

The logo for DRB-HICOM, featuring the company name in white, bold, uppercase letters inside a dark blue rectangular box with a thin red border at the bottom.

DRB-HICOM

DRB-HICOM Berhad

(203430-W)

(Incorporated in Malaysia)

CULTIVATING
EXCELLENCE

ANNUAL REPORT 2013

CULTIVATING EXCELLENCE

As we progress with our second 5-year plan (FY 2012 - 2016), we are committed to cultivating excellence in all that we undertake. By expertly leveraging our current potential, adapting to market dynamics and capitalising on organic growth as well as mergers and acquisitions, we are confident of extending our growth trajectory and reinforcing our market positions locally and abroad.

As we venture forth, we will look to our Core Values of Excellence, Decorum, Teamwork, Integrity, Innovation, Quality and Transparency to guide us in our endeavours. Only by truly inculcating a spirit of excellence in all that we do, will we achieve our objective of creating a distinct company of merit. Only by distinguishing ourselves from others, will we create true value for our stakeholders.



FOSTERING
EXCELLENCE

DELIVERING EXCEPTIONAL QUALITY

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• Form of Proxy



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD 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, 19 SEPTEMBER 2013 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 2013 together with the Reports of Directors and Independent Auditors thereon.
2. To approve the declaration of a final gross dividend of 0.5 sen per share less taxation of 25% and tax exempt dividend of 4.0 sen per share in respect of the financial year ended 31 March 2013. (Ordinary 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 Tan Sri Dato’ Sri Haji Mohd Khamil bin Jamil. (Ordinary Resolution 2)
 - (ii) YBhg Tan Sri Marzuki bin Mohd Noor. (Ordinary 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 re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting.” (Ordinary Resolution 4)
 - (ii) “THAT Mr Ong Ie Cheong, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting.” (Ordinary Resolution 5)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

SPECIAL BUSINESS:-

To consider and if thought fit, to pass the following Special Resolution:-

6. Proposed Amendments to the Articles of Association of the Company (Special Resolution)

“THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 attached to this Annual Report be and are hereby approved and in consequence thereof, the new set of Articles of Association incorporating the amendments be adopted AND THAT the Directors and Secretary be and are hereby authorised to carry out the necessary steps to give effect to the amendments.”

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the final gross dividend of 0.5 sen per share less taxation of 25% and tax exempt dividend of 4.0 sen per share in respect of the financial year ended 31 March 2013, if approved by the shareholders at the Annual General Meeting, will be paid on 18 October 2013 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 25 September 2013.

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

- (a) Shares deposited into the depositor's securities account before 12.30 p.m. on 23 September 2013 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the depositor's securities account before 4.00 p.m. on 25 September 2013 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

DATO' CAROL CHAN CHOY LIN (MIA 3930)
Company Secretary

Shah Alam, Selangor Darul Ehsan
28 August 2013

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. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- c. 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.
- d. 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 (Tel : 03-7849 0777) not less than forty-eight (48) hours before the time set for holding this meeting.

3. Agenda 6 – Special Resolution

Proposed Amendments to the Articles of Association

The proposed Special Resolution, if passed will enable the Company to comply with the amendment to Paragraph 7.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad dated 22 September 2011.

STATEMENT ACCOMPANYING NOTICE OF
ANNUAL GENERAL MEETING

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

Under Article 79 of the Company's Articles of Association

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

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/re-appointment are set out in the Profile of Directors (Pages 42 to 51 of the Annual Report).

NOTICE OF ANNUAL GENERAL MEETING

Appendix 1

Proposed Amendments to the Articles of Association of DRB-HICOM Berhad

1. The details on the proposed amendments to the Articles of Association of DRB-HICOM Berhad are as set out below:-

i. Proposed insertion of new Article

ARTICLE 2 (NEW INTERPRETATION)

2.20 Exempt Authorised Nominees

An authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

2.21 Omnibus Account

An account in which securities are held for two or more beneficial owners in one securities account.

ii. Proposed amendment to the existing Article 74(a)(ii)

74(a)(ii) APPOINTMENT OF AT LEAST ONE PROXY

In the case where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies ~~at least one proxy~~ in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member of the Company is an exempt authorised nominee (an authorised nominee which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act) which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee or an exempt authorised nominee appoints proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

iii. Proposed insertion of New Article

74(c) QUALIFICATION AND RIGHTS OF PROXY TO SPEAK

(i) A member of the Company entitled to attend and vote at a meeting or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.

(ii) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

2. Rationale

Bursa Malaysia had per letter dated 22 September 2011 required public listed companies to amend their Articles of Association so as to:-

- a. allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds; and
- b. accord proxies the same rights as members to speak at the general meeting.

The amendments of the Articles of Association must be made by the public listed companies latest by 31 December 2013.



Automated plant operations at PROTON Tanjung Malim

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
-



The beautiful greens at Glenmarie Golf & Country Club, Shah Alam





EXHIBITING
DECORUM

INSPIRING TRUE CONFIDENCE

CORPORATE PROFILE



Wisma DRB-HICOM, Glenmarie, Shah Alam

WHO WE ARE

DRB-HICOM Berhad (DRB-HICOM or the Group) has more than three decades of history that dates back to the incorporation of Heavy Industries Corporation of Malaysia Berhad (HICOM) in 1980 and merging in 2000 with Diversified Resources Berhad (DRB). HICOM led the country's nationalisation drive and was instrumental in the development of the National Car Project. DRB was the developer of Malaysia's first national motorcycle and Malaysian-made truck. The new entity was renamed DRB-HICOM Berhad.

The Group marked a milestone in 2005 when it was acquired by Etika Strategi Sdn. Bhd. and a new Management team came on board. In the following year, its numerous businesses were rationalised into three core sectors: Automotive; Services; and Property, Asset and Construction. Since then, a number of strategic initiatives have been progressively undertaken to strengthen DRB-HICOM into one of the country's leading conglomerates.

With the acquisition of PROTON Holdings Berhad, which was completed in 2012, DRB-HICOM has the most comprehensive and integrated automotive operations in Malaysia with businesses involved in the whole integrated chain of the automotive ecosystem from vehicle design and development, manufacturing of automotive components, vehicle assembly, inspection and distribution, to sales and after-sales service. Besides cars, the Group assembles and distributes motorcycles, commercial vehicles, defence vehicles and customised vehicles such as ambulances. The marques assembled or distributed by the Group are top global brands such as Audi, Honda, Isuzu, Volkswagen, Mitsubishi, Suzuki and Mercedes-Benz.

DRB-HICOM's automotive arm is buttressed by the businesses it groups in its services sector. It holds government concessions through KL Airport Services Sdn. Bhd., which provides airport handling services in Malaysian airports; Alam Flora Sdn. Bhd., the country's leading solid waste management company; and PUSPAKOM Sdn. Bhd., the sole commercial vehicle inspection company in the country. In 2008, the Group acquired an equity interest in Bank Muamalat Malaysia Berhad, adding Islamic banking to its finance-related stakes in two insurance companies. The Group's services sector was further augmented with the acquisition of Pos Malaysia Berhad in 2011, providing DRB-HICOM with an extensive logistics network that spans the length and breadth of the country.

The third sector within the Group – Property, Asset and Construction – is an important contributor to its growth, as DRB-HICOM builds upon its landbank holdings in key locations and leverages on the prestigious property brand of Glenmarie. It is also represented in the hospitality industry through Holiday Inn Kuala Lumpur Glenmarie, Lake Kenyir Resort, Taman Negara in Terengganu and Rebak Island Resort in Langkawi, and has a foothold in recreation with the Glenmarie Golf and Country Club.

With more than eighty operating companies in its stable and a workforce of over 52,000 employees, DRB-HICOM can be considered as one of the more exciting companies listed on the Main Board of Bursa Malaysia. Its entrepreneurial leadership is pursuing the Group's second 5-year plan (FY 2012-2016) aimed at sustaining the momentum created by its earlier plan. The diversified range of businesses within the Group is enabling it to capitalise on synergistic opportunities to make it an important contributor to national development and economic growth.

MEDIA HIGHLIGHTS

Proton aims to regain top sales spot

DRB-Hicom Bhd raises local sales target, says car maker has a lot of unlocked potential

IN A bid to re-establish Proton Holdings Bhd in the number one car maker in terms of sales this year, DRB-Hicom Bhd has raised the local sales target for the fiscal year to 200,000 units for the current year ending March 31, 2013.

DRB-Hicom managing director Tan Sri Mohd Khuzi Jariil yesterday said the conglomerate, which acquired Proton from Khazanah Nasional Bhd in January this year, believed the Proton has the ability to

surpass the current local production (Otomotif) of 150,000 units.

Mohd Khuzi said prior to the takeover, Proton had a local target of 167,000 units for the current fiscal year.

"To date, we have done about 100,000 units. I am pretty sure about the target. Proton has a lot of unlocked potential. The main challenge is when the target will be the (current) output production by local Malaysia. But we believe it

is possible to reach that level," he said after the company's annual meeting.

Mohd Khuzi said DRB-Hicom expects to establish Proton not only as an affordable, but an economical yet "nicely" should buy Proton because it's cheap. The DNA of Proton must be changed. This is why we are raising the standards of the car. Proton expects to increase profits while keeping costs down.

He also said DRB-Hicom has in place several plans

for the national car maker which among others to strengthen its domestic operations, introducing its downsizing and expansion business, building greater brand awareness as well as introducing its new car.

On Proton's long-term plans, Mohd Khuzi said DRB-Hicom has completed the operational review of the Proton operations and the management has laid out an immediate plan for 2013.



Proton's sales target for this year is 200,000 units.

"It will be different from the plan for 2012 but we believe the new plan will ensure sales will increase for the next three years. We have

also present the plan to the board. We are looking at various opportunities with the company by the end of this year." —Ahmad

DRB-Hicom ventures into exhaust systems

DRB-Hicom will venture into exhaust systems through its subsidiary, DRB-Hicom Exhaust Systems Sdn Bhd. The new venture will focus on manufacturing and distributing exhaust systems for various car models.

The company is currently in the process of setting up production facilities and expects to start operations in the coming months.



DRB-Hicom Exhaust Systems Sdn Bhd is a joint venture between DRB-Hicom and a local partner.



Members of the DSA 2012 signing ceremony, including Prime Minister Najib Razak, are seen signing the DSA 2012 agreement.

Yang di-Pertuan Agong lawat DSA 2012

KUALA LUMPUR: Yang di-Pertuan Agong Tuanku Jaafar bin Muhammad will be the first monarch to sign the DSA 2012 agreement at the signing ceremony held at the Istana Negara on Dec 10.

The signing ceremony is a significant event as it marks the formalization of the DSA 2012 agreement between the government and the private sector.

The DSA 2012 agreement is a landmark document that outlines the commitment of the private sector to support the government's economic growth and development plans.

The agreement covers various areas, including infrastructure development, human capital development, and innovation and technology.

DRB-HICOM embarks on major property drive

DRB-HICOM is embarking on a major property drive, focusing on residential and commercial developments across Malaysia.

The company has announced several new projects, including the development of a new residential complex in Kuala Lumpur and a commercial center in Johor Bahru.

DRB-Hicom is committed to providing high-quality property solutions to its customers and is confident that these new projects will contribute to the company's long-term growth.

Lotus to push for higher sales in Malaysian market

By JOHN ALBERT

LOTUS Cars Malaysia is targeting higher sales of 100,000 units in 2013, up from 80,000 units in 2012. The company is focusing on expanding its market reach and increasing its production capacity.

Lotus Cars Malaysia is currently in the process of setting up a new production facility in Malaysia, which is expected to be completed in the coming months.

The company is also investing in marketing and sales promotion activities to increase its brand awareness and attract more customers.



The Lotus Evija is a high-performance electric sports car that is expected to be a major success for Lotus Cars Malaysia in 2013.

Bank Muamalat posts 9-month profit of RM172 million

KUALA LUMPUR: Bank Muamalat Malaysia Bhd has reported a pre-tax profit of RM172 million for the nine months ended Dec 31, 2012, surpassing its previous full-year results of RM123 million.

The bank's performance is attributed to its strong asset growth and improved operational efficiency. The bank is also focusing on expanding its customer base and offering a wider range of financial services.

Faster Puspakom inspection

The Puspakom inspection process is being streamlined to reduce the waiting time for vehicle owners. The new process involves a more efficient system of scheduling and inspection.

Vehicle owners are encouraged to use the online booking system to schedule their inspections. This will help to reduce the number of vehicles waiting at the inspection centers.

The government is committed to providing a faster and more convenient service to its citizens and is confident that these changes will improve the overall inspection process.



The new Puspakom inspection process is designed to be faster and more efficient, reducing the waiting time for vehicle owners.

Proton Preve wins Australasian auto award

Proton Preve has won the Australasian Car of the Year award, recognizing its exceptional performance and value for money. The award is a testament to the car's reliability and safety features.

The Proton Preve is a compact hatchback that offers a spacious interior, advanced technology, and excellent fuel economy. It is also known for its strong safety record and low maintenance costs.

Proton is proud to have won this prestigious award and is committed to continuing to provide high-quality vehicles to its customers.

KLAS will to DRB's

KUALA LUMPUR: DRB-Hicom is expected to acquire KLAS, a leading logistics and supply chain management company. The acquisition is part of DRB-Hicom's strategy to diversify its business and expand its market reach.

KLAS is a well-established company with a strong track record in providing logistics and supply chain solutions to various industries. The acquisition is expected to bring significant synergies and growth opportunities for DRB-Hicom.

Pos Malaysia to diversify

KUALA LUMPUR: Pos Malaysia Bhd will be diversifying its income stream to reduce its dependency on the mailing business, according to group chief executive officer Dato Khalid Abdul Rahman. "We want to reduce our dependency on mail. We will look into opportunities to diversify revenue by venturing into high growth areas. We will also expand into the digital business," he said in a briefing to announce the second stage of its transformation plan and financial results.

Khalid said the postal group had been highly dependent on the mail business which accounted for 62% of its total revenue of RM1.48bil for the 15 months ended March 31. The company posted a net profit of RM138.8mil for the 15 months period.

DRB-Hicom subsidiary signs 22-year concession

by Sheikh Al-Zaqan & Alexander Teo

KUALA LUMPUR: DRB-Hicom Bhd's 69.33%-owned unit Mam Flora Sdn Bhd has entered into a 22-year concession agreement with the federal government to provide collection and public cleaning management services in Cibanting, Kuala Lumpur and Putrajaya.

MALAYSIA: DRB Hicom polymer unit forms JV with HBPO

Leong Chee Kah, President of DRB-Hicom's polymer unit has entered into a joint venture with HBPO in design, develop and supply technical materials.

The move comes after DRB-Hicom decided to expand its involvement in the automotive parts sector.

HBPO is presently the biggest manufacturer of PETs, reported business. Such an alliance integrates capabilities like lighting, railroads, cooling fans and air conditioning condensers.

DRB-Hicom recently purchased a 42.7% stake in local carmaker Proton for \$412m from the Malaysian state investment firm Khazanah Nasional.

It said at the time it would "strengthen" the automotive industry, hence making Malaysia a preferred investment hub capable of rivaling its neighbors.

DRB-Hicom signs MoU with Saab AB



Administrative (engineering) DRB-Hicom Bhd has signed MoU with Sweden's Saab AB that will involve an industrial cooperation to look into areas of technology and expertise transfer to Malaysia.

The MoU involves and deepens the existing relationship between the two companies which already signed an Industrial Cooperation Training Agreement of June 2011 in collaboration with an earlier MoU on Supply and Control systems. Through the MoU, both parties have agreed to explore the various areas of cooperation that include the design and manufacturing of advanced composite systems and components for military and commercial aerospace applications, composite repair technology and system integration of structural, thermal, vibration and other related systems.

DRB-HICOM set to drive up sales with new brands

DRB-HICOM Bhd will be looking to drive up its sales with new brands.

It is going to drive its sales with new brands. DRB Hicom Group (DRB-Hicom) and its group holding is now looking to a way to help increase its growth at the domestic market.

It said the investment sector, which makes up 70 per cent of the group's revenue, is a growing "hot" market.

"We do want to drive up our sales by introducing new brands and products into our sales service - quantity and quality & position growth in the current market," he said.

"We do want to drive up our sales by introducing new brands and products into our sales service - quantity and quality & position growth in the current market," he said.

By adding the DRB-HICOM, the department, technology and trade.

He said the unit will also be focused to be DRB Hicom just after the first one in Malaysia to Kuala Lumpur today. He said, DRB Hicom entered 1,500 tonnes and installed more than 100,000 units.

He said they have decided to replace the DRB Hicom unit with a new unit in the western region with the DRB Hicom unit in Penang.

DRB-Hicom is one of Malaysia's leading companies in the investment, services, trading and real estate sectors.

DRB Hicom is one of Malaysia's leading companies in the investment, services, trading and real estate sectors.



DRB-Hicom (Baru) memperkenalkan sendiri kepada salah seorang pegawai DRB-Hicom sendiri. (Baru) memperkenalkan sendiri kepada salah seorang pegawai DRB-Hicom sendiri. (Baru) memperkenalkan sendiri kepada salah seorang pegawai DRB-Hicom sendiri.

DRB-HICOM buka @theAcademy ahirkan pekerja mahir

DRB-HICOM Bhd (DRB-Hicom) is a wholly-owned subsidiary of DRB, says HwangDBS Vickers.

DRB-Hicom recently purchased a 42.7% stake in local carmaker Proton for \$412m from the Malaysian state investment firm Khazanah Nasional. It said at the time it would "strengthen" the automotive industry, hence making Malaysia a preferred investment hub capable of rivaling its neighbors.

Will contribute to future growth

DRB-Hicom Bhd (DRB-Hicom) is a wholly-owned subsidiary of DRB, says HwangDBS Vickers. DRB-Hicom recently purchased a 42.7% stake in local carmaker Proton for \$412m from the Malaysian state investment firm Khazanah Nasional.

PosLaju optimistic of raising income to RM300mil

PEKAN: PosLaju, which earned RM240mil in income last year, is optimistic of increasing it to RM300mil this year, said chief operation officer Nor Azman Yusof.

He said this was because its services were widely preferred in the country, adding that there would be new products to be launched soon to help achieve the target.

"Last year, the PosLaju group achieved RM240mil in income and if plans go on smoothly, the RM300mil target will be easier to achieve."

Nor Azman said this after the official opening of PosLaju branch office here by Pn Malaysia Bhd group chief operation officer Mohd Shakeri Mohd Salleh.

"Last year too, we launched the 'on-demand pick-up' (ODP) which was proven successful in generating business."

"The ODP service provides easier access for our customers to send their parcels without having to go to the post office, as we can pick the parcels at their houses after receiving calls or orders from them," he said.

DRB-HICOM rai anak pekerja cemerlang



Mohd. HwangDBS Vickers memperkenalkan sendiri kepada salah seorang pegawai DRB-Hicom sendiri. (Baru) memperkenalkan sendiri kepada salah seorang pegawai DRB-Hicom sendiri.

KUALA LUMPUR: DRB-Hicom Bhd (DRB-Hicom) merayakan kejayaan 403 anak kakitangan yang cemerlang dalam peperiksaan utama (ultra) pada Magis Perayaan Perayaan Kebangkitan di sini hari ini.

Selompok RM204,450 diperuntukkan kepada 230 pelajar yang memenangi dalam Peperiksaan Menengah Berprestasi (PMU), 127 pelajar Sijil Pelajaran Malaysia (SPM) dan enam pelajar Sijil Tinggi Persekolahan Malaysia (STPM).

Perayaan anugerah itu dihoskan oleh Pegawai (Tuan) Kuasa Perayaan, Dato Seri Mohd. Khairi Jambri.

CALENDAR OF EVENTS

7 April 2012



LAUNCH OF PUSPAKOM MANJUNG

PUSPAKOM Manjung was launched by YB Dato' Seri Kong Cho Ha, Minister of Transport. The RM4.1 million investment involved constructing and upgrading the branch to 3 inspection lanes with the capability to inspect 250 vehicles at any one time. One of the inspection lanes is dedicated for heavy vehicles.

16 - 19 April 2012



DEFENCE SERVICES ASIA EXHIBITION AND CONFERENCE

DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH) participated in Defence Services Asia as the largest Malaysian pavillion. It has managed to attract various dignitaries including the KDYMM Agong, YAB Prime Minister and Defence Ministers among others. DEFTECH also signed a Cooperation Agreement with TATA Motors Limited, India to develop, promote and market TATA military vehicles.

16 April 2012



LAUNCH OF PROTON PREVÉ

Prevé, the very first of PROTON's new generation of cars built with the intention of expanding its prowess in the global market was launched by YAB Dato' Sri Mohd Najib Tun Abd Razak and witnessed by YABhg Tun Dr Mahathir Mohamad.

5 May 2012



DRB-HICOM KARTING CHAMPIONSHIP

The first Karting Championship Series 1/2012 was held at Taman Tasik Sultan Abu Bakar Sultan Ahmad Shah. A total of 28 teams raced the track including teams from Royal Malaysian Police and Pekan District Council. The Championship is a platform to strengthen ties amongst companies within the DRB-HICOM Group.

15 May 2012



HANDING OVER CEREMONY SEKOLAH MENENGAH PENDIDIKAN KHAS VOKASIONAL SHAH ALAM (SMPKVSA)

DRB-HICOM Berhad, together with its two subsidiaries, Edaran Otomobil Nasional Berhad (EON) and Motosikal Dan Enjin Nasional Sdn. Bhd. (MODENAS), handed over a PROTON Exora 1.6 AT and two MODENAS CT100 motorcycles to SMPKVSA by YBhg Dato' Abdul Harith Abdullah, Group Director, Automotive and Defence, DRB-HICOM Berhad, to Madam Loo Huck Huang, Principal of SMPKVSA, in a ceremony held at the SMPKVSA's hall.

23 June 2012



LAUNCH OF @THE ACADEMY, PORT DICKSON

Menteri Besar of Negeri Sembilan, YAB Dato' Seri Utama Hj Mohamad Hj Hassan graced the Official Launch of @theAcademy in Port Dickson, Negeri Sembilan. A total of 500 guests attended the event including the Management team of DRB-HICOM Group, Government officials, as well as community and media representatives.

29 June 2012



LAUNCH OF AUDI Q3

The Audi Q3 was unveiled by YB Dato' Mukhriz Tun Dr Mahathir, Deputy Minister of International Trade and Industry, at the Subang SkyPark Terminal, Lapangan Terbang Sultan Abdul Aziz Shah. The event also witnessed the handover of Audi Q3 keys to 9 proud owners. The Audi Q3 is a premium compact SUV that promises equally comfortable drive on and off road.

9 July 2012



SIGNING CEREMONY BETWEEN INTERNATIONAL COLLEGE OF AUTOMOTIVE AND MULTIMEDIA UNIVERSITY

International College of Automotive (ICAM) signed a License Programme Agreement with Multimedia University (MMU) & Memorandum of Understanding with Infor Solutions at Hotel Istana, witnessed by YBhg Dato' Prof Dr Rujhan Mustaffa, Director General, Department of Higher Education Malaysia. The Licensed Programme Agreement is for ICAM to conduct the Master of Business Administration over 18 months on full-time basis at ICAM in Pekan, Pahang.

3 August 2012



MAJLIS RAMAH MESRA RAMADHAN WARGA DRB-HICOM UTARA

DRB-HICOM organised a *Majlis Ramah Mesra Ramadhan Warga DRB-HICOM Utara* at MODENAS Sports Complex. At the event, donations were handed out to *Warga DRB-HICOM* who are single mothers and staff with disabled children or parents with critical illness. DRB-HICOM also extended the donations to selected orphanages, old folks homes and mosques in Gurun, Kedah.

10 August 2012



MAJLIS BUKA PUASA WITH WARGA DRB-HICOM

A total of 750 DRB-HICOM employees and their family members attended the *Majlis Berbuka Puasa* which was held at Holiday Inn Kuala Lumpur Glenmarie. Special invitations were also extended to the *Tahfiz of Maahad Dakwah Wa Irsyad Mohd Al-Fateh* and children from *Rumah Amal Suci Rohani*.

13 August 2012



GROUND BREAKING CEREMONY OF INTERNATIONAL COLLEGE OF AUTOMOTIVE (ICAM)

Menteri Besar of Pahang, YAB Dato' Seri Hj Adnan Yaakob graced the Ground Breaking Ceremony of the International College of Automotive. After the Ground Breaking Ceremony, the Menteri Besar of Pahang had breaking of fast with about 1,000 guests who attended the event.

5 September 2012



DRB-HICOM OPEN HOUSE

DRB-HICOM Open House is an annual event organised by DRB-HICOM Berhad and its subsidiaries. The event was graced by KDYTM Tengku Mahkota Pahang and attended by 1,500 guests, including corporate clients, Government officials, bankers, lawyers and media.

7 September 2012



SIGNING CEREMONY OF JOINT-VENTURE AGREEMENT WITH HBPO GMBH

HICOM Polymers Industry Sdn. Bhd. today signed a Joint-Venture Agreement (JV) with HBPO GmbH at Holiday Inn Kuala Lumpur Glenmarie. A JV company, HICOM HBPO Sdn. Bhd. will design, develop and supply vehicle front-end modules.

CALENDAR OF EVENTS

20 September 2012



22ND ANNUAL GENERAL MEETING

22nd Annual General Meeting of DRB-HICOM was convened.

27 September 2012



WAKAF SELANGOR MUAMALAT

KDYMM Sultan of Selangor, Sultan Sharafuddin Idris Shah Alhaj Ibni Sultan Salahuddin Abdul Aziz Shah Alhaj officiated the launching of a new service, Wakaf Selangor Muamalat at Concorde Hotel, Shah Alam. The collaboration between Bank Muamalat and Perbadanan Wakaf Selangor is to accelerate the development of wakaf in Malaysia.

4 October 2012



SIGNING CEREMONY BETWEEN ORIENTAL SUMMIT INDUSTRIES WITH FAURECIA EXHAUST INTERNATIONAL SAS

Signing Ceremony of Joint-Venture Agreement (JV) between Oriental Summit Industries Sdn. Bhd. and Faurecia Exhaust International SAS was held at Holiday Inn Kuala Lumpur Glenmarie. The JV will enable Faurecia HICOM Emmissions Control Technologies (M) Sdn. Bhd., a JV Company, to manufacture, assembly, deliver and sell automotive exhaust systems and vehicle components.

21 November 2012



LAUNCH OF SUZUKI GRAND VITARA

Grand Vitara with new improved features was launched by YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, Group Managing Director, DRB-HICOM Berhad. The Grand Vitara is highly regarded for its superb handling and uniquely sporty, tough-looking exterior design

26 November 2012



EXTRAORDINARY GENERAL MEETING

The EGM was held for the divestment of the business of HICOM Power Sdn. Bhd.

