selangor Darul Ehsan, Malaysia
Tel : 03-8778 8000
Fax : 03-8778 8038
www.klas.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
Toll free : 1-800-88-6927
www.puspakom.com.my

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

Hicom United Leasing Sdn. Bhd.

No 16, Jalan Chan Sow Lin
55200 Kuala Lumpur, Malaysia
Tel : 03-9221 3611
Fax : 03-9221 3631
www.sne.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.midea.see.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.uniasiaeneral.com.my

Uni.Asia Life Assurance Berhad (277714-A)

Bangunan Uni.Asia
16, Jalan Tun Tan Siew Sin
50050 Kuala Lumpur, Malaysia
Tel : 03-2687 2000
Fax : 03-2026 6097
www.uniasialife.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 Power Sdn. Bhd. (572121-P)

(formerly known as Rangkaian Positif Sdn. Bhd.)
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

PROPERTY, ASSET & CONSTRUCTION

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

HICOM Builders Sdn. Bhd. (6687-H)

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

Glenmarie Puchong Sdn. Bhd. (33943-W)

(Formerly known as Desa Puchong Sdn. Bhd)
Level 1, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Fax : 03-2052 8511
Tol Free : 1-800-88-8580

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 8511
www.glenmariecove.com.my

Glenmarie Asset Management Sdn. Bhd. (258586-X)

(formerly known as HICOM Facility Management Sdn. Bhd. and HICOM Facility Management Berhad)
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 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

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 1055
Fax : 03-5122 1050
www.kotakemuning.net

Glenmarie Properties Sdn. Bhd. (97360-A)

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
Toll free : 1-800-88-8580
www.glenmarieproperties.com

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

Lake Kenyir Resort & Spa (253041-D)

PO 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 9323
www.nirogranite.com.my

Proton City Development Corporation Sdn. Bhd.
(375217-U)

Level 3, 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.proton-city.com

Rebak Island Marina Resort (183757-T)

P.O. Box 125, 07000 Kuah Langkawi
Kedah Darul Aman, Malaysia
Tel : 04-966 5566
Fax : 04-966 9973
www.tajhotels.com

Holiday Inn Kuala Lumpur Glenmarie

1 Jalan Usahawan U1/8, Seksyen U1
40250 Shah Alam Selangor Darul Ehsan, Malaysia
Tel : 03-7802 5200
Fax : 03-7804 1000
www.holidayinn.com/glenmarie

FORM OF PROXY

TWENTY-FIRST 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 Twenty-First Annual General Meeting of the Company to be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie (Tel: 03-7803 1000), No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 8 September 2011 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
1	To approve the declaration of a final gross dividend of 4.00 sen per share less taxation of 25%.		
2	To re-elect Director – YBhg Dato’ Ibrahim bin Taib.		
3	To re-elect Director – YBhg Dato’ Syed Mohamad bin Syed Murtaza.		
4	To reappoint Director – YBhg Datuk Haji Abdul Rahman bin Mohd Ramli.		
5	To reappoint Director – Mr Ong le Cheong.		
6	To reappoint Messrs Ernst & Young as Auditors.		

Dated this _____ day of _____, 2011

 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 HERE 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



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