29 November 2012



LAUNCH OF PROTON SATRIA NEO R3

The Satria Neo R3 was officially launched by YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil at PROTON's Centre of Excellence. The Neo R3 is an extension of its extremely popular model, the Satria Neo CPS that now comes enhanced with exclusive R3 body kit and accessories for an improved overall styling.

5 January 2013



DEPUTY PRIME MINISTER VISITS PROTON TANJUNG MALIM

Deputy Prime Minister, YAB Tan Sri Muhyiddin Yassin visited PROTON Tanjung Malim. It was the first visit by the Deputy Premier to the plant who was warmly welcomed by *Warga* PROTON Tanjung Malim.

8 January 2013



LOTUS OPENS FLAGSHIP SHOWROOM AND UNVEILS NEW EXIGE S AND ELISE S

PROTON Advisor, YABhg Tun Mahathir Mohamad officiated the opening of the first Lotus Flagship Showroom in Malaysia. Built on 10,520m² of land in Sungai Penchala, Kuala Lumpur, it offers a complete Lotus experience with a showroom, a Customer Interactive Block and a Service Centre. The Showroom is elegant and minimalist, designed to convey the heritage of the Lotus brand.

10 January 2013



LAUNCH OF SUZUKI SWIFT 1.4L

The new Suzuki Swift was officially launched by YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil in Kuala Lumpur. The new Swift is developed with sophisticated styling and better performance features combined with superior fuel economy and environmental-friendly performance. Together at the launch was Mr Shuji Oishi, Chief Regional Officer, ASEAN, Suzuki Motor Corporation and Mr Keiichi Suzuki, Managing Director, Suzuki Malaysia Automobile Sdn. Bhd.

12 - 14 January 2013



SOUTHERN REACH MEDIA DRIVE

The annual media drive with the Management of DRB-HICOM was organised to strengthen the ties between the media and the Management. A total of 45 members of the media joined the excursion to Johor Bahru which includes Corporate Responsibility initiatives with the locals.

28 January 2013



VISIT TO PUSAT DIALISIS KURNIA (PDK)

The visit is testimony to DRB-HICOM Group's commitment towards causes that make an impact to the well-being of the Community. During the visit, Euromobil Sdn. Bhd., a wholly-owned subsidiary of DRB-HICOM made a RM10,000 contribution to PDK. The mock cheque was presented by Mr Stanley Tan, Chief Executive Officer of Euromobil to Mr Low Chee Yin, Vice President of PDK. The event was witnessed by YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, Group Managing Director of DRB-HICOM.

3 February 2013



MY BEAUTIFUL MALAYSIA DAY IN PEKAN

DRB-HICOM Pekan staff participated in cleaning the Kuala Pahang beach together with the local residents in conjunction with My Beautiful Malaysia Day.

18 February 2013



CHINESE NEW YEAR OPEN HOUSE

The Chinese New Year Open House was graced by YBhg Datuk Chua Tee Yong, Deputy Minister of Agriculture & Agro-Based Industry Malaysia. It was attended by 500 guests including corporate clients, members of the media and Government officials and orphanages.

12 March 2013



SUMBANGAN TABUNG WIRA LAHAD DATU

DRB-HICOM handed over RM98,000 to the families of 8 fallen heroes and 6 wounded policemen at a cheque presentation ceremony at Royal Malaysian Police Headquarters, Bukit Aman by YBhg Datuk Mohamed Razeek Md Hussain, its Chief Operating Officer, Services & Properties.

26 March 2013




LIMA 2013

DRB-HICOM signed a Memorandum of Understanding with Saab AB of Sweden that will outline an industrial cooperation to look into areas of technology transfer and bringing expertise to Malaysia, among others.

The signing took place during the Langkawi International Maritime and Aerospace Exhibition 2013. Signing on behalf of DRB-HICOM was YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, its Group Managing Director, while Mr Dan Enstedt, President and CEO of Saab Asia Pacific signed for Saab AB. The ceremony was witnessed by YB Datuk Dr. Abdul Latiff Ahmad, Deputy Defence Minister of Malaysia, HE Bengt Carlsson, Ambassador of Sweden to Malaysia and Major General Micael Byden, Air Force Chief of Sweden.





NURTURING TEAMWORK

MOVING IN TOTAL UNISON

AWARDS AND RECOGNITIONS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013



AUTOMOTIVE CORPORATION (MALAYSIA) SDN. BHD.

- 1st runner-up for total Isuzu sales 2012 (all categories by registrations)
- Top Dealer Sales in Isuzu N-Series - IMSB Dealers Convention
- Top Dealer Sales in Isuzu F-Series - IMSB Dealers Convention
- 2nd runner-up for FVR34 model sales (Special Award) - IMSB Dealers Convention

DRB-HICOM AUTO SOLUTIONS SDN. BHD. (DHAS)

- MS ISO 9001:2008 Recertification for DHAS Headquarters, Pre-Delivery Inspection Centre at Section 27, Shah Alam and Pre-Delivery Inspection Centre in Pekan, Pahang - SIRIM QAS International Sdn. Bhd.
- OHSAS 18001:2007 Certification for DHAS Headquarters, Pre-Delivery Inspection Centre at Section 27, Shah Alam and Pre-Delivery Inspection Centre at Pekan, Pahang - SIRIM QAS International Sdn. Bhd.

EUROMOBIL SDN. BHD.

- Overall Car of the Year for AUDI A4 - Autoworld Car of the Year Awards
- Best Premium Compact Passenger Car for AUDI A4 - Autoworld Car of the Year Awards
- Best Performance Luxury Compact SUV for AUDI Q3 - Asian Auto
- Car of the Year for AUDI A6 - Autocar Asian Car of the Year

GLENMARIE GOLF & COUNTRY CLUB

- Best Golf Experience - Expatriate Lifestyle Magazine
- Excellence Award - Expatriate Lifestyle Magazine

HICOM-HONDA MANUFACTURING MALAYSIA SDN. BHD.

- T16949/ISO14001/OHSAS18001 Certification - SIRIM QAS International Sdn. Bhd.

HICOM AUTO SDN. BHD.

- No. 1 Dealer for the months of October, November and December 2012 (Volkswagen Cheras Aftersales Team)
- Highest Customer Satisfaction Index (CSI) average of 816 points among 16 Volkswagen dealerships in Malaysia.

HICOM BUILDERS SDN. BHD. & COMTRAC SDN. BHD.

- Quality Environment Certification (5S) - Malaysia Productivity Corporation (MPC)

HICOM DIECASTINGS SDN. BHD.

- Supplier Excellent Kaizen Award (SEKA)
- Gold - HMS Executive Assessment for ZF Steering
- Gold - HICOM Manufacturing Systems (HMS) 5S Audit



HICOM-TECK SEE MANUFACTURING MALAYSIA SDN. BHD.

- 1st runner-up - New Honda Circle (NHC) Procurement Convention
- Finalist - DRB-HICOM's Innovative Creative Circle (ICC) Convention
- Finalist - Malaysian Productivity Corporation (MPC) ICC National Convention
- Platinum - HICOM Manufacturing Systems (HMS) Executive Assessment Audit

KL AIRPORT SERVICES SDN. BHD.

- 68 letters of compliments from the airlines for the excellent services.
- Top Cargo Services Performance Award 2012 (Penang) – Cathay Pacific Airways
- Appreciation for Outstanding Efforts (Penang) – Cathay Pacific Airways

ORIENTAL SUMMIT INDUSTRIES SDN. BHD.

- Gold - MPC Convention ICC (Willayah Tengah)
- SIRIM OHSAS 18001 Certification - SIRIM QAS International Sdn. Bhd.
- ISO 14001 Certification - SIRIM QAS International Sdn. Bhd.
- Gold - HICOM Manufacturing Systems (HMS) Executive Assessment Audit
- Gold - HICOM Manufacturing Systems (HMS) 5S Audit

PHN INDUSTRY SDN. BHD.

- Gold - MPC – ICQCC Convention 2012
- Gold - MPC – IQPC Convention 2012 (Indonesia)
- Gold - MPC – NICC Convention 2012
- 1st runner-up of 8th DRB-HICOM QIT Convention

PUSPAKOM SDN. BHD.

- MS ISO 17020:1998 Certification for Operation of Various Types of Bodies Performing Inspection at Shah Alam, Padang Jawa, Glenmarie, Cheras, Sg. Besar, Batu Caves, Banting, Bukit Maluri, Jalan Tandang and Bangi - Department of Standards Malaysia
- 3-Gold Star status (PUSPAKOM Cheras) – National ICC Convention
- 3-Gold Star status (PUSPAKOM Tawau) – National ICC Convention
- Top 10 in Services Industry (PUSPAKOM Cheras) – National ICC Convention

HOLIDAY INN KUALA LUMPUR GLENMARIE

- Malaysia's Best Employers - Aon Hewitt Awards
- Silver Certification for reduction of environmental impact - EarthCheck

REBAK ISLAND RESORT

- Winner for Travellers' Choice Awards - TripAdvisor
- Winner for Certificate of Excellence - TripAdvisor

HICOM AUTOMOTIVE MANUFACTURERS (MALAYSIA) SDN. BHD.

- ISO/TS 16949:2009 Recertification
- Gold Award - East Coast Region ICC Convention 2012
- Gold Award - National ICC Convention 2012
- Certification of Appreciation as Role Model Company 2012 - Ministry of Human Resources Malaysia

AWARDS AND RECOGNITIONS FOR THE YEAR END 2012



HONDA MALAYSIA SDN. BHD.

- Best Entry Midsize Car in Initial Quality (Honda City) - J. D. Power Asia Pacific 2012 Malaysia Initial Quality Study
- Best Midsize Car in Initial Quality (Honda Civic) - J. D. Power Asia Pacific 2012 Malaysia Initial Quality Study
- Overall Car of the Year (Honda CR-Z) - Autocar Asean Car of the Year Awards 2012
- Best Hybrid (Honda CR-Z) - Autocar Asean Car of the Year Awards 2012
- Compact Car of the Year (Honda CR-Z) - New Straits Times/Maybank Car of the Year 2012 Awards
- Best Value For Money Compact Car (Honda City) - Asian Auto-Allianz Auto Industry Awards 2012
- Gold Award for Automobiles (Honda) - Reader's Digest Trusted Brands 2012
- Silver Award (Automotive Category) - Putra Brand Awards 2012
- 1st Place for Compact MPV Category (Honda Freed 1.5L-6.1L/100km) - Asian Auto Fuel Efficiency Awards 2012
- 3rd Place for Small Family Cars Category (Honda City-6.1L/100km) - Asian Auto Fuel Efficiency Awards 2012
- Judges' Choice Award (Honda CR-Z) - Autoworld Car of the Year Awards 2012
- Best Alternative Energy Vehicle (Honda CR-Z) - Autoworld Car of the Year Awards 2012
- Best Sub-Compact Passenger Car (Honda City) - Autoworld Car of the Year Awards 2012

PROTON HOLDINGS BERHAD

- Gold Award for Invention & Design Category, Automotive & Transportation Sector (ELTEC I) - Invention, Innovation & Technology Exhibition Awards 2012
- Gold Award for Invention & Design Category, Automotive & Transportation Sector (ELTEC II) - Invention, Innovation & Technology Exhibition Awards 2012
- Gold Award for Best Green Initiative for Corporate Sector - Invention, Innovation & Technology Exhibition Awards 2012
- Silver Award for PROTON booth (less than 54sqm) - Invention, Innovation & Technology Exhibition Awards 2012
- Best Local Assembled Family Car (PROTON Prevé) - Asian Auto Allianz Auto Industry Awards 2012
- Best Value Compact Sedan (Proton Saga FLX SE) - NST-Maybank Car of the Year Awards 2012
- MPV of the Year (Proton Exora Bold) - NST-Maybank Car of the Year Awards 2012
- Best Small/Midsize Sedan (Proton Saga FLX SE) - Autocar ASEAN Car of The Year Awards 2012
- Best Value for Money MPV (PROTON Exora Bold) - Autoworld Car of The Year Awards 2012.
- 3-star rating (PROTON Saga FLX) - ASEAN New Car Assessment Programme
- 5-star rating (PROTON Prevé) - Australasian New Car Assessment Programme (ANCAP)
- 2nd Most Fuel-efficient Car in Small Family Cars category (Proton Saga 1.3 Manual) - Asian Auto Fuel Efficiency Awards 2012
- 2nd Most Fuel-efficient car in Luxury Family Cars category (Proton Prevé) - Asian Auto Fuel Efficiency Awards 2012



POS MALAYSIA BERHAD

- Gold Award in the Airfreight/Courier Service Category in Malaysia - Reader's Digest Trusted Brands
- Excellence Award for the Domestic Express Service Provider of the Year - Frost & Sullivan Malaysia
- Top two zakat counters in 2012 (KLCC & Gombak Post Office) - Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP)
- Special award to Pos on Wheels in Wilayah Persekutuan - Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP)
- Super Platinum Award - Zurich Insurance Malaysia Berhad
- Top Financial Institution in Top Agencies Financial Categories - RHB Insurance Berhad
- Franchise Appreciation Award - Allianz General Insurance Company (M) Berhad
- ISO 9001:2008 certification - Malaysian Communications and Multimedia Commission (MCMC)
- UPU EMS Gold Certification 2012 - Expedited Mail Service (EMS)

ISUZU HICOM MALAYSIA SDN. BHD.

- Excellence Awards 2012 - Frost & Sullivan Malaysia
- Best-Selling Light Duty Trucks of the Year
- 2012 Asian Auto Fuel Efficiency Award

SUZUKI MALAYSIA AUTOMOBILE SDN. BHD.

- Best Value for Money Family Sedan (Kizashi) - Allianz/Automobile Magazine - Asian Auto
- Fuel Efficiency for Compact City Car (Alto) - Automobile Magazine - Asian Auto
- Fuel Efficiency for Premium Family Car (Kizashi) - Automobile Magazine - Asian Auto

FINANCIAL CALENDAR

FINANCIAL YEAR END

31 March 2013

ANNOUNCEMENT OF RESULTS

First Quarter

27 August 2012

Second Quarter

29 November 2012

Third Quarter

27 February 2013

Fourth Quarter

30 May 2013

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

28 August 2013

ANNUAL GENERAL MEETING

19 September 2013

DIVIDENDS

For the financial year ended 31 March 2013

Interim

1.5 sen gross per share

Announcement Date

27 February 2013

Entitlement Date

2 April 2013

Payment Date

29 April 2013

Final

0.5 sen gross per share less taxation of 25%
and tax exempt 4.0 sen per share

Announcement Date

28 August 2013

Entitlement Date

25 September 2013

Payment Date

18 October 2013

CORPORATE INFORMATION

AS AT 31 JULY 2013

DIRECTORS

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

Tan Sri 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

Dato' Carol Chan Choy Lin (MIA 3930)

Tel : (03) 2052 7695

Fax : (03) 2052 7696

E-mail : cclin@drb-hicom.com

REGISTERED OFFICE

Level 5, Wisma DRB-HICOM

No. 2, Jalan Usahawan U1/8

Seksyen U1, 40150 Shah Alam

Selangor Darul Ehsan

Tel : (03) 2052 8000

Fax : (03) 2052 8099

WEBSITE

www.drb-hicom.com

INTERNAL AUDIT

Abdul Jamil bin Johari

Head, Internal Audit

Tel : (03) 2052 8962

Fax : (03) 2052 8959

E-mail : jamil@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) 7849 0777

Fax : (03) 7841 8151/52

E-mail : ask_us@symphony.com.my

AUDITORS

Ernst & Young

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Tel : (03) 7495 8000

Fax : (03) 2095 5332

PRINCIPAL BANKERS

Malayan Banking Berhad

RHB Bank Berhad

AmBank Berhad

CIMB Bank Berhad

Bank Muamalat Malaysia Berhad

PRINCIPAL SOLICITORS

Naqiz & Partners

Kadir Andri & Partners

Hisham Sobri & Kadir

Chooi & Co

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 4 September 1992)

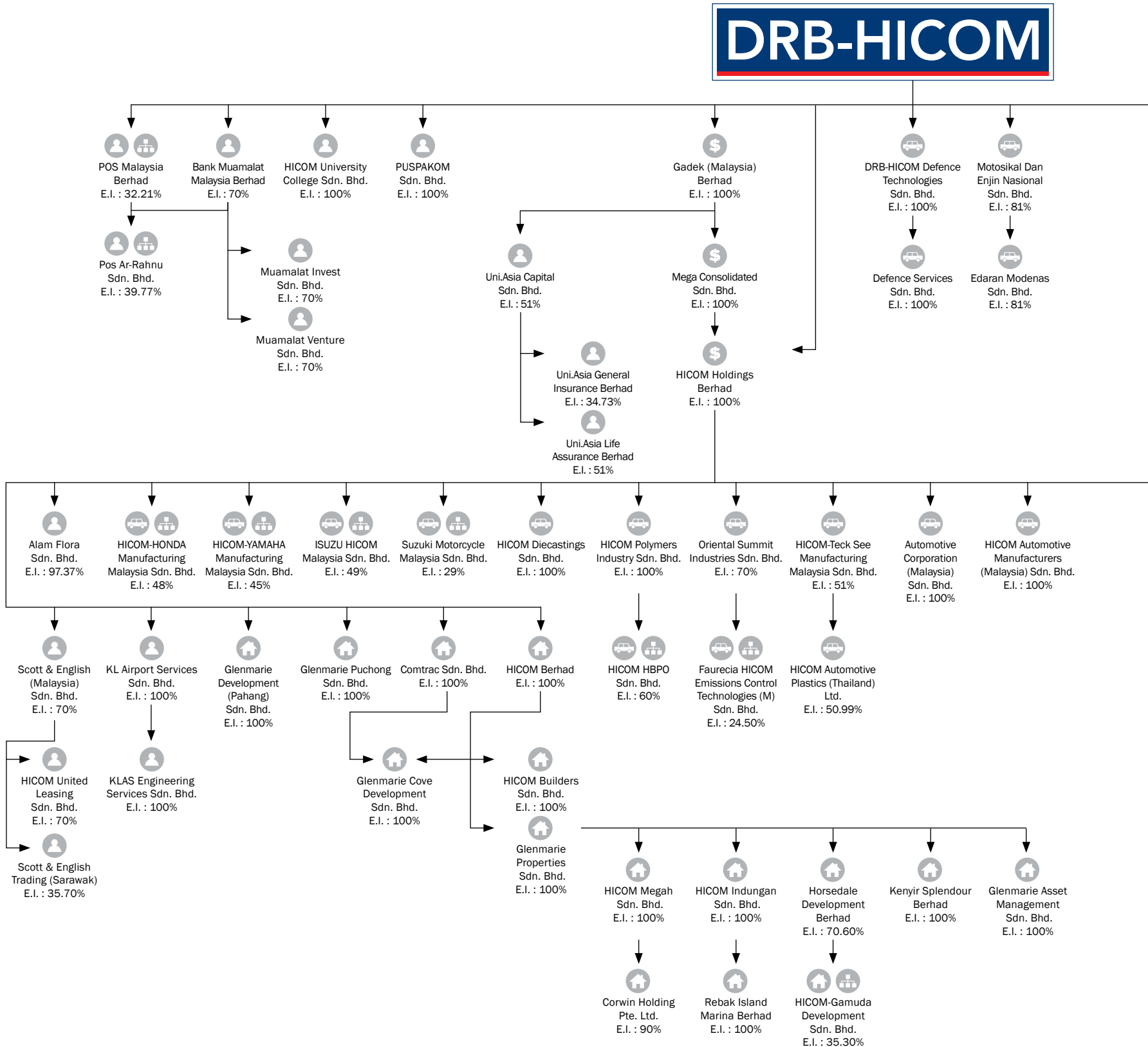
Stock Code : 1619

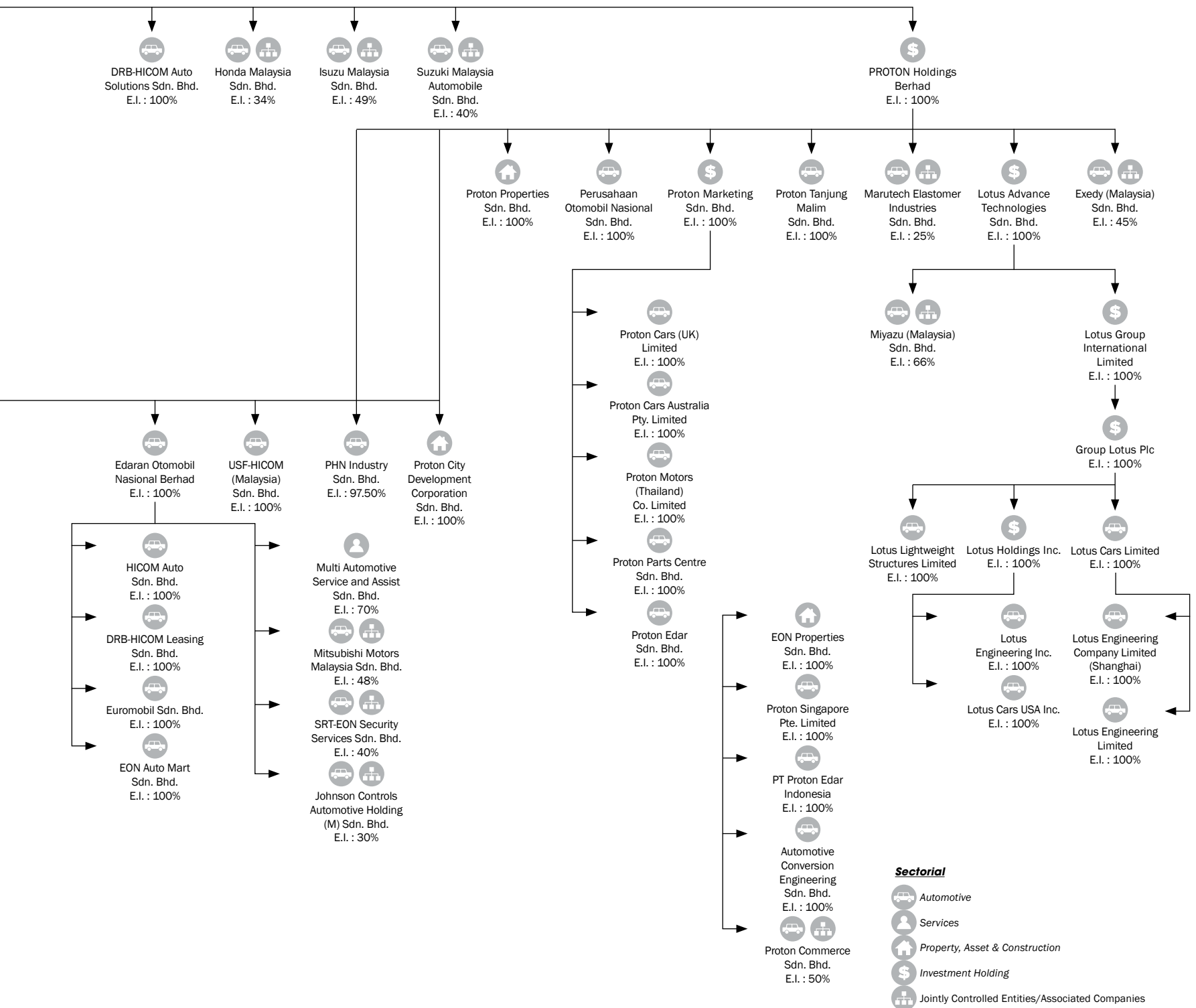
AGM HELPDESK

Tel : (03) 2052 8936/7695

GROUP CORPORATE STRUCTURE

(OPERATING COMPANIES) AS AT 31 MARCH 2013





Note:
E.I. DRB-HICOM Group's Effective Interest

Kindly refer to pages 179 to 192 for the full listing of Group companies.

GROUP CORPORATE STRUCTURE BY SECTOR

(MAIN OPERATING COMPANIES) AS AT 31 MARCH 2013

AUTOMOTIVE




100.00%	Automotive Corporation (Malaysia) Sdn. Bhd.	100.00%	USF-HICOM (Malaysia) Sdn. Bhd.
100.00%	Defence Services Sdn. Bhd.	97.50%	PHN Industry Sdn. Bhd.
100.00%	DRB-HICOM Auto Solutions Sdn. Bhd.	81.00%	Edaran Modenas Sdn. Bhd.
100.00%	DRB-HICOM Defence Technologies Sdn. Bhd.	81.00%	Motosikal Dan Enjin Nasional Sdn. Bhd.
100.00%	DRB-HICOM Leasing Sdn. Bhd.	70.00%	Oriental Summit Industries Sdn. Bhd.
100.00%	Edaran Otomobil Nasional Berhad	51.00%	HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.
100.00%	Euromobil Sdn. Bhd.	50.99%	HICOM Automotive Plastics (Thailand) Ltd.
100.00%	EON Auto Mart Sdn. Bhd.	50.00%	Proton Commerce Sdn. Bhd.
100.00%	HICOM Auto Sdn. Bhd.	49.00%	Isuzu Malaysia Sdn. Bhd.
100.00%	HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	48.00%	HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.
100.00%	HICOM Diecastings Sdn. Bhd.	48.00%	Mitsubishi Motors Malaysia Sdn. Bhd.
100.00%	Lotus Cars Limited	45.00%	HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
100.00%	Lotus Cars USA Inc.	66.00%	Miyazu (Malaysia) Sdn. Bhd.
100.00%	Perusahaan Otomobil Nasional Sdn. Bhd.	49.00%	ISUZU HICOM Malaysia Sdn. Bhd.
100.00%	Proton Edar Sdn. Bhd.	45.00%	Exedy (Malaysia) Sdn. Bhd.
100.00%	PROTON Holdings Berhad	40.00%	Suzuki Malaysia Automobile Sdn. Bhd.
100.00%	Proton Motors (Thailand) Co. Limited	34.00%	Honda Malaysia Sdn. Bhd.
100.00%	Proton Parts Centre Sdn. Bhd.	30.00%	Johnson Controls Automotive Holding (M) Sdn. Bhd.
100.00%	Proton Tanjung Malim Sdn. Bhd.	29.00%	Suzuki Motorcycle Malaysia Sdn. Bhd.
100.00%	PT Proton Edar Indonesia	25.00%	Marutech Elastomer Industries Sdn. Bhd.

SERVICES

100.00%	HICOM University College Sdn. Bhd.
100.00%	KL Airport Services Sdn. Bhd.
100.00%	PUSPAKOM Sdn. Bhd.
97.37%	Alam Flora Sdn. Bhd.
70.00%	Bank Muamalat Malaysia Berhad
70.00%	Scott & English (Malaysia) Sdn. Bhd.
51.00%	Uni.Asia Life Assurance Berhad
34.73%	Uni.Asia General Insurance Berhad
39.77%	Pos Ar-Rahnu Sdn. Bhd.
32.21%	POS Malaysia Berhad

PROPERTY, ASSET AND CONSTRUCTION

100.00%	Comtrac Sdn. Bhd.
100.00%	Glenmarie Asset Management Sdn. Bhd.
100.00%	Glenmarie Cove Development Sdn. Bhd.
100.00%	Glenmarie Properties Sdn. Bhd.
100.00%	HICOM Berhad
100.00%	HICOM Builders Sdn. Bhd.
100.00%	HICOM Indungan Sdn. Bhd.
100.00%	Kenyir Splendour Berhad
100.00%	Rebak Island Marina Berhad
100.00%	Proton City Development Corporation Sdn. Bhd.
90.00%	Corwin Holding Pte. Ltd.
70.60%	Horsedale Development Berhad
35.30%	HICOM-Gamuda Development Sdn. Bhd.

	Subsidiary Companies
	Jointly Controlled Entities
	Associated Companies

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

Kindly refer to pages 179 - 192 for the full listing of Group companies.

INVESTOR RELATIONS

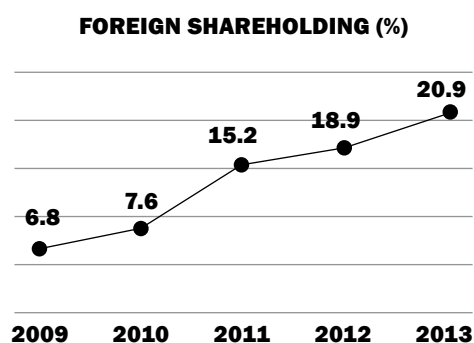
Financial year 2013 was an eventful year for DRB-HICOM as its dynamic business landscape heightened the interest of stakeholders. As such, we strongly believe that all our stakeholders deserve to have equal access to timely, accurate and reliable information on the Group's direction and performance.

This involves providing financial communication to, and being in direct engagement with, existing and potential institutional investors, analysts, fund managers and the investment community so that they can develop a well-rounded understanding of the Group and its strategies. Our investor relations (IR) initiatives are done through the Group Investor Relations department.

DRB-HICOM is committed towards ensuring that every enquiry from stakeholders is properly attended to through various communication channels such as emails, meetings or tele-conversations. This will ensure that stakeholders obtain accurate and adequate information pertaining to the Group's operations and business sectors.

SHAREHOLDER BASE

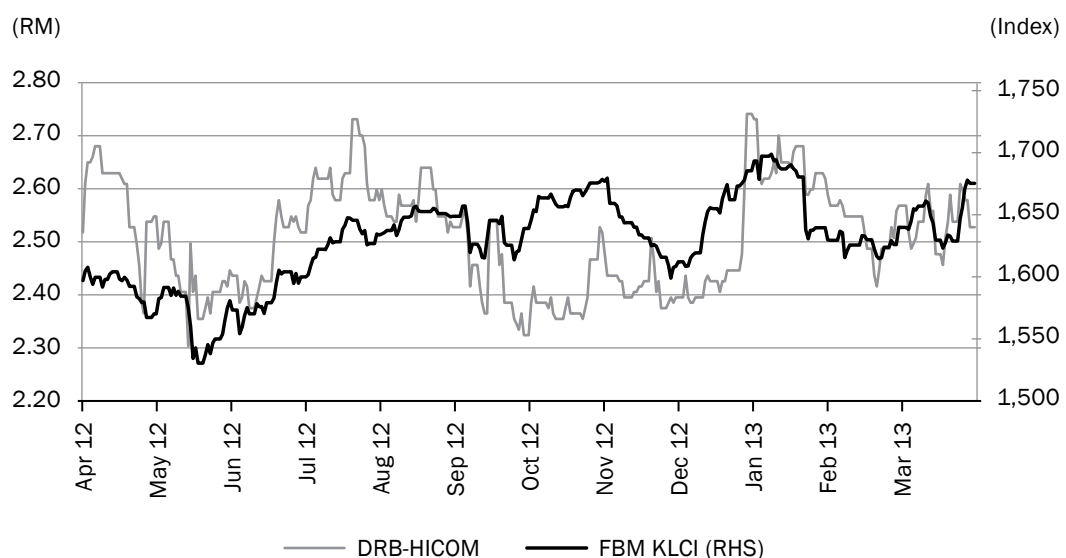
DRB-HICOM had a large shareholder base of 40,683 institutional and retail/private shareholders as at 31 March 2013. Etika Strategi Sdn. Bhd. remained our largest shareholder with 55.9% of the total share capital, followed by the Employees Provident Fund (EPF) with 7.4%. Together, they accounted for 63.3% of the Group's total shareholding. Foreign shareholding steadily edged up to 20.9% from 18.9% and 15.2% over the same period in 2012 and 2011 respectively.



SHARE PERFORMANCE

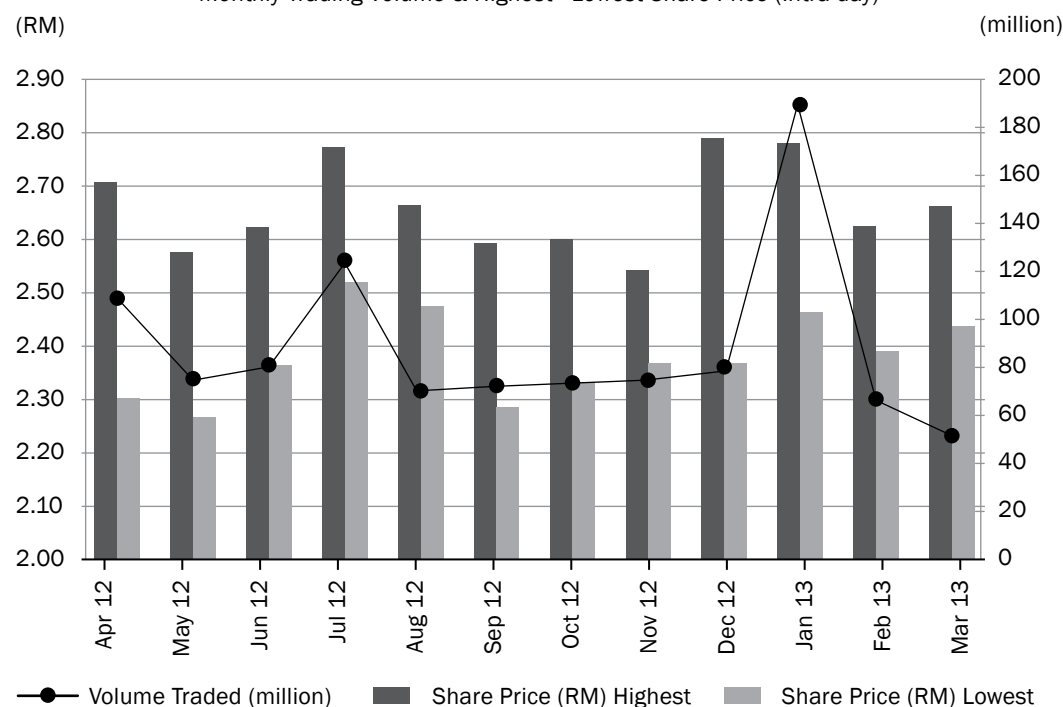
DRB-HICOM is listed on the Main Board of Bursa Malaysia. As at 31 March 2013, DRB-HICOM recorded a total turnover of RM2,633.9 million with 1,035.6 million shares traded as compared to a total turnover of RM3,545.2 million with 1,477.3 million shares traded in FY 2012.

DRB-HICOM SHARE PRICE PERFORMANCE VS. FBM KLCI



SHARE PRICE & VOLUME TRADED

Monthly Trading Volume & Highest - Lowest Share Price (Intra-day)



	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Volume Traded (million)	109.1	71.1	81.5	126.9	62.2	63.5	69.2	69.9	79.3	189.0	63.3	50.7
Share Price (RM) Highest	2.71	2.56	2.62	2.77	2.67	2.59	2.60	2.54	2.79	2.78	2.62	2.66
Share Price (RM) Lowest	2.30	2.27	2.37	2.53	2.48	2.29	2.34	2.37	2.37	2.47	2.39	2.44

INVESTOR ENGAGEMENT

Throughout the financial year under review, there was active engagement with the institutional investment community. Key IR initiatives undertaken in 2012/2013 were aimed at improving corporate governance and providing an avenue for clear understanding of the financial and operational performance of the Group. These initiatives include:

Quarterly Results Announcements

Events	Date
First Quarter FY 2012/13	27 August 2012
Second Quarter FY 2012/13	29 November 2012
Third Quarter FY 2012/13	27 February 2013
Fourth Quarter FY 2012/13	30 May 2013

Presentation slides for the quarterly results were prepared in an investor-friendly manner to aid understanding of the Group's financial performance. The quality of disclosure has seen improvement reflecting DRB-HICOM's multi-faceted businesses. The presentation slides were made available on the Group's website following disclosure to Bursa Malaysia.

One-on-One Meetings, Group Meetings and Teleconferences

DRB-HICOM's senior management team led by YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, Group Managing Director, held regular meetings to update institutional investors on the Group's corporate, financial and business developments. Throughout the financial year 2012/2013, the IR team engaged with more than 200 existing and potential institutional investors, analysts, fund managers and members of the investment community.

The total engagement activities undertaken throughout FY 2012/2013 are tabulated below:-

Events	Number of participants
In-house one-on-one, group meetings and teleconferences	83
Investors & Analysts Day	43
Luncheon / Dialogue sessions	16
Equity conference	29
Company visits	47

Key Events and Company Visits

To facilitate greater understanding and establish direct engagement between Management and the investment community, DRB-HICOM hosted its inaugural Investors & Analysts Day on 3 December 2012. With the release of the Group’s first half FY 2012/13 results, analysts and institutional investors were presented with a comprehensive insight into the Group’s financial performance. This was followed by sectorial presentations by key senior management to provide clarity, as well as an update on the Group’s future strategic growth.

Other key events, including two company visits with shareholders and the investment community, during the year under review were:-

Events	Date
Company visit to DRB-HICOM Automotive Complex Pekan, Pahang Darul Makmur	31 October - 1 November 2012
First Half 2012/13 Investors & Analysts Day	3 December 2012
Company visit to KL Airport Services (KLAS)	7 March 2013
Full Year 2012/13 Investors & Analysts Briefing	10 June 2013

Participation in Equity Conference

DRB-HICOM’s commitment to IR is not limited to domestic engagement, but also abroad. On 10 January 2013, DRB-HICOM participated in ‘The Pulse of Asia Conference’ held in Singapore. In total, 29 fund managers from 18 financial institutions, mostly from Singapore and Hong Kong, were engaged through one-on-one and group meetings.

IR Webpage

DRB-HICOM recognises the importance of providing relevant and comprehensive information to its shareholders. For this reason, the IR webpage within the Group’s website at www.drb-hicom.com was enhanced. This is also to promote accessibility of information to all market participants.

RETURN TO SHAREHOLDERS

DRB-HICOM is committed towards creating value for shareholders. For the financial year ended 31 March 2013, the Board of Directors has proposed a final dividend of 4.5 sen gross per share, in addition to the interim dividend of 1.5 sen gross per share paid in April 2013.

Dividend Policy

We reiterate our dividend commitment through the dividend policy statement as follows:-

“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 its dividend over time.”

*Considering that the Group is currently undertaking major investments, the dividend payout target will be between **20% and 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 prospects, future capital expenditure, investment plans and financing requirements. The Board will ensure good balance sheet management with gearing kept at an acceptable level.”*



First Half 2012/13 Investors & Analysts Day on 3 December 2012

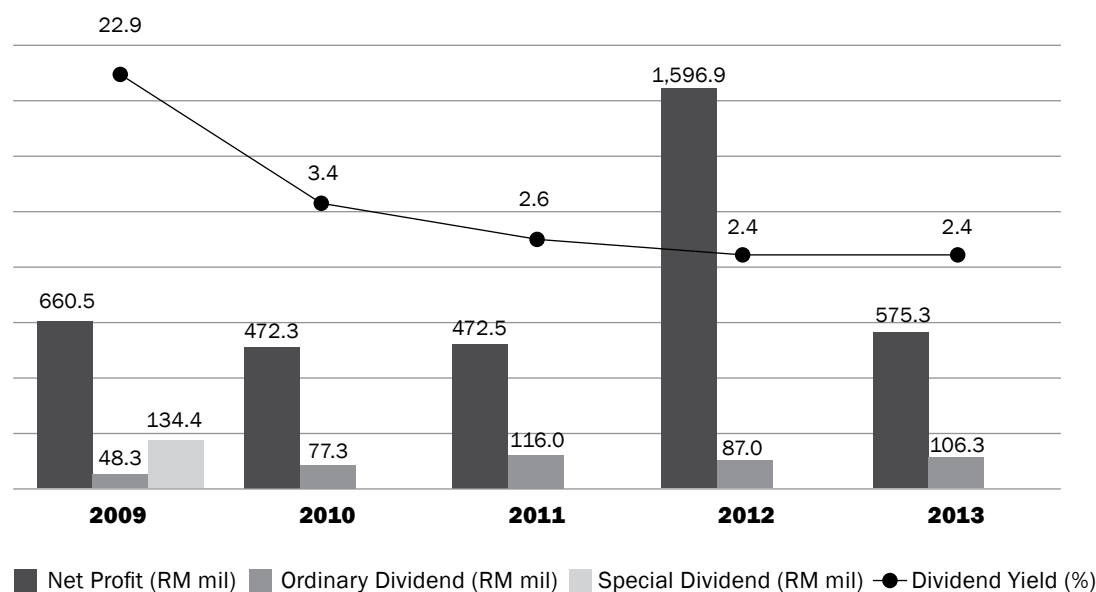


Full Year 2012/13 Investors & Analysts Briefing on 10 June 2013



Company Visit to KL Airport Services Sdn. Bhd. on 7 March 2013

RETURN TO SHAREHOLDERS



	2009	2010	2011	2012	2013
Total gross dividend per share (sen)	15.8	4.0	6.0	6.0	6.0
Share price (RM)	0.69	1.16	2.30	2.52	2.53
Dividend Yield (%)	22.9	3.4	2.6	2.4	2.4
No. of shares ('000)	1,933,237	1,933,237	1,933,237	1,933,237	1,933,237

FEEDBACK

DRB-HICOM recognises that feedback from the investment community is critical in meeting the information needs of shareholders and improving its relationship with them. As such, DRB-HICOM seeks feedback through ongoing surveys and engagement with investors and analysts.

Any constructive feedback and ideas or suggestions can be directed to the department of Investor Relations at invest@drb-hicom.com





PERFORMING WITH INTEGRITY

DELIVERING UNCOMPROMISING PERFORMANCE

GROUP 5 YEARS FINANCIAL HIGHLIGHTS

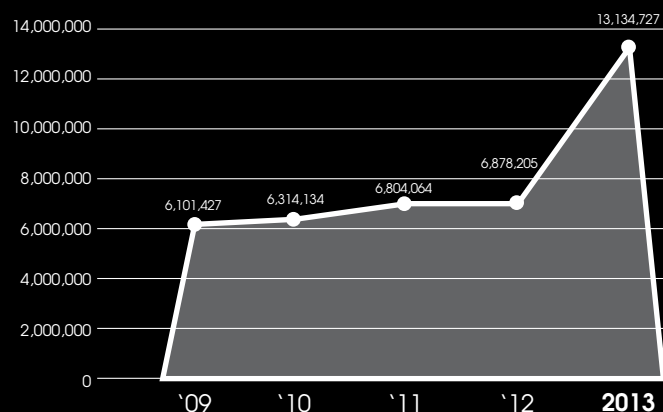
	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
Operating Revenue	13,134,727	6,878,205	6,804,064	6,314,134	6,101,427
Profit Before Taxation	1,037,367	1,821,399	701,524	657,894	774,943
Earnings Per Share (sen) (Basic)	29.76	82.60	24.44	24.43	47.41
Dividend Per Share ^ (sen)	6.00	6.00	6.00	4.00	15.83
Total Assets	42,130,493	40,290,425	28,660,292	26,126,380	21,665,548
Shareholders' Equity	7,100,546	6,555,554	5,068,203	4,579,736	4,160,744
Net Assets Per Share (RM)	3.67*	3.39*	2.62*	2.37*	2.15
Total Borrowings	6,462,506	5,345,545	1,309,732	1,489,635	1,505,994
Gross Gearing Ratio (Times)	0.91	0.82	0.26	0.33	0.36

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

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

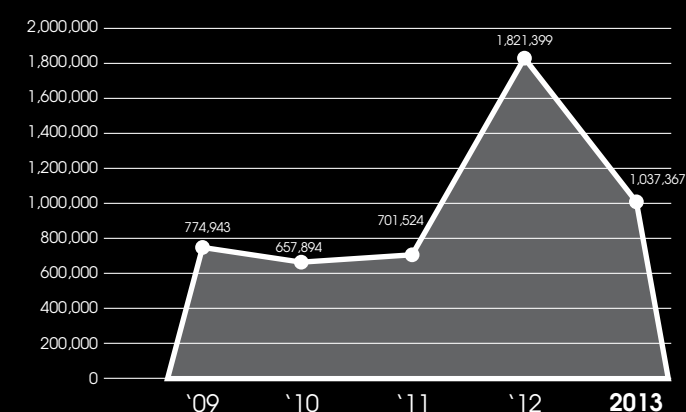
OPERATING REVENUE

(RM'000)



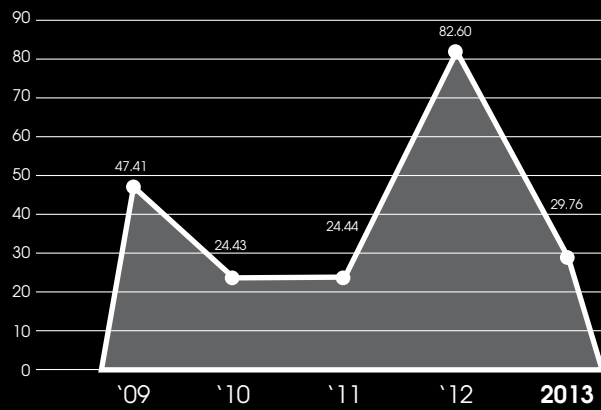
PROFIT BEFORE TAXATION

(RM'000)



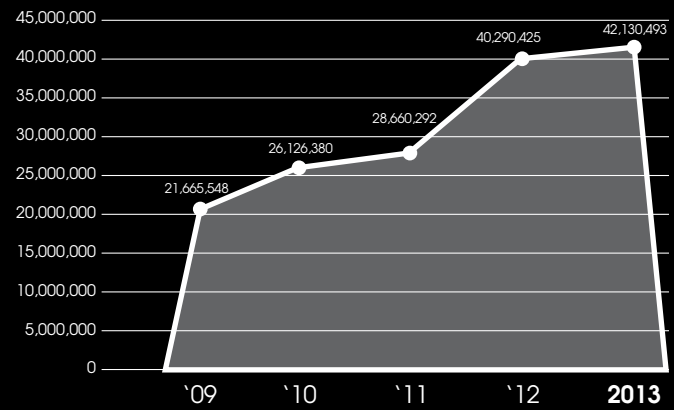
BASIC EARNINGS PER SHARE

(SEN)



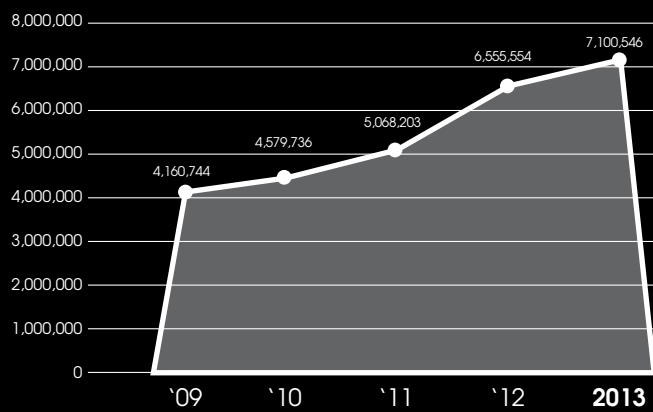
TOTAL ASSETS

(RM'000)



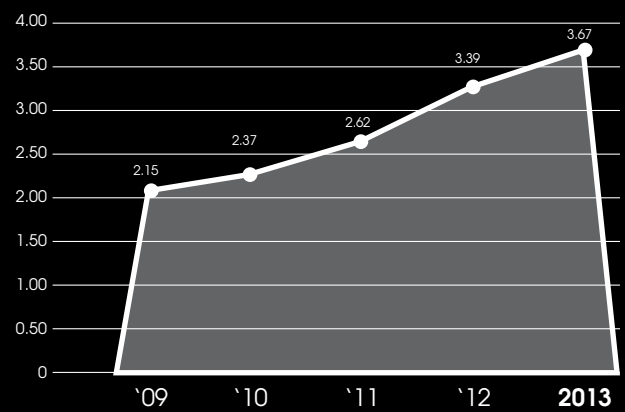
SHAREHOLDERS' EQUITY

(RM'000)



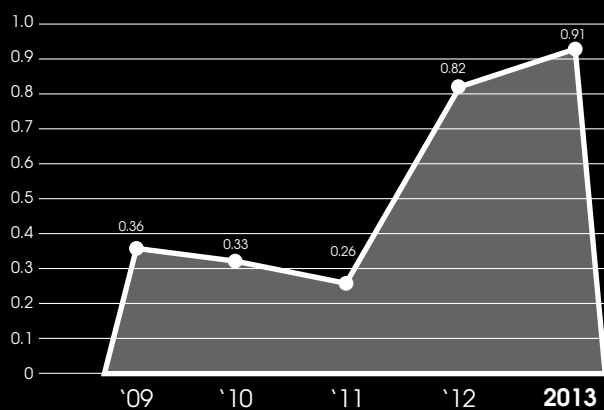
NET ASSETS PER SHARE

(RM)



GROSS GEARING RATIO

(TIMES)







LEVERAGING
INNOVATION

B R E A K I N G N E W G R O U N D



Dato' Syed Mohamad bin Syed Murtaza

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 / 65 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 Armstrong 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 was the President of 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, Globetronics Technology 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 six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.

TAN SRI 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 / 57 years

Tan Sri 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.

Tan Sri 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.

In 2012, he was appointed Executive Chairman of PROTON Holdings Berhad and Chairman of Lotus Group International Limited and Group Lotus Plc. He is also the Chairman of Pos Malaysia Berhad. His current directorships in companies within the DRB-HICOM Group include Edaran Otomobil Nasional Berhad, HICOM Holdings Berhad, HICOM Berhad, Horsedale Development Berhad and several private limited companies.

Tan Sri 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.

Tan Sri 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.

Tan Sri Dato' Sri Haji Mohd Khamil attended all six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.



Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil



Dato' Noorrizan binti Shafie

Dato' Ibrahim bin Taib

DATO' NOORRIZAN BINTI SHAFIE

Non-Independent Non-Executive Director

Date of Appointment

28 November 2006

Nationality / Age

Malaysian / 57 years

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

Dato' Noorrizan 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' Noorrizan 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' Noorrizan attended all six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.

DATO' IBRAHIM BIN TAIB

Non-Independent Non-Executive Director

Date of Appointment

18 March 2004

Nationality / Age

Malaysian / 59 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 Boards 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 six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.

PROFILE OF DIRECTORS

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 / 74 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 Pemas 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 and PUSPAKOM Sdn. Bhd. as well as Director of several private limited companies. He sat on the Board of Kuala Lumpur-Kepong Berhad until his resignation on 26 February 2013. He was appointed as an Independent Member of the Investment Committee of Felda Global Ventures Holdings Sdn. Bhd. from 5 August 2010 to 31 December 2012.

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 all six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.

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 / 72 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 six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.



Ong le Cheong

Datuk Haji Abdul Rahman bin Mohd Ramli



Tan Sri Marzuki bin Mohd Noor

Ooi Teik Huat

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 / 65 years

Tan Sri Marzuki bin Mohd Noor holds a Bachelor of Arts (Honours) Degree from the University of Malaya.

Tan Sri Marzuki started his career in the Administrative and Diplomatic Service of Malaysia in 1972, retired 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 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 directorships within DRB-HICOM Group 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 six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.

Ooi TEIK HUAT

Independent Non-Executive Director
 Member of Audit Committee
 Member of Risk Committee

Date of Appointment

1 November 2008

Nationality / Age

Malaysian / 53 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 Hong Leong 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, Malakoff Corporation Berhad, Gas Malaysia 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 all six (6) Board Meetings of the Company held in the financial year ended 31 March 2013.



1. *Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil*
2. *Datuk Mohamed Razeek bin Md Hussain*
3. *Dato' Carol Chan Choy Lin*
4. *Dato' Abdul Harith bin Abdullah*
5. *Dato' Radzaif bin Mohamed*



PROFILE OF MANAGEMENT TEAM

DATUK MOHAMED RAZEK BIN MD HUSSAIN

Chief Operating Officer, Services and Properties

Datuk Mohamed Razeek began his career in an engineering consulting firm in London in the late 1970s. Upon returning to Kuala Lumpur in the 1980s, he joined a local engineering consulting firm and was involved in the construction of the UBN Towers, a development by Peremba-Kuok Brothers.

In 1985, he joined Sime UEP Berhad before moving on to Land & General Group of Companies in 1991. His achievements at Land & General saw his appointment as an Executive Director of Land & General Berhad in 1999. He joined Eastern & Oriental Property Development Berhad as a Project Director in September 2003 prior to joining Damac Properties in Dubai as Senior Vice President from August 2008 to June 2009.

Datuk Mohamed Razeek joined Malaysian Resources Corporation Berhad as Chief Operating Officer in June 2009 and was promoted to the post of Chief Executive Officer on 1 December 2009. He is currently Chief Operating Officer, Services and Properties of DRB-HICOM Berhad.

DATO' CAROL CHAN CHOY LIN

Group Director, Corporate Affairs/Company Secretary

Dato' Carol, a qualified accountant 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 and subsequently assumed the role of accountant and company secretary in various public listed companies.

For 20 years prior to joining DRB-HICOM, she had gained remarkable experience in the areas of auditing, accounting, finance, treasury and corporate secretarial through her employment with numerous public listed companies.

Dato' Carol joined DRB-HICOM as Principal Company Secretary in 2006 and was promoted as Group Director of Corporate Affairs in June 2011. In her current position, she oversees the Group's corporate secretarial, legal affairs and corporate responsibility matters.

DATO' ABDUL HARITH BIN ABDULLAH

Group Director, Automotive and Defence

A graduate in Arts and Design from Universiti Teknologi MARA (UiTM) in 1985, Dato' Abdul Harith bin Abdullah pursued a postgraduate degree in the same field at the Royal College of Art (RCA) in London, UK in 1990 where he earned a Masters of Design in Vehicle Design. During his Masters studies, he received the Wilkins Campbell Chavant Clay Automotive Modelling Award at the Royal Albert Hall of London.

Prior to joining DRB-HICOM Corporate Office as the Group Head of Automotive Distribution, he had led several companies under the Group, namely Automotive Corporation (Malaysia) Sdn. Bhd. (ACM), Motosikal Dan Enjin Nasional Sdn. Bhd. (MODENAS) and DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH).

DATO' RADZAIF BIN MOHAMED

Group Director, Manufacturing & Engineering

Dato' Radzaif bin Mohamed graduated with a Bachelor of Science (Mechanical Engineering) from the University of Leeds, United Kingdom and obtained his Masters of Science from Cranfield Institute of Technology, England in 1983.

As a Chartered Engineer and a member of The Welding Institute, United Kingdom, Dato' Radzaif began his career with DRB-HICOM in 2004 as Chief Operating Officer of HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. With a proven track-record in business performance and industry leadership, Dato' Radzaif was appointed as Chief Executive Officer of the company in 2009.

He was then appointed to lead the Manufacturing and Engineering Division, a position he held since July 2010. His vast industry experience had earned him seats on the Boards of several of the Group's companies namely HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd., HICOM Diecastings Sdn. Bhd., HICOM-HONDA Manufacturing Malaysia Sdn. Bhd., HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. and HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.



6. *Dato' Mohamed Hazlan bin Mohamed Hussain*

7. *Dato' Khalid bin Abdol Rahman*

8. *Amalanathan Thomas*

9. *Aminah binti Othman*

10. *Azliza binti Abdul Rahman*

DATO' MOHAMED HAZLAN
BIN MOHAMED HUSSAIN

Group Director, Services & Education

Dato' Mohamed Hazlan bin Mohamed Hussain obtained a Bachelor of Engineering from the Imperial College of Science and Technology, University of London in 1988.

During his career of almost 25 years; Dato' Mohamed Hazlan held several high-ranking positions to include Chief Operating Officer of RapidKL, Chief Corporate Strategist of Offshore Works Sdn. Bhd. and Chief Operating Officer of Posmel, a subsidiary of Pos Malaysia Berhad. He was also a Director for Rangkaian Pengangkutan Integrasi Deras (RAPID) Sdn. Bhd.

Prior to joining DRB-HICOM as Group Director – Services, Strategy and Planning in 2012, he was the Group Director of Commercial Division at Prasarana Berhad.

DATO' KHALID BIN ABDOL
RAHMAN

Group Director, Corporate Planning & Business Development

Dato' Khalid bin Abdol Rahman serves as Group Director of Corporate Planning & Business Development at DRB-HICOM Berhad since February 2013.

Dato' Khalid was the Group General Manager, Corporate Planning and Business Development of Tradewinds Corporation Berhad from January 1997 to July 2006. He joined DRB-HICOM Berhad in August 2006 as Senior General Manager, Corporate Planning. Subsequently, Dato' Khalid was appointed Group Director, Corporate & Services of DRB-HICOM Berhad on 1 August 2009 and the position was later re-designated to Group Director, Corporate Planning on 1 June 2011. He was appointed Group Chief Executive Officer of Pos Malaysia on 1 January 2012.

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

AMALANATHAN THOMAS

Head, Group Financial Services

Mr Amalanathan Thomas holds a Master of Business Administration from University of Malaya and earned Professional Qualifications in Accounting and Taxation. His experience spans over 25 years in the fields of finance, accounting and taxation which earned him Director seats in several subsidiaries within the DRB-HICOM Group. His extensive knowledge of the Group, its businesses and the relevant industry puts him in the forefront of numerous acquisitions, divestments and debt restructurings carried out in the Group.

Currently, as the Head of Group Financial Services Division, he oversees the Group's accounting/reporting and taxation matters and attends the DRB-HICOM's Audit Committee meetings. He is a member of the Malaysian Institute of Accountants, an Associate Member of both the Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia and a member of Malaysian Institute of Management.

AMINAH BINTI OTHMAN

Head, Treasury

Puan Aminah binti Othman is a certified Chartered Accountant and obtained her professional accounting qualification as a member of the Association of Chartered Certified Accountants (ACCA) in the United Kingdom in 1990. She also earned Fellowships with reputable industry bodies such as the Association of Chartered Certified Accountants (FCCA) and Malaysia Institute of Accountants (MIA) in 2001.

Puan Aminah joined DRB-HICOM 14 years ago as an Assistant Manager for Financial Services and Treasury. Within a span of 14 years, she gradually moved up the ranks to take up higher responsibilities and reached the current position of Head, Treasury which she held since 2008. She is also the Group Director's nominee on the Boards of Glenmarie Properties Sdn. Bhd., HICOM University College Sdn. Bhd., Rebak Island Marina Berhad, Defence Services Sdn. Bhd. and DRB-HICOM Leasing Sdn. Bhd.

She has strong knowledge and experience in the subjects of Treasury, Corporate Finance, Bonds/Debt Securities Markets, Trade Finance and Foreign Exchange and Risk Management.

AZLIZA BINTI ABDUL RAHMAN

Head, Human Capital – Operations

Cik Azliza binti Abdul Rahman obtained an Advanced Diploma in Business Administration (Transport) from Universiti Teknologi MARA (UiTM) in 1985 and Masters in Human Resources Management from the United Kingdom.

Her career in the automotive industry started with her role as a Management Trainee with Federal Auto Holdings Berhad in 1985. Subsequently, she garnered 27 years of solid experience in Human Resources Management, covering HR Strategy and Talent Planning, Total Remuneration Management, Succession Planning and Leadership Development and Human Resources Advocacy and Communications.

Prior to joining DRB-HICOM as General Manager, Human Capital – Operations, Cik Azliza had served in Uni.Asia Life Assurance Berhad as Senior Manager, Human Resources and Administration and later Assistant General Manager, Human Resources and Administration.



- 11. Abdul Jamil bin Johari
- 12. Mohd Khalid bin Yusof
- 13. Simon Cham Kim Fatt
- 14. Cheah Chee Kong
- 15. Sulaiman bin Yahya
- 16. Norkiah binti Othman



ABDUL JAMIL BIN JOHARI

Head, Group Internal Audit

Encik Abdul Jamil bin Johari started his career with the Royal Malaysian Police as an Inspector in 1980. While serving the Police Force, Encik Abdul Jamil earned a Bachelor of Law degree from the University of Wales, Cardiff in 1995. He obtained his Certificate of Legal Practice in 1996.

Encik Abdul Jamil's foray into the world of Internal Audit began in 1996 when he joined Kompleks Kewangan Berhad as Assistant Manager (Investigations) and later as Head of Investigation with Kuala Lumpur Stock Exchange (KLSE).

In 2005, he was appointed as the General Manager of Group Security of PROTON Holdings Berhad to put together and lead Protective Security initiatives and investigations within the Group.

Prior to joining DRB-HICOM in April 2012 as Head of Group Internal Audit, Encik Abdul Jamil was attached to Kuwait Finance House (M) Bhd. as Director of Investigations and Internal Audit Division.

MOHD KHALID BIN YUSOF

Head, Investor Relations

Encik Mohd Khalid bin Yusof holds a Bachelor of Business Administration majoring in Finance from Universiti Teknologi MARA (UiTM) and also obtained a Diploma in Investment Analysis from the same institution.

Encik Mohd Khalid started his career with Telekom Malaysia Berhad (TM) where he had served for 16 years with various departments within the Group Finance Division. During his tenure in TM he was in charge of Corporate Finance (M&A and Subsidiaries) and became part of the team managing the acquisition of cellular companies in Indonesia, India and Singapore; and was also responsible for overseeing the funding requirement for other foreign subsidiaries.

On completion of the de-merger of TM and TM International (now known as Axiata) in April 2008, Encik Mohd Khalid was appointed as the Head of Investor Relations for TM, a position he held until October 2010, when he joined DRB-HICOM as Head of Investor Relations

SIMON CHAM KIM FATT

Head, Information Technology

Mr Simon Cham Kim Fatt completed his tertiary education in the United Kingdom with an upper Honours Degree in Computing Science from the University of Greenwich, London. He also holds a Master of Business Administration from the University of Wales (UK), with extensive experience in the areas of software and hardware, network, IT security and project management.

Mr Simon Cham had assumed many roles in Information Technology, namely as Assistant General Manager and senior management team for HICOM Communications Sdn. Bhd. and HICOM Teleservices Sdn. Bhd. He assumed a position of Assistant General Manager at HICOM Network Services until 2008, where he was tasked to set up the Group's IT Division under DRB-HICOM.

As Head, Information Technology, Mr Simon Cham helps to devise the Information Technology strategy for the Group as well as manages the IT infrastructure at the Corporate Office.

CHEAH CHEE KONG

Head, Risk Management

Mr Cheah Chee Kong graduated with a Bachelor of Science (Hons) in Operations Research from Carleton University, Ottawa, Canada. He is currently an Associate Member with the Institute of Internal Auditors, Malaysia.

Mr Cheah's foray into internal audit started in 1996 when he joined Acmar Group of Companies as Assistant Manager, Audit & Systems. This led to his subsequent engagement with Salcon Berhad (a subsidiary of Kumpulan Emas Group) in 1997 as Manager, Audit & Systems Improvement. He was also instrumental in spearheading and championing the achievement towards the ISO9001 Quality Management System and ISO14001 Environmental Management System accreditation processes for the Group.

In 2009, Mr Cheah joined DRB-HICOM as Senior Manager, Risk Management and is now the Head, Risk Management responsible for overseeing and managing the entire risk management portfolio within the Group.

SULAIMAN BIN YAHYA

Head, Corporate Communications

Encik Sulaiman bin Yahya obtained a Bachelor of Science in Data Processing and Management in 1987 from University of Leeds, United Kingdom.

His wide range of experience in communications and branding includes overseeing the communications functions of Renong Berhad (currently known as UEM Land Berhad), Malaysian Resources Corporation Berhad (MRCB) and Scomi Group Berhad. Prior to that, he had a 4-year stint as a foreign exchange dealer and treasury officer at Affin Bank Berhad.

In 2011, he joined Unit Peneraju Agenda Bumiputera which is a Government unit under the Prime Minister's Department as Special Officer to the CEO. In 2012, Encik Sulaiman joined DRB-HICOM as Head, Corporate Communications.

NORKIAH BINTI OTHMAN

Head, Group Procurement

Puan Norkiah binti Othman holds a Diploma in Electrical (Electronics) from Universiti Teknologi MARA (UiTM), a Bachelor of Science (Electrical & Computers) from University of Miami, USA and a Master of Business Administration from University of Bath, UK. She is also a Certified Internal Auditor, a professional certification established by The Institute of Internal Auditors, USA.

She joined PUSPAKOM Sdn. Bhd. (PUSPAKOM) in December 1997, as the Southern Regional Manager overseeing the operations of PUSPAKOM branches in the three southern states, before being transferred to the Enterprise Improvement Program (EIP) Department of DRB-HICOM Corporate Office.

Puan Norkiah played an important role in setting up of the International College of Automotive (ICAM) and therefore was seconded to HICOM University College Sdn. Bhd. as the Acting Chief Operating Officer.

In October 2010, Puan Norkiah was called to Corporate Office to Head Group Procurement.

STATEMENT ON CORPORATE GOVERNANCE

Corporate Governance sets out the framework and process by which companies, through their Board of Directors and Management, manage their business activities. It balances sound and safe business operations in 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 the Company conducts itself in compliance of the relevant laws and ethical values and maintains an effective governance structure to ensure the appropriate management of risks and level of internal control in the Group.

Pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code 2012") issued by the Securities Commission on 29 March 2012, the Board is pleased to set out below the manner in which the Company has applied the principles set out in the Code 2012 during the financial year ended 31 March 2013.

The Company has adopted and complied with the Code 2012 by observing the specific recommendations on structures and process which companies should adopt in making good corporate governance an integral part of their business dealings and culture.

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 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 reviews the sustainability of the strategic direction to ensure the Group achieves 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. 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.

In discharging its responsibilities, the Board has established the implementation of appropriate internal systems to support, promote and ensure compliance with the laws and regulations governing the Company. This includes taking into account the Company's continuing viability as an enterprise, its cognizance of risks, values which embrace ethical conduct and creation of sustainable value.

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 flows of authority and functions of the 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 decisions 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 for reviewing principal risks, establish appropriate risk management and internal control procedures of the Company to ensure that obligations to shareholders and other stakeholders are met.

The review is conducted by the Board Risk Committee (“BRC”) in addition to the 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 80 to 83.

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 progress related to succession planning and development programme of the Group are closely monitored by the Management.

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 60 to 61 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 Investor Relations 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, corporate announcements and quarterly announcements of the Group results.

The Company has also established a Corporate Disclosure Policy to be in line with the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 22 September 2011. The Corporate Disclosure Policy of the Company provides guidance to the Board, Management, Officers and employees of the Company’s disclosure requirements and practices in particular the preparation and submission of timely, true and fair financial disclosures and material announcements to Bursa Malaysia.

This would enhance the Company’s compliance, accountability and timely disclosures to all the shareholders and stakeholders.

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.

STATEMENT ON CORPORATE GOVERNANCE

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:-

- a. Dato' Carol Chan Choy Lin
Group Director, Corporate Affairs/Company Secretary
Tel: (03) 2052 7695; Fax: (03) 2052 7696
E-mail: cclin@drb-hicom.com
- b. Dato' Khalid bin Abdul Rahman
Group Director, Business Development and Corporate Planning
Tel: (03) 2052 8052; Fax: (03) 2052 8928
E-mail: khalidAR@drb-hicom.com
- c. Abdul Jamil bin Johari
Head, Internal Audit
Tel: (03) 2052 8962; Fax: (03) 2052 8959
E-mail: jamil@drb-hicom.com
- d. Noraishah binti Mohd Radzi
Head, Legal Affairs Department
Tel: (03) 2052 8071; Fax: (03) 2052 8947
E-mail: noraishah@drb-hicom.com

The Group's Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 70 to 72 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 Malaysia Main Market Listing Requirements ("MMLR"). 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.

Pursuant to the Code 2012, the Company has established a Board Charter which sets out the Board's functions and responsibilities, including division of responsibilities between the Board, the different Board Committees, the Chairman and the Group Managing Director.

The Board Charter is a source reference and primary induction literature, providing insights to prospective Board Members and Senior Management.

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 governmental and industry-specific knowledge, broad business sense and commercial experience.

These includes business, corporate and entrepreneurial sectors, legal, finance, accounting and economics.

The Board members with their diverse academic qualifications, background and experiences enable the Board to provide clear and effective leadership to the Group and bring information and independent judgement to many aspects of the Group's strategy and performance so as to ensure that the highest standards of professionalism, conduct, transparency and integrity are maintained by the Group.

The Directors are well experienced in their respective fields and together provide an effective blend of entrepreneurship, business and professional expertise as well as in the areas of corporate governance and compliance. A brief profile of each Director is presented on pages 42 to 51.

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 in ensuring the Company achieves strong financial performance and sustainable value to the stakeholders.

In line with the Code 2012, the Company through its NRC conducted an annual assessment of the independence of the Independent Directors and is satisfied that the Independent Directors are independent as they fulfilled the required criteria stipulated in the MMLR. All the Independent Directors provided the NRC with written confirmations on their independence during the annual assessment exercise conducted in the financial year ended 31 March 2013.

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 are responsible for bringing independent judgement and scrutiny to the Board's decision making and providing challenges to the Management. 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.

Pursuant to the Board Charter of the Company, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Company retains the Director as an Independent Director, the Board must justify and seek shareholders' approval at an Annual General Meeting. As at 31 March 2013, none of the Independent Directors of the Company exceeded a cumulative term of nine (9) years on the Company's Board.

The Non-Executive Chairman, Dato' Syed Mohamad bin Syed Murtaza has more than 40 years experience in the business corporate and entrepreneurial sectors. He is also the Company's Senior Independent Non-Executive Director responsible for providing clarifications to the shareholders at the Company's general meetings. Under the stewardship of the Chairman, the Company was awarded with the Best Conduct of Annual General Meeting by the Minority Shareholders Watchdog Group in respect of the Malaysian Corporate Governance Index 2011.

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

The Chairman, Dato' Syed Mohamad bin Syed Murtaza, 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, Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil has overall responsibility for the management of the operating units, organisational effectiveness and the implementation of Board policies, decisions and strategies. He reports to the Board and is responsible for communicating matters relating to the Group's business affairs and issues to the Board.

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.

The Board recognizes that gender diversity is of importance to the boardroom diversity and will continue to encourage and support for more women participation on the Board. The Board through the NRC will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required of the Board Members, in the context of the needs of the Group.

Currently, Dato' Noorrizan binti Shafie, a Non-Independent Non Executive Director is the only female Director of the Company.

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 at the expense of the Company to attend additional training courses according to their individual needs as a Director or member of Board Committees on which they serve. A dedicated training budget for Directors' continuing training is provided each year to ensure the Directors are well equipped with the relevant skills and knowledge to meet the challenges ahead.

The NRC, in its recent annual review, evaluated the list of training programmes attended by the Directors during the financial year ended 31 March 2013 and was satisfied that the trainings attended by the Directors were appropriate and relevant to the Company's needs.

The Company Secretary keeps a complete record of the training received and attended by the Directors. From time to time, the Company Secretary will forward relevant training brochures to the Directors for considerations.

STATEMENT ON CORPORATE GOVERNANCE

The seminars, conferences and training programmes attended by the Directors during the financial year ended 31 March 2013 are as summarised below:-

<p>Corporate Governance</p>	<p>Board Leadership</p>
<p>Board Challenges</p> <p>The seminar provided insight for the Directors on how to manage and achieve the corporate goals when everything threatens to fall apart.</p>	<p>Marshall Goldsmith Full Day Workshop</p> <p>The programme was to highlight on how to be the world's number 1 leadership coach through coaching behavioural and personal development and the classic challenges faced by successful leaders.</p>
<p>Bursa Malaysia's Half Day Governance Programme Series – Role of the Audit Committee in Assuring Audit Quality</p> <p>The programme provided an excellent platform for the Directors to discuss and share significant governance concerns, leading practices and emerging Directors' issues.</p>	<p>Financial</p> <p>Bursa Malaysia Main Market Listing Requirements and Corporate Disclosure Guide</p> <p>The seminar aimed to keep the Directors abreast and understand better through a snap-shot of the current essentials for corporate and financial governance.</p>
<p>Bursa Malaysia's Half Day Governance Programme Series - Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012</p> <p>The programme was to enhance the Directors' awareness of the current corporate governance trends and developments as well as provide platform for the Directors to discuss corporate governance concerns and share common practices.</p>	<p>Refresher on Malaysian Financial Reporting Standards ("MFRS")</p> <p>The programme was to enhance awareness on the new MFRS on Group Financial Statements that have impact on the disclosure for the Group as well as the way to prepare the Group financial statements, moving forward.</p>
<p>MAICSA Annual Conference 2012 - Moving Forward : Changing Perspectives</p> <p>The conference was to update the Directors on the changes in the regulatory requirements involving the ecosystem of corruption, corporate governance, technology, brand valuation, insight on social media on business and impact of the changing world.</p>	<p>Risk Management and Internal Control</p> <p>Common Offences Committed by Directors under the Companies Act 1965 - Comply or Else?</p> <p>The seminar provided the Directors with insight on the changing landscape of risk and how corporate exposure to risk can be mitigated and enlightened.</p>
<p>Malaysia Code on Corporate Governance 2012</p> <p>The programme was to update the Directors on the new code on Corporate Governance 2012 ("MCCG 2012").</p>	<p>Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers</p> <p>The session provided guidance to the Directors in making disclosures concerning risk management and internal control in the annual report pursuant to the Listing Requirements.</p>
<p>Seminar on Regulatory Updates, Governance and Current Issues for Directors of PLCs and Body Corporate 2012</p> <p>The seminar enlightened the Directors on the Regulatory updates, Governance perspectives, Tax updates and latest development, Board effectiveness, Data Protection Act 2010, Trade Description Act and Consumer Protection Act.</p>	<p>Corporate Social Responsibility</p> <p>Bursa Malaysia Sustainability Training for Directors & Practitioners</p> <p>The programme was to highlight the relevance of sustainability to businesses, how to implement sustainability practices through Corporate Social Responsibility framework and guidance on reporting of the sustainability.</p>
<p>National Company Secretary Conference 2013</p> <p>The programme was to enlighten the Directors on the various roles and responsibilities of the Company Secretary.</p>	
<p>Director Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013</p> <p>The seminar was to equip the Directors with the skills and knowledge they require to lead their organisation into the 21st century.</p>	

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. The Directors also 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 and self-assessment methodologies are used with issues for assessment presented in customised questionnaires. Based on the recent annual assessment, the Directors were satisfied that they have fulfilled their responsibilities as members of the Board and Board Committees as well as their contribution towards the Group's direction, strategy and planning.

1.6 Re-appointment 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 re-appointment 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 re-appointment and re-election of existing Directors who are seeking re-appointment 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 re-appointment and re-election of Directors to the Board for approval, before tabling such proposals to the shareholders at the annual general meeting.

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

Based on the recent annual assessment carried out, both the NRC and the Board of the Company were satisfied that YBhg Datuk Haji Abdul Rahman bin Mohd Ramli and Mr Ong Ie Cheong, who are above 70 years old and seeking re-appointment at the forthcoming Annual General Meeting, are well experienced in the related field, and had demonstrated professionalism and expertise in the decision-making of the Board.

In line with the recent amendments to the MMLR, all Directors of the Company have confirmed that their directorships in listed issuers do not exceed the maximum five (5) directorships permitted by the MMLR.

1.7 Conflicts of Interest

The Directors continue to observe the Company Directors' Code of Ethics established by the Company 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 MMLR. 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 where any direction or decisions are required expeditiously from the Board. To assist the Board in managing 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 Executive Directors (excluding fees), declaration of interim dividends, related party transactions, major restructuring and such other relevant matters affecting the Group's operations.

STATEMENT ON CORPORATE GOVERNANCE

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 debates 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.

During the financial year ended 31 March 2013, six (6) Board Meetings were held and the Directors' affirmed their commitments in discharging their duties and responsibilities by their full attendance at the Board Meetings as disclosed below:-

Directors	Designation	Attendance
Dato' Syed Mohamad bin Syed Murtaza	Chairman/Senior Independent Non-Executive Director	6/6
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	Group Managing Director	6/6
Dato' Noorizan binti Shafie	Non-Independent Non-Executive Director	6/6
Dato' Ibrahim bin Taib	Non-Independent Non-Executive Director	6/6
Datuk Haji Abdul Rahman bin Mohd Ramli	Independent Non-Executive Director	6/6
Tan Sri Marzuki bin Mohd Noor	Independent Non-Executive Director	6/6
Ong le Cheong	Independent Non-Executive Director	6/6
Ooi Teik Huat	Independent Non-Executive Director	6/6

Hence, all Directors have more than adequately complied with the minimum requirement on attendance at Board Meetings as stipulated in the MMLR (minimum 50% attendance).

1.9 Company secretary

All Directors also have access to the advice and services of the Company Secretary who has the relevant working experience and 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 of the Companies Act, 1965.

1.10 Board Committees

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the respective Committees of the Board but retains full responsibility for the direction and control of the Group. 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 2012 and other related policies or regulatory requirements.

The Chairmen of the respective Board Committees report to the Board on the outcome of Board Committee meetings which require the Board's attention and direction and the Board also reviews the minutes of the Board Committee meetings.

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

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

i. Audit Committee

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

Members	Attendance
Datuk Haji Abdul Rahman bin Mohd Ramli (Chairman)	6/6
Tan Sri Marzuki bin Mohd Noor	6/6
Ong le Cheong	6/6
Ooi Teik Huat	6/6

The Audit Committee meets not less than six (6) times a year and twice with the internal and external auditors without the presence of the Management. 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 73 to 76.

ii. Nomination and Remuneration Committee

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

Members	Attendance
Dato' Syed Mohamad bin Syed Murtaza (Chairman)	2/2
Tan Sri Marzuki bin Mohd Noor	2/2
Ong le Cheong	2/2

Although the Company combines both its Nomination and Remuneration Committees as one (1) committee called NRC, the NRC reviews and considers matters related to nomination and remuneration separately. There are separate board papers on nomination and remuneration matters that were tabled, discussed and deliberated at the NRC meetings.

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/re-appointment at annual general meetings;
- To ensure an appropriate framework and plan for Board and management succession in the Group;
- To provide adequate training and orientation to new Directors as well as continuous training for all Directors during the year;
- To review Management's recommendation on appointment or promotion of Senior Management personnel of grade 11 and above;
- 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 2013 were as follows:-

- Evaluated and recommended the nomination of Directors to the Boards of subsidiary and associated companies of the Group;
- Conducted the annual assessment on the effectiveness of the Board and its Committees as well as the contribution of each Director;
- Considered and recommended the Directors standing for re-election and re-appointment to be tabled at Annual General Meeting;
- Reviewed the structure, size, balance and composition of the Board and its committees;
- Reviewed the training programmes attended by the Directors to ensure all Directors received appropriate continuous training;
- Considered and recommended the mandate to proceed with Minimum Wage Review;
- Considered and recommended the extended maximum salary to the current grade structure;
- 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 and above for the financial year ended 31 March 2012;
- Reviewed and approved the annual increment and bonus for the financial year ended 31 March 2012; and
- Considered and recommended the revision to Company car entitlement for entitled staff.

STATEMENT ON CORPORATE GOVERNANCE

iii. Board Risk Committee

The Board Risk Committee (“BRC”) comprises exclusively of the following Independent Non-Executive Directors:-

Members	Attendance
Tan Sri Marzuki bin Mohd Noor (Chairman)	4/4
Datuk Haji Abdul Rahman bin Mohd Ramli	4/4
Ooi Teik Huat	4/4

The BRC 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 BRC during the financial year ended 31 March 2013 were as follows:-

- Ensured effective implementation and compliance of objectives outlined in the Group Risk Management Policy of DRB-HICOM;
- Ensured 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;

- Ensured 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;
- Reviewed and evaluated the Group’s top key risks on a quarterly basis; and
- Reviewed and evaluated the Group’s top key risks via the Q-Radar System.

1.11 Other Committees

In addition to the Board Committees, the Company has established at Management level two (2) other main Committees namely, Management Committee and Group Risk Management Committee headed by the Group Managing Director 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 and certain key Senior Management members, is responsible for formulating Company and Group policies for recommendation to the Board for consideration as well as implementing key policy decisions of the Board. The minutes of the MANCO meetings 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 BRC 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 BRC 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 BRC. 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 before submission to the Board on the key risks and action plans to mitigate the risks.

Further details on risk management are set out in the section on “Risk Management” from pages 80 to 83.

1.12 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 2013, 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:-

Members	GROUP	
	2013 RM	2012 RM
Non-Executive Directors:		
- Fees	880,333	797,000
- Attendance, other allowances & benefits	1,227,300	1,204,950
Executive Director:		
- Salaries, bonuses, allowances and other benefits	8,151,565	7,542,686
Total	10,259,198	9,544,636

Directors' Remuneration*	Executive	Non-Executive	Total
RM75,001 - RM100,000		1	1
RM100,001 - RM125,000		1	1
RM125,001 - RM150,000		1	1
RM375,001 - RM400,000		2	2
RM475,001 - RM500,000		1	1
RM500,001 - RM525,000		1	1
RM 8,150,001 - RM8,550,000	1		1
Total	1	7	8

* Remuneration paid to the Directors of the Company includes fees, salaries and other emoluments namely; bonuses, 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 the MMLR.

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. The fees for NEDs of the Company is RM768,000 for the financial year ended 31 March 2013.

b) Meeting Allowances

All NEDs are also 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	1,500
Audit Committee	3,000
Other Board Committee	1,500
General Meeting	1,500

c) Remuneration of the 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. The salary is reviewed annually by the NRC and 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 are in line with the Group's corporate objective 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 has established a Corporate Disclosure Policy in line with the Corporate Disclosure Guide issued by Bursa Malaysia on 22 September 2011. The Corporate Disclosure Policy of the Company provides guidance to the Board, Management, Officers and employees of the Company's disclosure requirements and practices in particular the preparation and submission of timely, true and fair financial disclosures and material announcements to Bursa Malaysia.

This would enhance the Company's compliance, accountability and timely disclosures to all the shareholders and stakeholders.

In line with the Company's Corporate Disclosure Policy, the Company is fully committed in maintaining transparency and accountability to all its shareholders and stakeholders through consistent disclosures of relevant and comprehensive information on timely manner to all investors including the minority shareholders.

The Company communicates with its shareholders and stakeholders on regular basis through timely releases 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 are 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
Tel: (03) 2052 7689 ; Fax:(03) 2052 7696
E-mail: symaidid@streamyx.com
- ii. Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil
Group Managing Director
Tel: (03) 2052 8554; Fax: (03) 2052 8654
E-mail: khamil@drb-hicom.com
- iii. Dato' Carol Chan Choy Lin
Group Director, Corporate Affairs/Company Secretary
Tel: (03) 2052 7695; Fax: (03) 2052 7696
E-mail: cclin@drb-hicom.com

Both the Board Charter and Corporate Disclosure Policy of the Company are accessible through the website of the Company at www.drb-hicom.com.

3. Accountability and Audit

3.1 Financial Reporting

Pursuant to the MMLR, 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 79 of this Annual Report.

3.2 Related Party Transactions

All related party transactions ("RPT") are reviewed by the Audit Committee to ensure compliance with the MMLR and the appropriateness of such transactions before recommending to the Board for its approval. Other than as disclosed below, there was no other significant RPT undertaken by the Company during the financial year ended 31 March 2013.

During the financial year ended 31 March 2013, the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 26 November 2012 approved the disposal of the entire business, including all of the assets and liabilities of HICOM Power Sdn. Bhd. ("HPSB"), a wholly owned subsidiary of the Company (save for certain excluded assets and liabilities), to Sterling Asia Sdn. Bhd. for a total cash consideration of RM575,000,000 ("the Disposal").

Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ("TSSM"), an indirect substantial shareholder of the Company through his major shareholding in Etika Strategi Sdn. Bhd. ("ESSB"), the holding company, who is also an indirect substantial shareholder of Malakoff Corporation Berhad and Sterling Asia Sdn. Bhd. was deemed interested in the Disposal.

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil ("TSMKJ"), the Group Managing Director of the Company, who holds 10% equity interest in ESSB is a person connected to TSSM and deemed interested in the Disposal.

Therefore, the Disposal was deemed a RPT pursuant to paragraph 10.08 of the MMLR. Both TSSM and TSMKJ together with persons connected to them had abstained from deliberation and/or voting on the Disposal at the EGM held on 26 November 2012.

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 significant related party transactions are set out under the Notes to the Financial Statements on page 249 of this Annual Report.

3.3 Relationship With External Auditors

The Audit Committee meets with the external auditors at least twice a year to discuss any issues arising from their audits without the presence of the Management. The external auditors also highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee's or the 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 is found in the Report of the Audit Committee on pages 73 to 76. 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"), the MMLR and MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities.

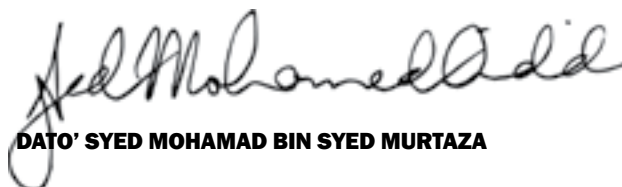
The Audit Committee also reviews the proposed re-appointment of the external auditors of the Company and their fees on annual basis to ensure that the independence of the external auditors is not compromised.

For the audit of the financial statements of DRB-HICOM and its subsidiaries for the financial year ended 31 March 2013, 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 Approval By The Board

The Board had approved the above statement in accordance with a resolution of the Board of Directors dated 18 July 2013.

Signed on behalf of the Board of Directors



DATO' SYED MOHAMAD BIN SYED MURTAZA

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In line with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of listed companies is required to include in its Company's Annual Report a statement about the state of internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance 2012 under Principle 6 states that the Board should establish a sound risk management framework and internal control system.

BOARD RESPONSIBILITY

The Board of Directors ("the Board") is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board affirms its commitment towards ensuring and maintaining a sound system of internal control which encompasses good governance, risk management and control processes within the Group. In light of the above, the Board confirms that there is a proper risk management assurance process in place to identify, evaluate and manage significant risks impacting the Group's achievement of its corporate objectives. The Board also acknowledges the presence of a sound system of internal control in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as ensuring compliance with applicable laws and regulations.

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 mitigate risks that hinder the Group from achieving its goals and objectives.

MANAGEMENT RESPONSIBILITY

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risks and internal control, as well as taking proper actions to address the risks. Management has further assured the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

To evaluate the effectiveness of the risk oversight and internal control system within the Group, the Board has taken into account the significant risks that impact the achievement of the Groups' objectives and strategies.

In assessing the effectiveness of the risk management and internal control systems to manage these risks, the Board via its Board Risk Committee and Audit Committee perform the following activities:

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

a) Board Risk Committee

- Ensuring effective oversight, implementation and compliance of the objectives outlined in the Group's Risk Management Policy;
- Establishing strategic content in ensuring the risk management strategies are complete and take into account the environment in which the Group operates and the requirements of all stakeholders and the Board;
- Ensuring that a short and long-term risk management strategy, framework and methodology have been implemented and consistently applied across the Group;
- Embedding risk management capabilities into all core business processes and ensuring that the culture of the organisation reflects the risk consciousness of the Board;
- Providing a consolidated risk and assurance reporting structure to the Board to support the statement relating to risk management and internal control in the Group's Annual Report;
- Ensuring alignment and coordination of risk and assurance activities across the Group; and
- Identifying opportunities to release potential business benefits through the enhancement of risk management capabilities.

b) Audit Committee

- Ensuring the adequacy of communication and reporting of annual and quarterly financial results of the Group particularly on changes in accounting policies, significant adjustments arising from audits, going concern assumptions and compliance with the Malaysian Financial Reporting Standards and legal requirements;
- Reviewing the activities of the external auditors, mainly on the auditors' appointment and audit fees, auditors' independence and objectivity, scope of audit and external auditors' management letter and responses;
- Assessing the activities of the internal audit function, mainly on the adequacy and achievement of the annual audit plan and Group Internal Audit Division's ("GIAD") performance, sufficiency and competency of audit resources;
- Reviewing reports issued by GIAD, including special audits of frauds or major internal control breakdown, and ensuring that appropriate actions are taken by Management based on GIAD's recommendations in providing solutions for improvements to the system of internal control and ensuring that the said recommendations are implemented expeditiously; and
- Maintaining a transparent relationship with the external auditors and seeking their professional advice to ensure accounting standards are complied with.

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 auditors. 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 the adequacy and integrity of the system of internal control and the financial statements of the Group. The AC reviews the engagement of the external auditors, their scope, and approach in the conduct of the audit examination. The AC also reviews the activities and results of the audit conducted by GIAD and where needed recommends appropriate actions to strengthen control.

The AC meets with the external auditors at least twice a year without the presence of the Group Managing Director and Management.

The AC, consisting of members with a wide range of knowledge, expertise and experience, has unrestricted access to internal and external auditors and all employees within the Group. Please refer to pages 73 to 76 for the Audit Committee Report.

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

Management has established vision and mission statements, and shared values to steer and provide direction to 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 employees, outlines the standards of behaviours and ethics that are expected from employees. Additionally, all permanent employees of executive grade and above are required to declare their assets to the Group Managing Director on a periodic basis and to disclose any instances of conflicts of interest.

2) ENTERPRISE RISK MANAGEMENT ASSURANCE:

The Group has in place an Enterprise Risk Management Framework to provide a consistent approach towards facilitating an adequate risk assurance process in assessing risks by all employees within the Group.

In this respect, the Group Risk Management Division has established and deployed an enterprise risk management solution to all operating companies and corporate divisions to facilitate the effective identification, assessment, quantification, monitoring, mitigating and management of key risks under the Group.

Notwithstanding the above, the Group Risk Management Division also seeks to build a strong risk management culture by promoting awareness, ownership and accountability of risks. With that being said, individual risk, controls, and management action plan owners are required to provide quarterly assurance to Management and Board Risk Committee members of DRB-HICOM Berhad regarding the status of review as well as the adequacy and reasonableness of actions put in place to mitigate key material risks faced by all operating companies and corporate divisions under the Group.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The digital risk assurance sign-off module resides within a risk management solution, namely the Q-Radar System, embedded within the enterprise risk management process of the Group. The assurance template within the module is accessible for sign-off by all operating companies on a quarterly basis.

Additional information on the Group's Risk Management process is provided on pages 80 to 83 of the Annual Report.

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 operations and business activities within the Group.

Among the key policies and procedures in place are Human Capital, Information Technology, Communication, Procurement, Foreign Exchange, Risk Management, Code of Ethics and Business Practices, Management Control and Internal Control Framework, Whistle Blower and Anti-Fraud Policies. Policies and procedures are also subject to periodic review, revision, validation and approval.

The Group has also established the Limits of Authority ("LOA") to provide a framework of authority and accountability within the organisation. The LOA sets the limit and authorisation for strategic, capital and operational expenditure. It is regularly updated and approved by the Board to reflect changing business needs in addressing operational deficiencies.

WHISTLE BLOWER POLICY

The Whistle Blower Policy outlines the Group's commitment towards enabling employees to raise concerns in a responsible manner regarding any wrongdoings or malpractices 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 strict confidence. It will be the task of 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 units, within which business strategies, planning and budgetary exercises are established annually and actual performance is monitored and assessed periodically against set targets.

4) INFORMATION AND COMMUNICATION:

Pertinent information such as the Group's achievements, changes with regard to corporate and organisational structure as well as policies and procedures are identified, captured, and communicated in a proper and timely manner. This would enable employees to focus and perform their responsibilities effectively.

In addition, all Heads of Business Sectors, Operating Units and Corporate Divisions participate in business dialogue programmes with Senior Management of the Group to discuss strategies and challenges faced towards achieving the business goals and objectives.

5) MONITORING:

INTERNAL AUDIT FUNCTION

The business processes and conduct of the operating units within the Group are continuously assessed by GIAD in the context of adequacy and effectiveness of the financial, operational controls and risk management. GIAD reports to the Audit Committee and communicates to Management on audit observations noted in the course of their review and performs monitoring on the status of actions taken by the operating units.

Moreover, members of Management under the various Corporate Head Office functions, such as procurement and information technology, also undertake periodical review of the compliance and adequacy of the control systems as well as procedures of the Group's companies and operating units.

PERFORMANCE MANAGEMENT

Continuous education, training and development programmes are emphasised in order to nurture quality and competent employees.

Employees' performances are measured according to the set of key performance indicators aligned to their functions as assigned to them and which they are expected to accomplish.

ASSURANCE TO THE BOARD

The Statement on Risk Management and Internal Control has been prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuer 2012. In making the above assurance, the Group Managing Director acknowledges that the risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

For the financial year under review, the Board is of the opinion that the system of internal control 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.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, this Statement has been reviewed by the external auditors, Messrs Ernst & Young, for inclusion in the Annual Report of the Group for the financial year ended 31 March 2013. They have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's systems of risk management and internal control.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 18 July 2013.

AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of DRB-HICOM Berhad is pleased to present the Audit Committee Report for the financial year (“FY”) ended 31 March 2013.

1.0 COMPOSITION AND ATTENDANCE AT MEETINGS

1.1 COMPOSITION

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

Director	Status of Directorship	Attendance at meetings
1) YBhg Datuk Haji Abdul Rahman bin Mohd Ramli <i>Chairman of the Audit Committee</i>	Independent Non-Executive Director	6/6
2) YBhg Tan Sri Marzuki bin Mohd Noor <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6/6
3) Mr Ong Ie Cheong <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6/6
4) Mr Ooi Teik Huat <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6/6

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 six meetings held during FY 2012/13 as indicated in the table above was fulfilled. Management was also 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 Management 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, GIAD had also presented the summary of audit activities, internal audit plan as well as audit staff strength. The external auditors also attended AC meetings to present the audit scope and plan, and the auditors’ report on the audited annual financial statements.

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

2.0 TERMS OF REFERENCE OF AUDIT COMMITTEE

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

2.1 COMPOSITION

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

- a. the AC must be composed of no fewer than three (3) members, the majority of whom must be Independent Non-Executive Directors;
- b. the Chairman of the AC shall be appointed by the Board from among the Independent Non-Executive Directors and at least one member of the AC must be a member of the MIA 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.

The Group also performs annual review on the composition and performance of the AC, including the AC members' tenure, performance, effectiveness of the structure as well as accountability and responsibilities.

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 Group Managing Director ("GMD"), Head of GIAD and other invitees shall, by invitation, attend the meetings. The Chairman of the Board or Head of Operating Units may be invited to attend as and when required by the AC to provide vital insights into the Company's operations.
- b. The external auditors are normally invited to attend meetings as and when necessary for their expertise.
- c. The AC shall meet separately with the internal and external auditors at least twice a year without the attendance of 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 2012 ("MCCG 2012") 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 the Malaysian Financial Reporting Standards and the Companies Act 1965 in Malaysia together with Bursa Malaysia's 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 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 the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of 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 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 Bursa Malaysia Securities Berhad, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with the Malaysian Financial Reporting Standards, Bursa Malaysia's Main Market Listing Requirements and other legal requirements.
- v. to convene meetings at least twice a year on any issues from the audits, with the external auditors separately without the presence of Management.
- vi. to review the external auditor's Management Letter and Management's response.
- vii. to review and consider the non-audit services provided by the external auditors to ensure there was no impairment of independence or objectivity.

e. OTHER RESPONSIBILITIES

- i. to instruct the external and internal auditors that the AC expects to be advised if there are any areas that require their special attention, including major findings of internal investigations and Management's response;
- ii. to review any related party transactions that may arise within the Company or Group in complying with the Listing Requirements;
- iii. to review any allocation of share options pursuant to the Employees' Share Option Scheme ("ESOS") granted to employees in the Group; and
- iv. to consider and examine any other matters as the AC considers appropriate or as instructed by the Board of Directors.

In tandem with the recommendation introduced in the MCGG 2012, the AC has obtained written assurance from the external auditors confirming their independence.

3.0 SUMMARY OF ACTIVITIES

The following activities were carried out by the AC during the FY 2012/13 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 FY 2012/13. 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 assumption and compliance with financial reporting standards and other regulatory requirements.

3.2 RISKS AND CONTROLS

The AC evaluated the overall adequacy and effectiveness of the system of internal controls through review of results of work performed by internal and external auditors and discussions with Management. The AC also reviewed the Statement on Risk Management and 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 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 review of the Directors' Statement on Risk Management and Internal Control for FY 2012/13;

3.4 INTERNAL AUDIT

- a. The AC reviewed and approved the GIAD's Annual Internal Audit Plan and ensured 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 approved Annual Audit Plan;
 - Results of scheduled, follow-up, investigative and special audits;
 - Adequacy of Management's responsiveness to the audit findings and recommendations;
 - Status of Internal Audit's Quality Assurance and Improvement Programme; and
 - Adequacy of audit resources, training and development of staff within GIAD.

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 with Bursa Malaysia's 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 mandatory accreditation and continuing education programmes during the financial year under review. The AC members also attended training and visited various subsidiaries within the Group to acquire a better insight into related businesses and operations. The training attended focused on corporate governance best practices, corporate sustainability and risk management.

4.0 STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 ROLES AND RESPONSIBILITIES

The 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 which are listed, or governed by the Banking and Financial Institutions Act, 1989 or regulated by Bank Negara Malaysia are under the purview of the respective AC and internal audit function of the company and financial institutions.

The Head of GIAD reports directly to the AC on a functional basis and to the GMD 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 the Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

4.2 AUDIT RESOURCES

The total staff strength in GIAD as at FYE 31 March 2013 stood at 41 staff, which includes the internal audit function at PROTON Holdings Berhad as summarised below:

No.	Entity	Current manpower as at FYE 31 March 2013
1.	DRB-HICOM Berhad	27
2.	PROTON Holdings Berhad	14
Total		41

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

During FY 2012/13, a total of RM5.71 million was incurred as part of resource allocation for the Group's internal audit function, covering mainly manpower and incidental costs such as traveling and training costs as summarised below:

No.	Entity	Total cost incurred FYE 31 March 2013 RM
1.	DRB-HICOM Berhad	3.32 million
2.	PROTON Holdings Berhad	2.39 million
Total		5.71 million

GIAD also invested in various training programmes to maintain and enhance the desired competency level of the Group's internal auditors. The training programme, comprising in-house 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 the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulation, reliability and integrity of information and adequacy of safeguarding of assets.

During FY 2012/13, GIAD executed a total of 179 audits, which comprised scheduled and ad-hoc audit engagements including special audits covering auditable units under PROTON Holdings Berhad, Automotive and Defence, Manufacturing and Engineering, Property, Asset & Construction and Services & Education sectors, and its related branch operations. All of the internal audit activities in the financial year under review were undertaken in-house by 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, Senior Management and 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 time-frame 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 Programme 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.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

During the financial year, the Group drawdown the balance of RM230 million of the total Sukuk Programme of RM1.8 billion, which was approved by the Securities Commission on 31 October 2011.

	Approved Amount RM'million	Amount utilised as at 31 March 2013 RM'million	Comments
Sukuk Murabahah	1,800	1,800	The Sukuk were used to finance the acquisition of PROTON Holdings Berhad and also for working capital purposes.

Other than the above, there was no other financing raised by the Company during the financial year 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 IN NATURE

During the financial year ended 31 March 2013, none of the recurrent related party transactions of a revenue or trading in nature had exceeded the threshold of 1 percentage ratio as prescribed in Chapter 10.09 of the MMLR. Therefore, the Company did not seek any shareholders' mandate for Recurrent Related Party Transactions.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts entered into between the Company and its subsidiaries involving the 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) HICOM Power Sdn. Bhd. ("HPSB") a 100% subsidiary of the Company had, on 18 October 2012, entered into the conditional Asset Sale Agreement ("ASA") with Sterling Asia Sdn. Bhd. ("Sterling Asia") for the disposal of its entire business, including all of its assets and liabilities (save for certain excluded assets and liabilities) of HPSB to Sterling Asia for a total cash consideration of RM575,000,000 ("the Disposal").

Sterling Asia is a wholly owned subsidiary of Malakoff Power Berhad ("Malakoff Power") which in turn is a wholly owned subsidiary of Malakoff Corporation Berhad ("Malakoff"). Malakoff is a 51% subsidiary of MMC Corporation Berhad ("MMC"). Sterling Asia does not have any subsidiary or associate company.

ADDITIONAL COMPLIANCE INFORMATION

Ooi Teik Huat, an independent non-executive director of DRB-HICOM, is also an independent non-executive director in MMC. Ooi Teik Huat is also a nominated director of MMC on the board of Malakoff. In view thereof, Ooi Teik Huat had abstained from deliberation and voting at the relevant board meetings of DRB-HICOM in relation to the Disposal.

Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ("TSSM"), an indirect substantial shareholder of the Company through his major shareholding in Etika Strategi Sdn. Bhd. ("ESSB"), the holding company, who is also an indirect substantial shareholder of Malakoff and Sterling Asia was deemed interested in the Disposal.

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil ("TSMKJ"), the Group Managing Director of the Company, who holds 10% equity interest in ESSB is a person connected to TSSM and deemed interested in the Disposal.

- (ii) Land Status Swap Agreement ("Agreement") between Rebak Island Marina Bhd ("Rebak") and Northern Gateway Free Zone Sdn. Bhd. ("NGFZ") dated 21 December 2011 for a high end mixed development in Pulau Rebak Besar ("Proposed Land Status Swap"). The undeveloped land is a 'Malay Reserve' ("MR") land. The consideration for the transaction is RM76,000,000.00

Pursuant to the Agreement, the parties agreed to convert the MR land to non-MR land subject to the conditions imposed by Kedah State Government.

Rebak is 100% subsidiary of the Company.

Save as disclosed below, none of the directors, major shareholders of Rebak and/or DRB-HICOM and/or persons connected with them has any interest, direct or indirect, in the Proposed Land Status Swap.

Ahmed Kamil P M Mustafa Kamal ("AKMK") holds 1 preference share in NGFZ and is a director in Northern Gateway Sdn. Bhd. and Benua Bayu Sdn. Bhd. which are the holding company and intermediate holding company of NGFZ respectively. AKMK was a shareholder in HPSB prior to the completion of acquisition of HPSB by DRB-HICOM on 30 October 2008. AKMK then held 1 ordinary share of RM1.00 each in HPSB in trust for TSSM, being the other shareholder in HPSB. As such, AKMK is deemed a person connected to TSSM.

TSSM, an indirect substantial shareholder of the Company through his major shareholding in ESSB, the holding company, was deemed interested in the Proposed Land Status Swap.

TSMKJ, the Group Managing Director of the Company, who holds 10% equity interest in ESSB is a person connected to TSSM and deemed interested in the Proposed Land Status Swap.

Tan Sri Marzuki bin Mohd Noor ("TSMMN") is a common Director in DRB-HICOM and NGFZ as well as a member of the Audit Committee of DRB-HICOM. He has abstained from deliberation and voting at the relevant Audit Committee and Board meetings of DRB-HICOM in respect of the Proposed Land Status Swap.

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 2013, 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 2013 are as follows:

	RM'000
Ernst & Young	1,150
Ernst & Young Tax Consultants Sdn. Bhd.	532
Ernst & Young Advisory Services Sdn. Bhd.	2,800
Ernst & Young LLP	838
	<hr/> 5,320 <hr/>

STATEMENT OF DIRECTORS' RESPONSIBILITY

Statement of Directors' Responsibility in respect of the preparation of the Financial Statements for the financial year ended 31 March 2013

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 year then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors consider that in preparing the financial statements for the financial year ended 31 March 2013 set out on pages 142 to 268, 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 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 on behalf of the Board in accordance with a resolution of the Directors dated 18 July 2013.

RISK MANAGEMENT

In FY 2013, DRB-HICOM Berhad has managed to stay resilient in executing its key business strategies despite continuing uncertainties and challenges impacting advanced and key emerging economies worldwide. Significant improvements have and will continue to be made to enhance and embed risk management into the business culture to drive performance and value creation across the Group.

The Board of DRB-HICOM Berhad remains committed to ensuring the continual effectiveness in implementing risk management and internal control systems across the Group to achieve operational excellence without compromise to its core values. In realising this endeavour, the Group has adopted an enterprise-wide risk management process comprising of the following key components:

- Risk Governance
- Enterprise Risk Assessment
- Risk Mitigation & Measurement
- Enterprise Risk Reporting



RISK GOVERNANCE

In advocating good risk governance towards optimising long-term stakeholder returns, the Group continues to enhance its oversight capabilities in assessing uncertainties impacting the business environment, from changes in regulatory and financial requirements, to technological advancements and data security concerns, increasing global competition as well as on issues relating to human capital resourcing, development and retention.

To ensure continued sustainability and performance across all Business Sectors and Operating Units, the Group has adopted prudent, responsible and transparent governance, risk and compliance approaches to warrant continued resilience and agility in undertaking existing and new business initiatives.

In this respect, the Group has put in place a formal and structured Group Risk Management Policy developed in accordance with the ISO31000 Risk Management Principles & Guidelines to outline the risk management governance and structure, processes, accountabilities and responsibilities throughout the organisation.

The inculcation of a robust risk culture and understanding across the Group is crucial. It links the organisation's corporate objectives and goals to its primary risks, controls and action plans to allow for a comprehensive and effective assessment of events that have adverse impact on the Group's core businesses.

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

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

BOARD RISK COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

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

SECTOR & BUSINESS UNITS

Each Sector (and each operating unit therein) is ultimately 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 outlined above.

RISK MANAGEMENT DIVISION

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

ENTERPRISE RISK ASSESSMENT

Key risks of the Group, at Business Sectors, Operating Units and Corporate Division levels, are critically assessed according to the main categories as set out below:

Business & Strategic Risks

Business and strategic risks arise from uncertainties impacting the execution of strategic initiatives deployed based on long- and short-term policy decisions. These decisions are made in accordance with the business direction of the Group in enhancing performance and growth within the domestic, regional and global markets.

In this respect, the Group maintains its continued vigilance over evolving political, social, business and economic landscapes to ensure that changes are promptly identified, assessed and managed to preserve the uninterrupted implementation of those strategies associated with the Group's business objectives.

FOREX & Interest Rate Risks

Uncertainties arising from FOREX and interest rate volatilities cannot be underestimated. In dealing with this risk, DRB-HICOM Berhad continues to implement its Group Foreign Exchange (FOREX) Policy which stipulates distinct measures in utilising appropriate hedging instruments to assess, manage and minimise foreign currency losses. The Policy is consistently reviewed and updated to reflect changing financial requirements and it is deployed to all business sectors and operating units within the Group for effective implementation.

Notwithstanding the above, the Group is equally mindful of changes in interest rate movements that will adversely affect revenue and profit contribution, particularly from the automotive and property markets. In this respect, appropriate detection mechanisms have been put in place to monitor and alert Management of such changes so that prompt measures can be initiated and acted upon expediently.

Liquidity & Funding Risks

Funding represents a key risk to the Group due to the extensive amount of capital required to finance new acquisitions and to mobilise existing and new projects. Concern in this area rests primarily on our ability to secure the requisite financing due to the imposition of single customer limit, breach of funding covenants set by financial institutions and down grade of ratings by credit agencies arising from our increased financial commitments to the banks.

The Group manages its funding risks by maintaining an optimal capital structure through detailed monitoring of financing and cashflow plans established by business sectors and operating units.

Constant engagement is carried out between Corporate Finance & Treasury Division, together with the business units and financial institutions to track the status of financing, which comprise of, amongst others, the issuance of corporate medium term notes and bonds, as well as drawdowns on syndicated loans and club deals.

Notwithstanding the above, the Group is constantly seeking new funding arrangements to further boost its financial capabilities towards driving new project initiatives in line with its long-term strategic business plan.

Human Capital Risks

The Group is acutely aware of risks impacting its human capital management programmes. These risks, comprising of attrition of talents, competencies and capabilities concerns, skills shortages, fragmented succession planning to mission and operational critical positions and less than optimal consequence management, threatens the sustainability and continued performance of business sectors and operating companies within the Group.

The Group's approach in managing human capital risks is through the execution of manpower rationalisation initiatives, followed by talent review and profiling sessions, inclusive of job mapping and level restructuring programmes. These programmes define and align the job accountabilities and responsibilities towards meeting the strategic goals and objectives of the Group.

In addition to the above, ongoing programmes, such as, talent attraction through local, regional and international career fairs and roadshows, workshops and clinics on skills profiling and knowledge development trainings as well as coordinated employee retention reviews with business sector representatives, are constantly and consistently carried out by Group Human Capital Division to provide a more holistic approach towards managing human capital within the Group.

Reputation Risks

The Group acknowledges the impact of reputation risks towards eroding image and brand visibility. Reputational damage caused by negative media and publicity over the Group's business practices, conduct or financial condition will adversely impair stakeholders confidence, resulting in costly litigation and decline in customer base, business and revenue.

The Group manages its reputation risks through regular engagement and communication sessions with key stakeholders to disseminate relevant information regarding the conduct of the Group's activities.

Compliance checks and audits are carried out periodically to enforce the implementation of the Group's Code of Ethics & Conduct and Whistle Blowing Policy to curb incidences of fraud across all business sectors and operating units.

To further offset risks to the Group's reputation, ongoing enhancement towards the brand and image of the Group is performed through various Corporate Responsibility (CR) programmes organised by Group Corporate Affairs Division. Details of these initiatives are noted on pages 128 to 136 in the Annual Report.

Notwithstanding the above, risk assessment is similarly carried out for new business initiatives undertaken by the Group. The assessment report, comprising identified risks and mitigation plans, forms part of the investment proposal paper reported to the Management Committee, chaired by the Group Managing Director, for deliberation and approval.

RISK MITIGATION & MEASUREMENT

Risk Initiatives

The Group continues to expand and enhance on its risk management initiatives through risk review and validation sessions held across all Business Sectors, Operating Units and Corporate Divisions on a quarterly basis. These sessions are aimed at assessing the effectiveness and relevance of controls and management action plans implemented to mitigate the occurrence and severity of documented key risks. Action plans for all key risks are further assessed to ensure the timeliness of execution and are kept within resource limits.

Risk Appetite

The risk appetite defines the value and type of risks that the Group is prepared to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk taking activities.

The Group's risk appetite serves as a benchmark for all Business Sectors, Operating Units and Corporate Divisions to develop risk tolerances and limits in accordance to their specific business/operational requirements and objectives. Monitoring of key risk exposures are then performed through the analysis of the risk tolerances set against monthly business and performance trends at the respective Business Sectors, Operating Units and Corporate Divisions.

Training & Development

The Group continues to enhance its risk management capabilities across all Business Sectors, Operating Units and Corporate Divisions. Risk review and validation sessions, awareness programmes and discussion forums are facilitated and conducted by Risk Management Division on a quarterly basis to ensure continued effectiveness in implementation of the risk management processes.

ENTERPRISE RISK REPORTING

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

- Quarterly validation, review and discussion of key risks, controls and action plans for all Business Sectors, Operating Units and Corporate Divisions;
- Regular updates of new risks, controls and status of action plans by Business Sectors, Operating Units and Corporate Divisions;
- Digital confirmation and sign-off on all risks represented at the Business Sectors, Operating Units and Corporate Division levels on a quarterly basis;
- Quarterly presentation and review of Risk Management Board Papers at each Operating Units' Board of Directors meetings;
- Presentation, review and discussion of the Group's Top Key Risks by the Risk Management Committee on a quarterly basis; and
- Presentation of the Group's Top Key Risks to the Board Risk Committee as well as at the Main Board Meeting on a quarterly basis.

MOVING FORWARD

DRB-HICOM Berhad shall continue its focus in implementing key initiatives towards embedding strategic risk management thinking as a business culture across all Business Sectors, Operating Units and Corporate Divisions within the Group.

CODE OF ETHICS AND BUSINESS PRACTICE

DRB-HICOM is committed to maintaining the highest standard of conduct at the workplace. This aspiration is exemplified through the adoption of the Code of Ethics and Business Practice (COEBP) since 2006 which serves as the 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 a 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 a strong ethical culture that promotes the distinctive Core Values of DRB-HICOM.



The reception at Wisma DRB-HICOM, Glenmarie, Shah Alam





CONTINUOUSLY
IMPROVING QUALITY

C R E A T I N G R E A L V A L U E

“Our expansion plans during the year took shape and set us on a new direction of change and possibilities.”

Dato' Syed Mohamad bin Syed Murtaza



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of DRB-HICOM Berhad (DRB-HICOM or the Group) for the financial year ended 31 March 2013 (FY 2013).

As shareholders, you are part of a Malaysian conglomerate with a wide range of diverse businesses. While we are known for the assembly and distribution of esteemed car marques as well as popular motorcycle models, we are also heavily involved in manufacturing automotive components; defence vehicles and systems; banking and insurance; airport ground handling services; solid waste management; vehicle inspection; education; hospitality and property development. Our acquisition of PROTON Holdings Berhad (PROTON) has brought us into the entire spectrum of the automotive business. With Pos Malaysia Berhad (Pos Malaysia), we have become a key player in the provision of integrated logistics solutions.

The opportunities for DRB-HICOM, God willing, are limitless if we have the vision to see them and the synergies are immense, if we have the mindset to recognise them. We are fortunate to have a strong, experienced and highly capable management team, supported by a committed and well-trained workforce, who have brought us this far and who will carry us to greater heights.

THE MALAYSIAN ECONOMY

While the global economy floundered in uncertainty due to slow growth and volatility in Europe and the United States, Malaysia was on track with real gross domestic product (GDP) growth of 5.6% in 2012, surpassing forecasts including the Treasury's 2013 Budget forecast of 5.5%. Growth was driven by strong domestic demand and private consumption, as well as private and public investments. The momentum is expected to continue into 2013 with Bank Negara Malaysia (BNM) forecasting GDP to grow by 5.0 to 6.0%. Domestic demand will remain as the key driver of growth.

For automotives, the mainstay of DRB-HICOM, the year 2012 had been a challenging one due to the aftermath of massive floods in Thailand, which affected the regional automotive supply chain, and BNM's 'Responsible Financing Practices Guidelines'. The guidelines, which were implemented on 1 January 2012, affected new vehicle registrations. Despite these, the industry recorded a total industry volume (TIV) of 627,753 units sold, outstripping the previous TIV record in 2010 of 605,156 units. The outlook for 2013 is positive, given BNM's economic forecast, with the Malaysian Automobile Association anticipating TIV of 640,000 units.





Bank Muamalat's Headquarters at Jalan Melaka, Kuala Lumpur

FINANCIAL HIGHLIGHTS

DRB-HICOM has progressively recorded an upward trend in revenue since our management team came on board and rationalised the Group's businesses into three core sectors pursuant to that. In FY 2007, we posted total revenue of RM2.91 billion, which jumped to RM6.10 billion two years later. We remained in the six billion ringgit range for four years until the current financial year with a record-breaking jump in revenue to RM13.13 billion from RM6.88 billion in FY 2012.

The Group's profit before tax (PBT) for FY 2013 was understandably affected by the full-year impact of PROTON, resulting in a decline from RM1.82 billion in FY 2012 to slightly more than RM1.04 billion in FY 2013. Excluding Extraordinary Items, the PBT worked out to RM543.4 million in FY 2012 (excluding negative goodwill from PROTON of RM1.28 billion) and increasing to RM624.8 million (excluding the gain on our disposal of the business of HICOM Power Sdn. Bhd. of RM412.5 million) in FY 2013.

We have been building up our total assets over the years, from RM8.23 billion in FY 2007 to RM21.67 billion in FY 2009, after our acquisition of a 70% stake in Bank Muamalat Malaysia Berhad (Bank Muamalat). Our total assets climbed to RM40.29 billion in FY 2012 and increased to RM42.13 billion in FY 2013.

For the financial year under review, our shareholders' equity stood at RM7.10 billion (FY 2012: RM6.56 billion). Our foreign shareholding, which saw a drop from 16.2% in FY 2008 to 6.8% in FY 2009, had thereafter increased from year to year to post 18.9% in FY 2012. As at 31 March 2013, the percentage stood at 20.9%. Our two recent acquisitions required us to step up our gearing from 0.82 times in FY 2012 to 0.91 times in FY 2013. We are in a comfortable position and have a manageable debt repayment plan over the next ten years.

DIVIDEND

DRB-HICOM's dividend policy is to pay out a dividend of 20% to 30% of operational net profit. In the light of our performance, the Board of Directors has proposed, subject to the approval of shareholders, a final dividend of 4.5 sen comprising 0.5 sen gross per share less taxation of 25% and tax exempt dividend of 4.0 sen for the financial year ended 31 March 2013.



Practical training session in International College of Automotive (ICAM), Pekan

OUR CORE VALUES AND SOCIAL RESPONSIBILITY

The desirable organisation is one that not only succeeds in its business, but also one that brings benefits to the community, society and nation at large. Corporate responsibility is now a worldwide concept and undertaking, and organisations are being evaluated on how they operate within the wider societal context. This relates to ethical business practices, human resource management, health and safety, environmental protection, amongst others.

At DRB-HICOM, we endeavour to be an exemplary corporate citizen and our efforts, as detailed in this Annual Report, are testament to this. As we strive towards our Vision to be number 1 and excel in all that we do, we will not lose sight of our organisational Core Values, which act as beacons to ensure that we conduct ourselves to the highest ethical standards.

These Core Values are shared here with you, dear Shareholders, and I trust that you will find us living up to expectations. In all that we do, we must aim for EXCELLENCE because to be number one, we cannot settle for less. It is a competitive world and our customers deserve the best that we can offer. As such, our businesses need to be built up on INNOVATION and QUALITY, elements that will push us forward towards our vision. In the pursuit of our goals, we must act with DECORUM, INTEGRITY and TRANSPARENCY, which are the characteristics that will make us a better organisation. It is tempting to take the easy way out, cut corners and think only of our own gains. But at DRB-HICOM, we are in business for the long haul and while we aim to optimise our resources, we will want to do so in ways that satisfy our corporate conscience. To achieve all these, TEAMWORK is essential, not only within our organisation but also beyond, with all those who are part of our larger family.

CULTIVATING EXCELLENCE

It is apt that the theme of this financial year's Annual Report is that of 'Cultivating Excellence', which is critical towards becoming the kind of organisation that we aspire to be. By remaining true to the Core Values described above, we will be a conglomerate to be admired.

There are, however, other qualities required to cultivate excellence. Like an uncut diamond, we have a wealth of unrealised possibilities that need to be recognised and developed through investing in and utilising our resources to the fullest extent, including that of our human capital.

Excellence is also derived through being passionate about what we do. Belief in our Vision and Mission points us towards our goal while confidence in our abilities and capabilities motivates us towards achievements and success. And then there is commitment that is uncompromising and unending. We have to be willing to do what it takes, guided by our Core Values. To be excellent necessitates perseverance to be masters in what we do. To be excellent is to succeed while honouring others. To be excellent is making our mark in the world.

MAJOR CORPORATE DEVELOPMENTS

There have been some significant developments at the corporate level. We completed our 100% acquisition of PROTON in June 2012. Since then, it has been full speed ahead with the implementation of plans to bring PROTON back to where it belongs – number one in the Malaysian automotive market. With PROTON and its subsidiary brand Lotus, we now have two car brands to call our very own, and we aim to repeat the success that we are experiencing with our other takeover business, Pos Malaysia, where our transformation programme is already reaping very positive results. As part of our plans for PROTON, we rationalised the distribution and after-sales service of its cars by merging the PROTON-related business of Edaran Otomobil Nasional Berhad into Proton Edar Sdn. Bhd.

A recent acquisition is bringing us into the exciting realm of aerospace. In July 2013, through our defence unit DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH), we signed an agreement to acquire 96.87% of the equity of Composites Technology Research Malaysia Sdn. Bhd. (CTRM) from the Ministry of Finance for a consideration of RM298.3 million. CTRM is involved in the development and manufacture of aircraft composite components while its subsidiaries design, develop and manufacture composite components for aerospace and non-aerospace applications.

DEFTECH has a manufacturing contract with the Ministry of Defence, which was awarded in 2011, to supply the Ministry with 257 units of the AV8 over a seven-year period. The sealed pattern has been delivered to the Ministry and the AV8 was featured in the Army Day parade on 2 March 2013. Our plants in Pekan have expanded their facilities for the AV8's production and the first batch is expected to be delivered in 2014.

A Memorandum of Understanding (MOU) was also signed with Saab AB of Sweden on 26 March 2013 for cooperation in designing and manufacturing advanced composite systems and components for military and commercial aerospace applications, composite repair technology, system integration of electronic warfare, avionics and other airborne systems, as well as unmanned aerial vehicle systems and technology. This MOU marks the Group's entry into aerospace.

Another notable development during the financial year under review is the joint-venture agreement between the Group's subsidiary, Oriental Summit Industries Sdn. Bhd., and Faurecia Exhaust International SAS (FEIS), the world's sixth-largest and Europe's third-largest automotive supplier. The result of this collaboration has been the incorporation of Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd.

Just a month prior to that, on 7 September 2013, the Group, through another subsidiary HICOM Polymers Industry Sdn. Bhd. signed a joint-venture agreement with another global leader HBPO GmbH (HBPO) to design, develop and supply front-end modules (FEM) for vehicle Original Equipment Manufacturers (OEMs). HBPO is the number one FEM provider for OEMs worldwide. This joint venture marks another significant milestone towards realising the Group's aspiration to become an automotive industry leader in the region.



Volkswagen Passat Assembly line in DRB-HICOM Automotive Complex Pekan

As part of plans to dispose of our non-core assets, in December 2012, we completed the sale of our entire business in HICOM Power Sdn. Bhd. to Sterling Asia Sdn. Bhd., a unit belonging to Malakoff Corporation Berhad, for RM575.0 million. The proceeds from the sale was utilised to lower our borrowings.

BUSINESS HIGHLIGHTS AND FUTURE PROSPECTS

While you will find details of the performance of our business sectors in the following pages, I wish to highlight some key developments here.

We are now fully involved in the automotive industry's entire value chain. We are determined to succeed by assessing every aspect of its business and exploring ways and means of increasing the quality of its cars while reducing costs, without compromising the customer experience in any way. Our other automotive businesses have continued to perform creditably, thanks to our partnerships and collaboration with top Japanese and European car manufacturers. These marques include Audi, Honda, Volkswagen, Isuzu, Mitsubishi, Suzuki and Mercedes Benz, but we still have the appetite to add more car brands to this distinguished line. Sales of our cars made up 34% of the industry's total industry volume of 646,784 units in FY 2012 and we aim to make further inroads into the market in the forthcoming years.

The DRB-HICOM Automotive Complex Pekan is within the East Coast Economic Region, positioning it to be the country's automotive hub in the country, if not eventually the region. The complex has produced almost half-a-million vehicles of at least two dozen makes and models and it has the facilities and capacity to produce more. Our collaboration with Volkswagen AG is enabling us to realise the potential of the complex with the production of, first, the Passat followed by the Polo and Jetta soon after. We aim to assemble cars for the ASEAN market by 2015 and to produce 40,000 units per annum, including export.

CHAIRMAN'S STATEMENT

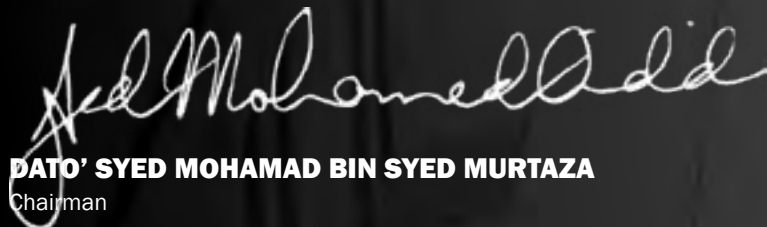
Meanwhile, our subsidiary Bank Muamalat has been performing well with its revenue increasing from RM893.6 million in FY 2012 to RM999.3 million in FY 2013, with PBT rising to RM236.0 million in FY 2013 (FY 2012: RM103.0 million). We are expecting further growth through leveraging synergies within the Group, particularly with Pos Malaysia.

There is a lot of value to be unlocked in the Group's land bank, which includes land at Jalan Tun Razak in Kuala Lumpur; Glenmarie Heights in Tebrau, Johor Bahru; Glenmarie Gardens, Laman Glenmarie and Glenmarie Hills in Shah Alam; Glenmarie Puchong; PROTON City in Tanjung Malim; HICOM Pegoh Park, Melaka; and on Rebak Island, Kedah. These could bring in about RM11.0 billion worth of gross development value over the next five years. We have made some property divestments over the financial year under review, one of which was the disposal of two parcels of freehold land totalling about 9.6 acres in Taman Wahyu, Kuala Lumpur for RM69.9 million. In addition, the sale of 613.7 acres of freehold land in Iskandar Malaysia is underway, which will bring in RM534.7 million into our books in the next financial year.

The future prospects of DRB-HICOM are certainly positive. The diversification in our businesses is our strength and will continue to help us in riding out any uncertainties in economic conditions. Synergistic relationships between the numerous companies within the Group are there for us to create and develop, further increasing the depth and breadth of our products and services.

ACKNOWLEDGEMENT

I would like to express my sincere appreciation to all our stakeholders – our shareholders for their trust in our ability to steer the Group forward; our business partners for their commitment towards our mutual growth; and the authorities and regulatory bodies for their support in realising our objectives and strategies. I would also like to express my gratitude to my fellow Board members, who have been providing me with invaluable advice and counsel and who have been unstinting in sacrificing their time for the Group. And to all *Warga* DRB-HICOM, from the senior management down to all employees, I thank them for their dedication and hard work.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



Luxurious showroom of Glenmarie Properties at Wisma DRB-HICOM, Glenmarie, Shah Alam





UPHOLDING TRANSPARENCY

SAFEGUARDING STAKEHOLDER INTERESTS

GROUP MANAGING DIRECTOR'S

REVIEW OF OPERATIONS

It has been an exhilarating period, during which we progressed further in expanding and sustaining the Group via our Second 5-Year Plan. The inclusion of two iconic Malaysian organisations, PROTON Holdings Berhad (PROTON) and Pos Malaysia Berhad (Pos Malaysia), into our institutional family is providing further breadth and depth to our diversified range of businesses.

We are excited about the possibilities and opportunities that are presented to us and, God willing, we shall capitalise on these to the fullest extent to create value for all our stakeholders.

As I report on what we have achieved in FY 2013 and our plans for the near future, I shall also share our strategies in regard to PROTON and Pos Malaysia so that our stakeholders would be assured of our vision and direction for the overall good of DRB-HICOM.



Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil

FINANCIALLY STRONG AND STABLE

Our revenue for the year under review rose by 91% to RM13.13 billion from RM6.88 billion in the previous corresponding period. Our bread-and-butter businesses in the automotive sector continued to be the main contributors to our revenue growth, increasing their share of total revenue from 59% in FY 2012 to 77% in FY 2013.

As envisaged, the completion of our acquisition of the entire shareholding in PROTON in 2012 has had an impact on our bottom-line for FY 2013, reducing our Profit Before Tax (PBT) to RM1.04 billion (FY 2012: RM1.82 billion). It is important to note that our PBT for FY 2012 included negative goodwill from PROTON of RM1.28 billion, while our gain on the disposal of the business of HICOM Power Sdn. Bhd. in 2012 of RM412.5 million was include in our PBT for FY 2013.

Our balance sheet remained strong with an increase in total assets to RM42.13 billion (FY 2012: RM40.29 billion) and in shareholders' equity to RM7.10 billion (FY 2012: RM6.56 billion). Our net assets per share remained consistent at RM3.67 for FY 2013 (FY 2012: RM3.39). Our gross gearing ratio is at a comfortable 0.91 times (FY 2012: 0.82 times).



Wisma DRB-HICOM, Glenmarie, Shah Alam

PROTON – RECLAIMING POLE POSITION

We need to remind ourselves that PROTON is the only Malaysian car company undertaking the entire automotive spectrum from design, development and manufacturing to logistics, sales and after-sales. Because of PROTON, thousands of ordinary Malaysians have been able to own cars; because of PROTON, thousands of Malaysians have been trained in the industry.

PROTON is a company with a 30-year history and it is now our responsibility at DRB-HICOM to raise it up so that it can fulfill its heritage. Having performed due diligence and operational audit reviews pursuant to our acquisition, we now have a good understanding of the company and have accordingly devised a practical, workable and holistic plan to do so.

This is not a time to be defensive; it is instead a time to be on the offensive. We need to be realistic and recognise that there is a perception issue amongst the public about PROTON. Its cars have lost their appeal, causing PROTON cars to lose its number 1 position in the industry as its market share fell from 60% in the 1990s to 20-22% currently. The automotive industry has its challenges with tight margins and stiff competition. Consumers have so much choice available to them and will be looking at a car's features, its quality and safety aspects when buying one.

Our challenge is to regain market share and make PROTON the number 1 choice again in Malaysia with a production target of more than 500,000 cars per annum to be achieved in the next five years. While PROTON used to have decent models in the Wira, Waja and Perdana, it did not come out with replacement models. It is our job now to analyse the PROTON DNA and improve upon it in line with the drive to fulfill market expectations. It is our task now to bring PROTON cars up-to-mark through our QCD (Quality, Cost and Delivery) approach, which has proven successful within the Group over the last seven years.

The Malaysian market is currently saturated. As such, to bring PROTON up, we have to go beyond our national borders. PROTON used to export cars to more than 50 countries, mainly the United Kingdom, South Africa, Australia, Singapore, Brunei, Indonesia, Thailand, the Gulf states and the Middle East region. Moving forward, we need to focus on specific markets that offer sizeable, high-growth potential, such as ASEAN, Australia, the United Kingdom and China, capitalising on our product advantages and technical capabilities.

It is critical that we introduce exciting models in all market segments over the coming years. The work has already started as it takes three years to bring a new model into production. At DRB-HICOM, we are already assembling cars for top marques and have been adopting their good practices and high operational standards in our operations. Such exposure and experience will put us in good stead in regard to applying them for improvement of PROTON. Indeed, we have begun talking to major international Original Equipment Manufacturers (OEMs) for collaborative partnerships that will help us to leverage opportunities through platform sharing, component commonality and efficient vendor management.

Recently in export operations, PROTON continued to launch new models in the existing markets. In Australia, the Prevé was launched during the Australian International Motor Show in October 2012 and accorded with the highest level



A fleet of all PROTON models displayed with pride at PROTON Centre of Excellence, Shah Alam

of occupant safety, namely the 5-STAR Australasian New Car Assessment Program (ANCAP) rating. This is a strong indication that our cars meet the Australian Safety Environmental and Quality Standards and can freely enter that country's market. Another first is the 3-star ASEAN NCAP rating received for the Saga FLX. Such high quality will be a hallmark of PROTON cars for both export and domestic markets, as we believe that safety is prioritised for all our consumers regardless of variants of vehicles purchased. In November 2012, the Prevé and Exora Prime were launched in Thailand and later in February 2013, the Prevé was launched in Brunei.

A discussion on PROTON will need to touch upon Lotus Group PLC (Lotus), which has not been contributing to PROTON's bottom-line since it was acquired 16 years ago. The company has, in fact, breached certain covenants with its consortium of lenders. We have been in talks with the lenders, who have agreed to give us time to remedy these breaches.

A revised Business Plan has been put in place for Lotus, focusing on expanding sales potentials, offering better and wider range of products and managing business operations more effectively. We are confident of capitalising upon Lotus's technology and innovation to reach markets in the United States, Europe, China, the Middle East and Japan. In Malaysia, we are looking at improving sales to 100 to 200 units per annum. In January 2013, we launched the Exige S and Elise S models when we officially opened Lotus's flagship 3S (Sales, Service and Spare Parts) showroom.

At the end of the day, it is the delivery system, involving sales and after-sales, which will make or break us. Consumers are more sophisticated these days and our PROTON workforce must be well versed of all our product offerings and manage relationships with customers well. The attitude of our 12,500-strong workforce in the company has to move in line with our overall vision for PROTON.



A Pos Malaysia staff sorting the letters

POS MALAYSIA - A ONE-STOP COMMUNICATIONS, FINANCIAL SERVICES AND LOGISTICS SOLUTIONS PROVIDER

It has been two years since DRB-HICOM acquired a 32.21% stake in Pos Malaysia and FY 2013 marks the implementation of its 5-year SCORE transformation programme. It is no longer the sunset business claimed by naysayers, but one that is bringing together a 16,000-strong workforce and about 5,000 touch points into a one-stop communications, financial services and logistics solutions provider. With effect from 1 April 2013, Pos Malaysia is offering customer-driven solutions through five business clusters – Communications & Distribution Solutions; One-Stop Solutions; Supply Chain Solutions; Digital Solutions; and International Business Solutions.

A dedicated Transformation Office was established to monitor progress and review plans in line with the current economic and financial landscape. The company's IT infrastructure has been modernised, with greater automation of procedures, to enhance efficiency and effectiveness as well as foster innovativeness. As with PROTON, our emphasis is on QCD. Management staff from DRB-HICOM have been transferred to Pos Malaysia and, together with the existing management, they are working on creating the desired ASK (Attitude, Skills and Knowledge) within the company. Town hall sessions have been held to engage with employees. In addition, various innovative ways to raise the understanding level of our strategic direction among staff have been implemented, including through the use of interesting graphics and illustration in three books that have been produced since 2012.

The transformation initiatives are seeing results. In FY 2012, Pos Malaysia recorded an all-time high revenue of RM1.18 billion but this has been surpassed in FY 2013 with a revenue of RM1.27 billion. PBT increased to RM191.9 million for the year under review (FY 2012: RM151.5 million). There is greater investor confidence in the company, as reflected in the steady rise of its share price as well as increase in foreign shareholding.

While traditional mail and retail services have continued to contribute to profitability, the future lies in the company's courier, express and parcel business, which increased its revenue from RM253.0 million in FY 2012 to RM327.1 million in FY 2013. In fact, the companies within the DRB-HICOM group are now all customers of Pos Malaysia's courier services at competitive prices. Pos Malaysia also has a contract under its Integrated Fulfilment Services (IFS) to transport PROTON parts.

Other synergies are abound within the Group. Bank Muamalat Malaysia Berhad (Bank Muamalat) is offering rural communities access to secure Shariah compliant micro-credit financing through ArRahnu@POS outlets throughout Malaysia. Pos Malaysia has also developed two life insurance plans, PosHayat and Pos Bestari. There are opportunities for the company to extend its reach in the international courier market through strategic tie-ups with KL Airport Services Sdn. Bhd. (KLAS).



Pusat Mel Nasional at Shah Alam

STRENGTH IN DIVERSITY

With such a range of businesses in the DRB-HICOM Group covering the automotive, defence, services, property and construction sectors, we are able to create synergies amongst our Group companies for business development and expansion. Such diversity is also our strength as it helps to stabilise the Group's earnings, with one sector acting as a buffer for another in uncertain economic conditions. Details of the performance of the various sectors in the Group and their respective companies are in the pages that follow; here, I wish to highlight certain developments for the interest of our stakeholders.

In October 2008, we had bought a 70% interest in Bank Muamalat from Bukhary Capital Sdn. Bhd. The remaining 30% of shares are owned by Khazanah Nasional Berhad. Under the requirements of Bank Negara Malaysia (BNM), we need to reduce our stake in the bank to 40%. We had been in talks with Affin Holdings Berhad for a possible acquisition of an equity stake in the bank but these were called off in March 2013. Bank Muamalat has shown substantial improvement on the back of steady revenue and an enlarged fee-based income and we would wish to retain control of the bank. In divesting part of its equity, we would certainly want to get optimum value for our shareholders.

Our insurance arm, Uni.Asia Capital Sdn. Bhd., an indirect 51% owned subsidiary company of the Group, owns 100% in Uni.Asia Life Assurance Berhad and 68.09% in Uni.Asia General Insurance Berhad. To complement our Shariah-compliant banking business, we plan to venture into Takaful and therefore, will be divesting our interests in these two companies. In August 2012, we received approval from BNM to commence negotiations with interested parties.

The growth in our services and property businesses indicates that these areas are capable of providing higher revenue contribution to the Group in the near future. Apart from Malaysia Airlines Systems Berhad, KLAS is the only other ground handler operating at the Kuala Lumpur International Airport. KLAS provides passenger and cargo handling, in-flight catering as well as aircraft engineering to nearly 60% of international airlines landing at the airport, including Cathay Pacific, Emirates, Singapore Airlines and Saudi Airlines. Building on the expertise and experience developed, we are partnering with Saudi International Trading and Marketing Ltd. in the Middle East for airport handling projects in that region. Talks are being held with four airports and we should know the outcome in the next ten months. We have done a feasibility study for Saudi Arabia and will submit our bid when invited to do so by the General Authority of Civil Aviation of Saudi Arabia.

In February 2013, we announced that our wholly-owned subsidiary, DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH), would be acquiring the Ministry of Finance's 96.87% stake in Composites Technology Research Malaysia Sdn. Bhd. (CTRM). The agreement was signed in July, bringing us into the business of aviation component manufacturing. Earlier, in March, we had signed a Memorandum of Understanding with Saab AB of Sweden, a defence and security company, in regard to industrial cooperation and technology transfer to Malaysia. The areas of cooperation will include the design and manufacturing of advanced composite system and components for military and commercial aerospace applications, composite repair technology, integration of electronic warfare, avionics and other airborne systems. This collaboration is expected to benefit our automotive sector as OEMs are looking towards such lightweight, strong and durable materials for their cars.

In December 2010, we had inked an agreement with Volkswagen to produce locally assembled or completely knocked down (CKD) Volkswagen cars for the local as well as ASEAN markets. We commenced production of the Passat in our new production hall in Pekan and have assembled a total of 1,900 units in FY 2013. In mid-June 2013, the plant started assembling the Polo Sedan. This will be followed by the Polo Hatchback and the Jetta by the end of 2013. Pekan is set to be the country's automotive hub, with the Volkswagen plant having the capacity to produce 40,000 units per annum.

Our institute of higher learning, the International College of Automotive (ICAM), is also located in this town. Established in April 2010, it sits next to DRB-HICOM Automotive Complex Pekan. In February 2012, we signed an agreement with Liverpool John Moores University of the United Kingdom to conduct a 2+1 twinning programme for a B.Eng. (Hons) in Manufacturing Systems Engineering degree. At the end of June 2013, ICAM had 759 students pursuing diploma courses in automotive engineering and related courses. When the campus is fully completed in the third quarter of 2013, it will be able to take in 7,000 students; its university village will be able to accommodate 2,229 students. The next step will be to aim for ICAM to be granted university status by the Government, a strong possibility given that ICAM reinforces Pekan's status as the national automotive hub under the East Coast Economic Region initiative.

More details on the performance and plans of our business sectors are shared in the following pages.

OUR GUIDING VALUES

A socially responsible organisation must not be only about business. We shall certainly strive to deliver 110% in fulfilling our obligations to our customers and other stakeholders, but to be an organisation that matters in the bigger scheme of this universe, we must be one with a soul and heart. We must be an organisation with passion, one that is committed to what we do and want to achieve more, one that truly cares about our place in this world and our impact on it.

As we forge ahead, our institutional conscience must be guided by our Core Values. At DRB-HICOM, these are encapsulated in INNOVATION, QUALITY and EXCELLENCE in every aspect of our operations and deliverables; INTEGRITY, DECORUM and TRANSPARENCY in our relationships and interactions with all internal and external parties; and TEAMWORK in driving the Group forward towards realising its Vision and Mission.

THE ROAD AHEAD

The challenges will remain – global and regional economic uncertainties, foreign exchange instability, financial guidelines and Government policies that can dampen our core sectors, and our competitors' strategies. But an organisation of our stature is prepared for such challenges, through good planning, sound financial management, robust controls and management of risks. We are able to anticipate adverse market conditions, take precautionary measures and risk management steps, and address the factors to mitigate or extinguish them.

GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS

We will have much on our plate on the road ahead. PROTON will continue on its path of transformation while we intensify synergies within the Group. On the property front, our Glenmarie brand has developed into that of a reputable and quality-oriented lifestyle developer, one that we will further promote as we launch property projects in Klang Valley and Johor Bahru to boost our revenue and profitability.

The growth in the services sector over the last five years has been encouraging and we expect it to expand with the nation's stable economic situation. We are aiming to achieve a balance in earnings from our non-automotive and automotive divisions within the next five to ten years. We will continue to restructure and transform in line with changes in the business landscape. At the same time, we will be strategising our growth so that DRB-HICOM will move up to be amongst the top 20 companies in Malaysia in the next five years.

As we move forward, we need to remember that DRB-HICOM is not just a Company, we are a community of over 52,000 people. If we were to add spouses and two children to the equation, we are responsible for the livelihoods of more than 200,000 people. The number could even be one million, if we include other stakeholders who are dependent on or related to our businesses. We have an *amanah* to discharge and we therefore cannot relent in pursuing our business objectives. At the same time, so that we can go to bed with an easy conscience and peace of mind, we cannot compromise on our Core Values and ethics.

MY THANKS TO ALL

Our performance and accomplishments during the financial year under review are due to the dedication and commitment of *Warga* DRB-HICOM. We are blessed with a strong management team and hardworking employees, whom I know are all committed to expanding and sustaining our businesses. My sincere appreciation goes to every member of our staff.

I wish to acknowledge the wise counsel and contributions of our Chairman and Board of Directors, whose guidance has kept us focused on our Mission of leading the nation's growth in the areas of our core businesses.

Our successes are dependent on the support of our business associates, partners and financiers, and to them I extend my thanks. My appreciation also goes to the Government, regulatory authorities and agencies, who have encouraged and assisted us in our endeavours. And to our customers and shareholders, a heartfelt 'thank you' is extended to them for continuing to place their trust and confidence in DRB-HICOM.

TAN SRI DATO' SRI HAJI MOHD KHAMIL JAMIL

Group Managing Director



Aerial view of PROTON Tanjung Malim plant

AUTOMOTIVE SECTOR

The Malaysian automotive market recorded a Total Industry Volume (TIV) of 646,784 units in FY 2013, of which 217,305 units were cars sold by the Group. In percentage terms, DRB-HICOM's share of the market was an impressive 34%. Within the Group, Proton cars made up 65% of the cars sold, with Honda coming second at 21%, followed by Mitsubishi (6%), Isuzu (5%), Suzuki (3%) and Audi (1%).

AUTOMOTIVE DISTRIBUTION

Long-range product planning is key in the automotive business as it takes three years to bring a new model to market. In the interim, car producers undertake cosmetic changes to extend the product cycle and maintain the interest of consumers. DRB-HICOM has several brands, all of which are under separate managements that compete with one another in the market, under its umbrella.

Nonetheless, in a competitive operating environment such as automotive, it is essential that the Group employs effective and creative marketing strategies to bring its many marques to potential customers. In FY 2013, one of these strategies was our highly successful first-ever 'DRB-HICOM Autofest 2013', the first one of which was held over three days in January 2013 at the EON Head Office Complex in Glenmarie, Shah Alam. We received over 15,000 visitors to the Autofest, during which 12 automotive brands under the Group were showcased. Over 420 bookings were received, which generated more than RM33.0 million in revenue. The Autofest was also a community service programme in which three non-governmental organisations involved in humanitarian and relief efforts in Gaza received contributions of RM60,000.00 each.

Automotive Corporation (Malaysia) Sdn. Bhd. (ACM)

With more than 30 years of experience, ACM is a major player in the commercial vehicle market as the sole distributor of light-duty HICOM Perkasa trucks as well as franchise holder and distributor of Isuzu medium and heavy-duty trucks. For FY 2013, ACM achieved a sales turnover of RM266.0 million (FY 2012: RM190.0 million).

Sales of commercial vehicles increased by 16% from a total of 65,010 units in 2011 to 75,564 units in 2012, mainly contributed by the pick-up segment, of which Isuzu sales contributed 10% of market share. Nonetheless, in the light and medium-duty truck segment, combined sales of Isuzu and HICOM Perkasa trucks made up 44% of the segment's total volume of 12,475 units in 2012. This placed ACM at the top in terms of market leadership. It was the top Isuzu dealership in this category for the period, with 20% of total Isuzu registrations. The medium and heavy-duty truck segment achieved a total of 1,016 units of sales in 2012, of which 33% was attributable to ACM's Isuzu trucks. This contributed to 64% of Isuzu's overall performance in this segment, positioning ACM as the top Isuzu dealership.

ACM aims to maintain its number one Isuzu spot in Peninsular Malaysia by capitalising on its network of six 3S strategically-located centres, its cohesive sales and delivery system, as well as its strong emphasis on fleet sales.

DRB-HICOM Auto Solutions Sdn. Bhd. (DHAS)

DHAS provides logistics and pre-delivery inspection (PDI) facilitator services for the import and export activities of nine major marques. These are Audi, Volkswagen, Honda, Mitsubishi, Isuzu, Suzuki, Mahindra, BRP and Potenza. Total revenue achieved for FY 2013 was RM396.0 million (FY 2012: RM157.0 million).

The company's long-term strategy is to be a global logistics solution provider through a wider spectrum of services to support the CKD programmes of the marques in its customer list, including offering a premier pre-delivery inspection centre.



Volkswagen production line in DRB-HICOM Automotive Complex Pekan

Edaran Otomobil Nasional Berhad (EON)

There were a number of significant events for EON in FY 2013 aimed at rationalising businesses at the DRB-HICOM group level. On 1 November 2012, the Company disposed its Proton business, together with related assets and liabilities, to Proton Edar Sdn. Bhd. (PESB), a subsidiary of PROTON Holdings Berhad, for a total cash consideration of RM195.0 million. It also sold its entire shareholding in EON Properties Sdn. Bhd. to PESB for RM147.0 million; its total stake in Automotive Conversion Engineering Sdn. Bhd. to PESB for almost RM2.0 million; and its 40% shareholding in Proton Parts Centre Sdn. Bhd. to PESB for RM55.0 million. These sales were followed by EON's acquisition of the total interest in HICOM Auto Sdn. Bhd. from HICOM Holdings Berhad for RM5.0 million.

EON's current business model is that of an investment holding company that provides shared services support to its subsidiaries in areas such as human capital, finance and information technology. At the group level, EON generated revenue of RM1.7 billion and recorded PBT of RM97.0 million.

Euromobil Sdn. Bhd. (Euromobil)

Euromobil, the distributor of Audi vehicles, marked FY 2013 with the introduction of several key models in its product line-up, including the Audi Q3, a compact SUV. Its models in the B-segment, the Audi A4 and Audi Q5, came with improved features.

Sales for FY 2013 were the highest recorded thus far. With its strong product range, Euromobil succeeded in achieving total sales of 1,473 units, an increase of 59% from the previous financial year. Such a performance enabled the company to increase its market share in the luxury car segment to 8.3%. The A4 and Q5 led the Audi pack in terms of units sold. Meanwhile, the A6 Hybrid that was launched in February 2013, together with the forthcoming launch of three new models in the Malaysian market should go far in further boosting sales in the near future.

Honda Malaysia Sdn. Bhd. (Honda Malaysia)

No longer disrupted in the supply of completely knocked down (CKD) vehicles due to natural disasters in Japan and Thailand, which had hampered business in the previous year, Honda Malaysia was able to push forward in FY 2013 with aggressive marketing campaigns and the launch of several new models. Total sales of 45,981 units were recorded for the current financial year, led by the City with its new facelift and new generation Civic. The demand for older models, such as the Accord, would pick up when the new generation models are released in the Malaysian market. When the new generation CRV was launched in March 2013, the model attracted strong interest and is expected to support the brand's sales in the near future.

The improved performance in FY 2013 resulted in an increase in sales revenue by nearly RM2.0 billion or 94% and PBT by RM52.0 million or 44% from that achieved in the previous financial year.



A selection of Honda cars at a showroom in Setia Alam, Selangor

Honda Malaysia has budgeted increased capital investment to upgrade and modernise its present plant in Pegoh, Melaka. During the financial year, the Jazz IMA became the first hybrid vehicle model to be locally assembled in the country and rolled out from this plant. To increase its presence and market share, the company has a new plant in progress that will increase capacity from 50,000 to 100,000 units annually when it starts production in October 2013. In preparation for an enlarged market share and customer base, special focus has been placed on dealer expansion and development, particularly in improving efficiencies and quality, during FY 2013.

HICOM Auto Sdn. Bhd. (HASB)

HASB, a distributor of Volkswagen cars in the country, achieved vehicle sales of 346 units in FY 2013, a significant increase from the total recorded in the previous financial year of 42 units. The improved performance could be attributed to better brand awareness of the marque as well as the launch of 11 new models and variants, including the 21st century Beetle. In addition, Volkswagen introduced two variants of the Touareg, its signature SUV.

Volkswagen is increasingly making its presence felt in the market with over 13,000 units sold in 2012, an increase of 77% from 7,350 units in 2011. The growing demand for its cars has led Volkswagen to increase the number of dealerships from 12 to 22. To ride on this trend, HASB proceeded to open a sales outlet in Seremban as well as Bayan Baru, Penang, which began operations on 8 February and 15 May 2013 respectively. Together with its outlet in Cheras, HASB now has three sales outlets.



The new ISUZU D-Max undergoing pre-delivery inspection at DRB-HICOM Automotive Complex Pekan

Isuzu Malaysia Sdn. Bhd. (Isuzu Malaysia)

Isuzu Malaysia, which imports, assembles, markets and distributes both CKD and completely built up (CBU) models of the D-max pick-up trucks as well as the light-duty N-series trucks, registered sales of 10,850 units during FY 2013 (FY 2012: 9,636 units). This comprised about 14% of the overall market for commercial vehicles. Strategies are in place to increase this share so that the company can regain its number 1 position in commercial truck sales in Malaysia.

Mitsubishi Motors Malaysia Sdn. Bhd. (MMM)

MMM, the official distributor of Mitsubishi vehicles in Malaysia, introduced new variants for the ASX EURO, Lancer GT Upgrade, Triton LITE Turbo and Triton VGT SAM during FY 2013. In addition, the new Mirage was launched, a defining moment for MMM as it was the company's first entry into the B-segment hatchback market. Another first during the year under review was the launch of MMM's 100% electric vehicle, the Mitsubishi i-MiEV (Mitsubishi innovative Electric Vehicle), at its first EV centre, SAG Star at Jalan Chan Sow Lin, Kuala Lumpur. The vehicle is now ready for sale to the Malaysian market.

The company recorded a registration volume of 12,619 units for FY 2013 (FY 2012: 11,408 units).

Motosikal Dan Enjin Nasional Sdn. Bhd. (MODENAS)

The Malaysian motorcycle industry posted 10% growth in FY 2013, with sales increasing from 555,513 in FY 2012 to 613,063 in FY 2013. Mopeds made up 78% of the total industry volume, with scooters taking up 12% of market share. With total sales in FY 2013 of 56,291 motorcycle units, MODENAS increased its market share from slightly more than 17% compared to FY 2012. Of the total number of units sold, 79% comprised sales Moped 100cc, driven principally by the Kriss MR1 and CT100 models, which were the buyers' choices due to their durability, quality and reasonable prices.

MODENAS is working on collaborating with a foreign company, whose motorcycle expertise will assist MODENAS in the areas of research and development as well as manufacturing. New and more stylish models, which will meet the Euro 3 emission standard, will be introduced in the coming financial year to capture a bigger share of the local motorcycle market.

PROTON Holdings Berhad (PROTON)

Management focus continued to be on PROTON, as extensively reported in the Group Managing Director's Review of Operations. In regard to distribution, the Group streamlined the marketing, sales and servicing of PROTON vehicles under Proton Edar Sdn. Bhd. (PESB), a wholly-owned subsidiary of PROTON. It was an internal reorganisation completed in November 2012, in which EON was merged with PESB. The rationalisation exercise has brought about better distribution, improved logistics and enhanced after-sales services. PROTON is also able to leverage on the expanded network and combined workforce of the merged entity.

PROTON Group's 5-year business plan was finalised to focus on market potential, product range and overall operations. Other measures were taken in regard to PROTON cars during the financial year under review. The tier system of vendors was revamped in line with QCD (Quality, Cost and Delivery), design and development capabilities, as well as cost-saving initiatives, such as tightening the procurement process, were implemented. The export operations were re-evaluated, with a focus on selected markets, while products were enhanced to offer higher values to customers, especially in terms of occupant safety, performance and overall quality.

PROTON cars continued to hold a sizeable share of the market over the months covered by FY 2013, averaging 22% from April 2012 to March 2013. Total sales were 140,396 units, with the Saga being the frontrunner followed by Exora, Persona and Prevé.

Over at Lotus Group PLC (Lotus), where a revised business plan is being implemented, key staff have been appointed who will oversee initiatives to improve the overall business operations, expand sales potential in the market and increase brand awareness. Emphasis will be on refining and refreshing the model range, increasing the company's productivity as well as implementing cost-saving measures. A re-strategising of the export market is also being worked out.



Armoured Vehicle 8X8 at DEFTECH's plant, DRB-HICOM Automotive Complex Pekan

Suzuki Malaysia Automobile Sdn. Bhd. (SMA)

FY 2013 has been an active period for SMA. On 8 October 2012, it moved to its new corporate office at Empire Subang Jaya to accommodate its business expansion. There were also a number of product launches – the Suzuki SX4 Crossover on 1 July 2012; Grand Vitara 2.0L facelift on 21 November 2012; and Swift 1.4L CBU on 10 January 2013.

SMA recorded sales volume of 6,837 units during the financial year under review. Market share is expected to increase with the introduction of new products, such as the Swift 1.4L CKD, Swift Sport 1.6L and Jimny 1.3L.

USF-HICOM (Malaysia) Sdn. Bhd. (USF-HICOM)

USF-HICOM is the exclusive distributor in Malaysia for the Can-Am SPYDER Roadster, a motorised recreational vehicle manufactured by Bombardier Recreational Products Pte. Ltd. that is headquartered in Quebec, Canada. The locally-assembled roadster was launched in the country in February 2012 with two models, the RS and RT, which are available in several variants.

The company is expected to surpass the 100-unit mark in 2013 and, in anticipation of greater sales and service requirements, has set up a new showroom at the EON Head Office Complex in Glenmarie, Shah Alam. This is in addition to the current one at Ampang Point, Kuala Lumpur. A fully-equipped service centre, which will complement the new showroom, is expected to be ready in the third quarter of 2013.

DEFENCE

The defence segment, which is project-based, is expected to grow well in the long term. The acquisition of Composites Technology Research Malaysia Sdn. Bhd. (CTRM) by DEFTECH, which was sealed in July 2013, brings DRB-HICOM into aviation component manufacturing for the aerospace and non-aerospace industries. CTRM, whose customers include Airbus and Eurocopter, is expected to be a key unit to support the Group's defence-related business objectives.

DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH)

DEFTECH's long-term vision is to be a credible armoured vehicle manufacturer. To achieve this, the company creates and acquires intellectual property rights in vehicle design and builds capabilities in system integration. In FY 2013, DEFTECH delivered the first sealed pattern for its Armoured Vehicle 8 (AV8) to the Ministry of Defence. The AV8 was displayed during the Army Day parade in Port Dickson, Negeri Sembilan, on 1 March 2013.

The AV8 will be manufactured at DEFTECH's Pekan plant, which will roll out its first production in April 2014. A total of 12 different variants and complex combat systems would be integrated and manufactured in the plant's upgraded facility. DEFTECH has another plant in Nilai to focus on the maintenance, repair and overhaul (MRO) of all 'soft skin' and 'armoured' military vehicles. The plant is geared to be the centre of MRO excellence for the region and, towards this end, accreditation is being sought from leading original equipment manufacturers (OEMs) that the company is associated with, including Perkins, Cummins, Renk, ZF Transmission and Allison.

During the financial year under review, DEFTECH entered into a technical cooperation and collaboration agreement with TATA Motors Limited of India to enhance DEFTECH's technical proficiency in land combat platforms. A Memorandum of Understanding (MOU) was also signed with Saab AB of Sweden on 26 March 2013 for cooperation in designing and manufacturing advanced composite systems and components for military and commercial aerospace applications, composite repair technology, system integration of electronic warfare, avionics and other airborne systems, as well as UAV systems and technology. This MOU marks the company's entry into aerospace.

Also on the military front, DEFTECH inked a Non-Disclosure Agreement (NDA) with some world renowned OEMs in combat systems and platforms, the most prominent of whom is Manroy Engineering, the leading heavy machine gun (HMG) manufacturer of .50 in calibre of 12.7mm. This particular NDA will enable DEFTECH to equip and supply all our combat platforms with Manroy's HMG. Going further afield, an agreement has been signed with the Ministry of Defence of the Democratic Republic of Timor Leste on 7 September 2012 to supply nine units of the company's Handalan 2.5TL trucks, which will be delivered in September 2013.

A NDA has been signed with Alexander Dennis Ltd. (ADL) of the United Kingdom, the world's premier manufacturer of double-deck city buses. DEFTECH and ADL will be participating in the tender for such buses for Rapid KL that will be announced by Syarikat Prasarana Negara Berhad. DEFTECH has also successfully completed the design, integration and supply of 144 units of waste management trucks to Alam Flora Sdn. Bhd. for a contract awarded in March 2012.

MANUFACTURING AND ENGINEERING

The manufacturing and engineering sector covers DRB-HICOM's businesses in automotive component manufacturing, automotive assembly and motorcycle engine assembly. On 7 September 2012, the Group entered into a joint venture with HBPO GmbH to design, develop and supply front-end modules for vehicle OEMs in Malaysia through a new company, HICOM HBPO Sdn. Bhd. Another joint-venture company, Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd. (Faurecia HICOM), was established through a joint venture with Faurecia Exhaust International SAS. Faurecia HICOM will be manufacturing, assembling, delivering and selling automotive exhaust systems and vehicle components for OEMs in the country.

The Group has eight world-class assembly plants in Malaysia. Three plants, which are for motor vehicles, are at the integrated assembly complex in Pekan while one, exclusively for the assembly of Honda cars, is in Pegoh, Melaka. The other four plants are for the assembly of MODENAS, Honda, Yamaha and Suzuki motorcycles. The integrated complex in Pekan was the first plant outside Germany to be accorded approval to assemble the Mercedes S class.

In March 2012, DRB-HICOM and the Volkswagen Group Malaysia officially started production of the Volkswagen Passat at the Pekan plant. Since 2013, the Passat is being assembled in a new production hall in the integrated complex. In mid-June 2013, the plant started assembling the Polo Sedan. Two additional models, the Polo Hatchback and Jetta, will be produced on a CKD basis for the Malaysian and regional markets by the end of 2013.

HICOM Automotive Manufacturers Malaysia Sdn. Bhd. (HAMM)

HAMM produces cars for a number of franchise holders, namely Mercedes-Benz Malaysia Sdn. Bhd. (Mercedes-Benz C, E and S class; Fuso; Actros and bus chassis); Suzuki Malaysia Automobile Sdn. Bhd. (Suzuki Swift); and Volkswagen (Passat).

For the financial year under review, HAMM produced a total of 15,288 units and recorded revenue of RM259.3 million. The company expects its performance to improve further when it commences production of Volkswagen's Polo and Jetta models in the near future.

HICOM-HONDA Manufacturing Malaysia Sdn. Bhd. (HHMM)

The Malaysian motorcycle market recorded a TIV of 565,000 units in 2012. For FY 2013, with sales of 232,700 units, Honda motorcycles took up 41% of market share and maintained its premier spot. Two new automatic transmission models, the Future 125 and Spacy, were introduced during the period.

HHMM posted a revenue of RM274.0 million for FY 2013, including export sales of RM13.5 million. The company expects to improve its performance in the next financial year with the resolution of teething issues at Boon Siew Honda's new factory in Batu Kawan.

HICOM Diecastings Sdn. Bhd. (HDSB)

HDSB is the region's main casting supplier, specialising in engine components for automotive and non-automotive OEMs and motorcycle engine assemblers. Locally, customers include PROTON, Perodua and ZF Steering (Malaysia), while internationally, ZF Steering (USA), White-Rodgers (USA), Heka Dental (Denmark), Eglin (Finland), PT Astra Daihatsu (Indonesia) and NSK (Japan) are a few of its customers. The company is backed by technology providers Ryobi Ltd. and Akashi Kikai Co. Ltd. (Japan) and Dong Sep Machines & Tools (Korea). It further receives technical advice from Daihatsu Motor Co. (Japan).

For FY 2013, HDSB achieved RM89.0 million in revenue. The company expects a better performance in forthcoming years due to its business diversification strategy.

HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (HTS)

HTS is the largest OEM plastic automotive vendor in Malaysia. Its core products range from instrument panels, door trims, bumper fascias and door brackets to class-A painted and chrome-plated products. With an overseas plant in Rayong, Thailand, HTS offers a diversified OEM base to its customers, which include PROTON, Perodua, Honda, Toyota, Nissan and Volkswagen.

During FY 2013, the Company's business was enhanced with the supply of door trims for the new Toyota Camry and painted bumpers for Nissan Almera. It also started supplying CKD module assembly and painted parts for Suzuki's new Swift model and CKD module systems for the Volkswagen Passat. The Rayong plant undertook the supply of painted bumpers for the T300 Cruze by General Motors Thailand and made inroads into the Japanese Tier-1 market by supplying trim parts for Sanko Gosei Thailand's Isuzu D-Max. These have had a positive impact of HTS's bottom-line, helping the company to achieve sales of RM396 million for the year under review (FY 2012: RM339 million).

HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd. (HYMM)

A manufacturer and assembler of Yamaha motorcycle engines and parts, HYMM recorded total revenue of RM209.0 million for the year under review. With sales of 159,100 units of engines, the company was able to maintain its market share of 33%.

ISUZU HICOM Malaysia Sdn. Bhd. (IHM)

IHM is a manufacturer of commercial vehicles, principally the Isuzu light-duty and heavy-duty trucks as well as pick-ups. The ISUZU N-Series had the distinction of being the best-selling light-duty truck in Malaysia for the third consecutive year. In 2012, the company recorded sales of 5,473 units and captured 31.8% share of the market. In the heavy-duty segment, sales of the F-Series increased from 70 units in 2011 to 301 units in 2012, an increase in market share from 4.6% to 5.4%.

The company had launched new models for the ISUZU 700P F-Series trucks and upgraded the 729 N-Series High Power Engine and D-Max High-Def Limited Edition. For FY 2013, IHM achieved total sales revenue of RM486.0 million (FY 2012: RM364.1 million). In April 2013, the all-new D-Max pick-up truck was introduced, which is expected to bring in revenue of RM502.0 million per annum.

Oriental Summit Industries Sdn. Bhd. (OSI)

OSI manufactures and supplies chassis components, such as front lower arm, rear axle suspension and lever parking brake, to OEMs that include PROTON, Perodua, Volvo and Toyota. Its production processes encompass stamping, welding, Electro Disposition (ED) painting and assembly. Technically, the company has the ability to undertake product and tooling design, tooling fabrication, and integrated Programmable Logic Control system design for robot assembly, through technical collaboration with Futaba Industrial Co. Ltd., Akashi Kikai Industrial Co. Ltd. and Hiruta Kogyo Co. Ltd.

To diversify its business, OSI is now also engaged in emissions control technologies through Faurecia HICOM, a joint-venture company. OSI plans to venture into the track mounted equipment business as another revenue stream. For FY 2013, the Company achieved revenue of RM188.7 million (FY 2012: RM163.2 million).

PHN Industry Sdn. Bhd. (PHN)

With a wide range of services offered from design to mass production, PHN has grown to become the Tier-1 metal stamping vendor for PROTON, Perodua and Honda vehicles. The company is also the only Tier-1 seat frame assembly vendor for Toyota. For the financial year under review, business has been boosted with the Honda CRV FMC - 2WS, Civic FMC - 2HC, Suzuki Swift YP5 and Astro disc assembly starting mass production. PHN will be preparing the tooling and production lines and supplying the assembled parts for Honda's upcoming models. The company is also participating in the localisation of Volkswagen and Suzuki vehicles.





Automated production line at PHN Industry Sdn. Bhd., Shah Alam

PHN posted sales of RM312.6 million for FY 2013 (FY 2012: RM253.6 million). Moving forward, PHN will strengthen its business with PROTON while expanding its opportunities with Honda, Suzuki and Perodua as well as with other companies within the Group, such as in fabrication and machining. It will also be strengthening its dies-making capabilities and venturing into high-value products.

MOVING FORWARD

For DRB-HICOM's automotive sector, the road ahead is pivotal on progress made in regard to addressing the issues in PROTON. The industry is a volume game so efforts will be directed at ramping up annual production to 500,000 units in five years' time. As already outlined by the Group Managing Director, we aim to be the leader again in the local market through ensuring the quality of our products and offering new models in all segments of the market. As a cost strategy, we will be exploring collaborations with major OEMs.

Following the internal rationalisation of PROTON's distribution business, EON has effectively ceased to market and distribute PROTON cars with effect from 1 November 2012. There are currently about 250 outlets, including 60 branches owned by PESB. There is a possibility that all outlets might be turned into franchised outlets to further streamline this area of the business.

The Group's joint venture with Volkswagen promises to become more exciting with the roll-out of units from the new production hall at the automotive complex in Pekan. Our initial plan to assemble 3,000-5,000 units a year for the growing Malaysian market has expanded to 40,000 units per annum. We will also be working to meet the increasing demand for Audi cars, which has a huge order book for the A6 Hybrid already in hand.

DEFTECH is expected to be an important contributor to the automotive sector once the AV8 is rolled out in FY 2014 under the 7-year contract with the Ministry of Defence. The contract value is worth RM7.5 billion and peak production will be in FY 2017. The acquisition of CTRM has added aerospace and aviation segments into the business spectrum in the near future. Revenue will also be boosted with the transformation of the MRO centre in Nilai providing services for both military as well as heavy and specialised non-military vehicles.

SERVICES SECTOR

The services sector continued to be the main contributor to DRB-HICOM's PBT, rising from 57% of total PBT in FY 2012 to 62% in FY 2013. This is despite the fact that the sector's share of the revenue mix declined from 37% to 20%. Companies within the sector generated total revenue of RM2.59 billion in the current financial year (FY 2012: RM2.56 billion).

CONCESSIONAIRES

KL Airport Services Sdn. Bhd. (KLAS)

For the financial year under review, with 46 airline customers in its books, KLAS handled 17,420 flights and 152,946 tons of cargo at the Kuala Lumpur International Airport. In addition, it had served 1.86 million in-flight meals. In Penang, the company handled 10,724 flights and 24,806 tons of cargo, excluding baggage. Eleven new customers, including Bangkok Airways, KLM Royal Dutch Airlines and Etihad Airways, were acquired over the period for ground handling, in-flight catering and aircraft maintenance and engineering services.

The growth of the aviation sector, however, has remained constant, with world passenger traffic growth is forecast to increase slightly from 5.3% in 2012 to 5.4% in 2013, and world cargo volume to rise from 2.0% to 2.7%. Under such an environment, KLAS has to proactively work with Malaysia Airports Holdings Berhad to secure new airlines operating into the country. The company is also diversifying its business spectrum to cover halal logistics and non-aviation catering, such as institutional catering and production of ready-to-eat meals. There are also synergistic opportunities within the DRB-HICOM Group, such as with Pos Malaysia and PROTON.

KLAS's performance for the financial year under review was better than the industry benchmarks. KLAS's mishandling of baggage per 1,000 passengers is zero compared to the industry's two. In regard to mishandled cargo per month, it is one for KLAS and three for the industry. While the industry's benchmark for on-time departures is 98.5%, KLAS achieved 99.7%.





KLAS's operations include push-back of aircraft prior its departure

Alam Flora Sdn. Bhd. (Alam Flora)

Alam Flora has entered into a concession agreement with the Government of Malaysia and Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam (PPSPPA) on 1 September 2011 to provide collection and public cleansing management services.



Alam Flora's staff using Vac-all machine to vacuum soil and dirt from the drain



Attending to customers at Bank Muamalat

The concession shall run for 22 years from 1 September 2011 to 31 August 2033, covering the Federal Territories of Kuala Lumpur and Putrajaya as well as Pahang. Currently, Alam Flora is responsible for solid waste management (SWM) and public cleansing services in 13 out of 32 local authorities in its concession areas.

In FY 2013, Alam Flora has posted a revenue of RM391.9 million, a decrease of 5% from RM412.5 million in FY 2012. The company, however, achieved PBT of RM35.7 million during the financial year as compared to the loss before tax of RM7.1 million in FY 2012. While it focuses its operations towards the implementation of full privatisation in its current operational areas in Kuala Lumpur, Putrajaya and Pahang, Alam Flora is also pursuing the takeover of SWM and public cleansing services in Kelantan and Terengganu.

As it prepares itself to be the biggest private SWM company in Malaysia, Alam Flora is streamlining its operations to meet the service level requirements and improving productivity through greater use of technology. In that relation, the

company had replaced its old fleet with the purchase of 669 collection and cleansing vehicles in FY 2013 comprises of compactors, road sweepers, open lorries, water tanker, high pressure jetter and other types of vehicles which is fully mechanised.

In addition to the above investment, the company had also distributed more than 256,240 of mobile garbage bins (MGB) to the residential and commercial premises in the concession areas. In FY 2013, the Management of Alam Flora has taken further steps by enhancing the IT infrastructure by implementing the Automated Vehicle Locating System (AVLS), Geographical Information System (GIS) and Solid Waste Information Management System (SWIMS) to further improve the office and field work quality.

Moving forward, Alam Flora is confident that with the full commitment towards the implementation of national privatisation of solid waste and public cleansing services, it will be able to move ahead to continuously improve towards strengthening its business with the aim of enhancing profitability and return to the shareholders and internal stakeholders.

PUSPAKOM Sdn. Bhd. (PUSPAKOM)

PUSPAKOM is the sole inspection company appointed by the Government to undertake mandatory commercial vehicle inspections and hire purchase inspections. The company has 55 permanent centres nationwide and services over 28 additional inspection sites, at which it performs more than three million vehicle inspections annually. To deliver on its commitment to provide good service quality that is fast, efficient and courteous, PUSPAKOM implemented key enhancements to its facilities.

During FY 2013, the Manjung centre was relocated and upgraded with the latest amenities, enabling it to cater to 250 vehicles per day compared to 80 vehicles previously. The centre in Segamat was relocated and upgraded as well, while the customers' amenities and lanes were upgraded at the Sarikei centre. The inspection lane equipment was also upgraded at the Seremban centre and lane upgrading works will be initiated in stages at other centres. On 21 November 2012, operations commenced at PUSPAKOM's new branch at DRB-HICOM Automotive Complex Pekan. With two inspection lanes, the centre has the capacity to undertake 150 inspections per day. In addition, an Inspection by Appointment system has been introduced since April 2012 at all permanent centres for better traffic management and shorter waiting time for customers.

PUSPAKOM's revenue has been growing steadily from year to year and for FY 2013, it posted a revenue of RM141.1 million (FY 2012: RM133.6 million). The improved performance was due to the increased contribution from its non-concession business, i.e. hire purchase inspections and imported vehicles inspections for the Customs Department, which grew from RM17.7 million in FY 2012 to RM24.2 million in FY 2013. The total revenue was made up of 83% concession business (FY 2012: 87%) and 17% non-concession (FY 2012: 13%). The company's PBT rose by 81% from the previous year to touch RM20.98 million, arising from the increased revenue and implementation of cost saving initiatives.

As much of PUSPAKOM's revenue is tied to the automotive industry's TIV, the company needs to explore potential areas of growth in its non-concession business. It will also expand its Premier Mobile Inspection services in the Klang Valley and utilise its existing assets for rental income.



Uni.Asia General Insurance servicing counter

FINANCIAL SERVICES

Bank Muamalat Malaysia Berhad (Bank Muamalat)

While the international economy remained uncertain, the Malaysian economy expanded further by 5.6% in 2012. The banking sector in the country continues to be healthy and recorded stable asset growth, fuelled by low inflation, ample liquidity, high level of private investment and domestic consumer demand. Islamic banking grew its total assets by 13.8% to RM495.0 billion, accounting for 24% of the overall banking system in 2012.

Bank Muamalat recorded an increase in total revenue from RM893.6 million in FY 2012 to RM999.3 million in FY 2013, a double-digit growth of 11.8% that was supported by higher contributions from financing and fee-based activities. Financing income grew by 18.2% to RM616.5 million, while fee and other income increased by 27.5% to RM94.7 million. The notable improvement in fee-based income was driven mainly by the bank's expanding Ar-Rahnu business and wealth management services, as well as its corporate advisory activities. For FY 2013, Bank Muamalat posted its highest PBT to-date of RM236.0 million (FY 2012: RM103.0 million).

The bank's total assets registered a modest growth of 2.8% to RM21.1 billion, while customer deposits increased slightly by 3.3% to RM18.7 billion. Asset quality for gross impaired financing improved significantly to 2.5% from 4.7% recorded in the previous year. The risk-weighted capital ratio remained stable at 19.2%.

The bank will continue to improve the efficiency and productivity of its operations to strengthen its capabilities and enhance performance. A new team is in place at Muamalat Invest Malaysia Berhad to drive the bank's Shariah-compliant fund management business. To strengthen its wealth management initiatives, the Bank will continue to have strategic tie-ups

with third party takaful operators to offer a wider product range. In 2012, a continuous improvement programme was implemented at the headquarters and branches to elevate productivity. The Muamalat Operational Risk Solution (MORIS) was launched for better and more integrated risk identification and assessment, together with a Credit Scoring system to assess customers' default risk.

Bank Muamalat's commendable performance is a testament to its distinctive business model, client-focused approach and product positioning in the market. Future earnings will largely be supported by expansion in its fee-based businesses. The bank expects to continue its growth trend in both the consumer and business segments as it builds on opportunities derived from its strong capitalisation and liquidity position.

Uni.Asia Life Assurance Berhad (UAL)

The success of the company's transformation programme, which was initiated in 2012, is reflected in its performance in FY 2013. UAL achieved gross premium value of RM276.0 million and PBT, including the Transfer of Life Fund surplus, of RM37.0 million. The latter represents a 13% growth over the previous year.

Given that the penetration rate for life insurance in the country is 45%, while the government has set a target of 75% under its Economic Transformation Programme, the opportunities to grow the business are far-reaching. Added to that is the 2013 projected growth rate of 10% for the industry. UAL is in a good position to forge forward with its Agency Leaders' Corporations business model, which grew by a considerable 25% during the financial year under review.

Product development is a key element for success and UAL teamed up with Pos Malaysia to introduce the Pos Assurance distribution channel, the first of its kind in the country. Its maiden product, PosHayat, was received positively by the public. By leveraging on Pos Malaysia's extensive distribution network, UAL will be able to contribute to increasing the penetration rate for life insurance.

The company's Bankassurance business has proven itself and needs to be further developed to maximise its capacity. With its multi-dimension distribution channel, UAL will strive to be amongst the top five insurers of choice.

Uni.Asia General Insurance Berhad (UAG)

UAG's focus is on profitable retail products with high retention, particularly motor, fire and personal accident insurance, for the mass market. All of the company's distribution channels performed strongly and, leveraging on DRB-HICOM Group's synergies, UAG further expanded its distribution reach.

The result was strong sales growth of its retail products in FY 2013, which helped UAG to achieve gross premium of RM471.9 million (FY 2012: RM431.7 million) and PBT of RM97.0 million (FY 2012: RM52.1 million). The company's Capital Adequacy Ratio at 264% far exceeded Bank Negara Malaysia's supervisory requirement of 130%.



A lecturer giving instructions to student at DRB-HICOM's International College of Automotive, Pekan

OTHER BUSINESSES

Pos Malaysia Berhad (Pos Malaysia)

In FY 2013, Pos Malaysia embarked on its 5-year transformation plan to become the trusted leader in the delivery of integrated physical and digital solutions. To achieve this aspiration, Pos Malaysia has realigned its core businesses from a product-centric paradigm, to customer-driven solutions which saw the establishment of the following business clusters in the second year - Communications and Distribution Solutions, One-Stop Solutions, Supply Chain Solutions, International Business Solutions, and Digital Solutions. This shift enables Pos Malaysia to provide solutions that go beyond its traditional services, further enhancing its suite of offerings to cater to the changing demands of the marketplace. The restructuring breaks down the traditional boundaries of postal services, allowing Pos Malaysia to leverage its assets and core competencies to venture into new growth areas and propel the Company to achieve double-digit business growth, year on year, through to 2017.

Pos Malaysia registered record level revenue of RM1.27 billion for FY 2013, representing an increase of 7.8% from its previous corresponding period. This growth was driven primarily by the courier and retail businesses as well as the launch of new products and services in line with its revenue diversification strategy. For instance, the year 2013 saw the launching of new offerings such as Direct Mail; Pos Assurance which offers two life insurance products branded as PosHayat and Pos Bestari and Ar-Rahnu@POS, a secured Shariah-compliant micro credit financing facility; as well as Al-Ajwa and Integrated Fulfilment Services (IFS), two innovative services riding on Pos Malaysia's courier delivery network.

Some of these efforts are the direct result of capitalising on the synergistic opportunities within the DRB-HICOM Group, through combining forces with Bank Muamalat and Uni.Asia in offering financial and insurance products via its postal network and leveraging Pos Malaysia's fleet and network to deliver IFS solutions to PROTON. While the company is also now the courier service of choice within the Group, we envisage further undertakings to reap the benefits from the synergies the company has with the Group.

HICOM University College Sdn. Bhd. (HUCSB)

The International College of Automotive (ICAM), which was established in 2010 to provide tertiary education for the automotive industry, is owned and managed by HUCSB. It is located at DRB-HICOM's automotive hub in Pekan. Phase 1 of the campus will be completed by September 2013. The campus will be fully completed in 2015, by which time it will be able to take in 7,000 students.

ICAM currently offers eight diploma programmes in engineering and technology as well as business management. At the end of June 2013, ICAM's students totalled 759 students. The first batch of 72 students completed their three-year diploma programmes in March 2013. To enhance the range and quality of courses offered at ICAM, the college has entered into a collaborative agreement with Multimedia University (MMU) and signed Memorandums of Understanding (MOU) with Universiti Pertahanan Nasional Malaysia and Universiti Pahang Malaysia, respectively.

The agreement with MMU, signed on 9 July 2012, is for the conduct of the Master of Business Administration programme at ICAM on a full-time and part-time basis. This particular collaboration is aimed at upgrading ICAM to university status and to provide a platform for ICAM's academic staff to upgrade their qualifications.

ICAM has also signed an agreement with WMG, University of Warwick, United Kingdom, in June 2012 to develop an industry-to-industry collaboration in research and education.

The development of the University Village progressed well with the completion of two of the three fully-furnished blocks. ICAM's students have been accommodated at the Village since January 2012. When it is fully completed, it will be able to house 2,229 students.

In FY 2012, ICAM has entered into a collaborative agreement with Liverpool John Moores University, United Kingdom for a 2+1 year twinning programme of B.Eng. (Hons) in Manufacturing Systems Engineering.



The reception at Pusat Mel Nasional, Shah Alam

Scott & English (Malaysia) Sdn. Bhd. (Scott & English)

Being a major supplier of high horsepower engines to the ship-building industry, Scott & English was adversely affected by the lack of recovery in the world's ship-building industry in FY 2013. The growth in new forward sales contracts was consequently very slow. A similar situation was faced in regard to the sale of high capacity generators, another of the company's product range, because of a lack of big investments in the manufacturing sector.

Nonetheless, the company succeeded in reporting pre-audit sales of RM205.0 million with a PBT of RM8.38 million for FY 2013, which was at par with the previous financial year, due to a strong order book carried over from the previous year. Incorporating the financial results of its two subsidiaries, HICOM United Leasing Sdn. Bhd. and Scott & English Trading (Sarawak) Sdn. Bhd., total sales were RM222.1 million and PBT was RM9.88 million.

Midea Scott & English Electronics Sdn. Bhd. (Midea Scott & English Electronics)

Business in the household electronic and air-conditioner segment has become increasingly competitive with the entry of more products from China and the consequent lowering of prices by leading brands from Japan and Korea. The situation is expected to stabilise within the next three years.

Factories in China, affected by the downturn in the North American and European economies in 2012, have had to increase their prices due to sales stagnation, lower gross margins and increased costs. As a result, sales of washing machines, fans and other small appliances dropped drastically, some by more than 30%. The strengthening of the US dollar against the Ringgit, leading to higher cost of stocks, also affected the financial results. The

sales turnover of Midea Scott & English Electronics declined slightly by 2.6% from RM65.9 million in 2011 to RM64.2 million for the financial year ended 31 December 2012.

Midea in China has begun to respond positively to the competitiveness of their products in the Malaysian market by adjusting prices to a more competitive level. Midea Scott & English Electronics therefore expects to recover its sales growth, which would be enhanced with the launch of new fully-automated washing machine models. More focus will be placed on promoting higher-margin light commercial air-conditioners in the new financial year.

MOVING FORWARD

Growth in the Group's services sector will come from a number of companies within the division. Pos Malaysia is set to enhance its courier and non-traditional mail businesses while KLAS will be working to sign up more customers not only from Kuala Lumpur International Airport (KLIA) but also with the opening of KLIA2. The latter is also venturing abroad to offer its services and expanding its range in cargo and logistics.

PUSPAKOM, although it has a captive market, is set to expand its Premier Mobile Inspection services beyond the Klang Valley to the rest of the country. In tertiary education, the completion of ICAM's campus will enable it to open its doors fully to those who want to further themselves academically in automotive engineering and similar courses. When the college is upgraded to university status, it will be able to truly contribute to the development of the automotive industry in the country.

PROPERTY, ASSET & CONSTRUCTION SECTOR

The Property, Asset & Construction (PAC) sector has been consistent in its contribution to DRB-HICOM's revenue and PBT mix from year to year. Companies within PAC posted a growth in revenue from RM260.4 million in FY 2012 to RM407.5 million in FY 2013.

The property division contributed 84% to the sector's revenue mix in FY 2013 (FY 2012: 78%), an indication of the potential that lies within DRB-HICOM's land holdings. While most of these holdings are being and will be developed, the Group will seize upon opportunities to realise gains in the near term. Such was the case with its land in Taman Wahyu, Kuala Lumpur which was disposed of for RM69.9 million during the financial year under review. Meanwhile, the disposal of the land in Iskandar Malaysia for RM534.7 million will be realised in FY 2014.

The property market remained stable in 2012, despite tighter lending measures introduced by Bank Negara Malaysia and the Eurozone financial crisis. The demand for high-end properties was robust, particularly from the expatriate community, due to the lack of supply of such type of property in areas such as Bangsar, Damansara Heights and Taman Tun Dr Ismail. Certain parts of the country hold exciting prospects for the property market due to initiatives under the Economic Transformation Programme.

PROPERTY

Glenmarie Properties Sdn. Bhd. (GPSB)

A number of prestigious projects are parked under the flagship property company GPSB, which are in various stages of development. The exclusive Glenmarie Gardens launched its Phase 2, comprising 23 units of bungalows, in July 2011 with completion in August 2013. At selling prices from RM5.0 million to RM7.3 million, the project has a Gross Development Value (GDV) of RM128.0 million.

Phase 1A of Laman Glenmarie, with a GDV of RM79.4 million, was launched in August 2011. The 105 units of two-storey link houses, with prices from RM688,888 to RM1.3 million, will be completed in August 2013. Phase 1B was launched at the same time with 81 units of two-storey link houses priced from RM708,888 to RM1.3 million. The GDV of this phase is RM62.8 million. In May 2012, 84 units of two- and three-storey link houses were launched under Laman Glenmarie's Phase 2A. The houses, with prices ranging from RM838,888 to RM1.7 million and GDV of RM96.0 million, will be completed in December 2013.

Glenmarie Gardens will be launching 31 units of bungalows in the near future, while Laman Glenmarie will be targeting to launch its Phase 2B of 115 units of two-storey terrace houses. Other upcoming projects under the Glenmarie brand will be the Glenmarie Villas, comprising 28 units of super-link villas, and Glenmarie Hills, consisting of 176 units of low- and medium-rise condo villas.

Glenmarie Cove in Klang, Selangor, is a waterfront development with a number of launches due in the near future, including 176 units of resort apartments, 22 units of semi-detached houses and 30 units of bungalows.

HICOM-Gamuda Development Sdn. Bhd. (HICOM-Gamuda)

HICOM-Gamuda is now nearing the completion of the development of Kota Kemuning. During the year under review, one parcel of commercial shop offices was launched with high take-up rate and this project is currently under construction. For FY 2013, HICOM-Gamuda reported total revenue of RM25.5 million and PBT of RM12.3 million. For the next financial year, the company will focus on the development of affordable homes.



Über-exclusive Glenmarie Gardens high-end villa development, Shah Alam

Proton City Development Corporation Sdn. Bhd. (PCDC)

Proton City is a township of 4,000 acres of industrial, commercial and residential development and is a joint venture between DRB-HICOM and PROTON. In July 2011, 32 units of single-storey semi-detached houses were launched at a price of RM295,000 for a GDV of RM10.9 million. Completion date is July 2013.

Fifty-three units of two- and three-storey shop offices were launched in May 2012 and due for completion in November 2013. With a GDV of RM28.0 million, these shop offices are selling from RM450,000 to RM1.2 million. In November 2012, 22 units of two-storey semi-detached houses were released at selling prices from RM500,000 to RM560,000. Due for completion in May 2014, these houses have a GDV of RM12.2 million. Forthcoming launches will comprise of 97 units of two-storey super-link houses, 104 units of two-storey cluster houses and 21 units of one and half storey bungalows.



Amazing view like no other at Proton City, Tanjung Malim

ASSET AND FACILITY MANAGEMENT

Glenmarie Asset Management Sdn. Bhd. (GAM)

GAM provides integrated facilities management services to the Group. These include security, cleaning and landscaping, renovation works, administration, and telecommunication services. The company reported revenue of RM23.23 million for FY 2013.

Glenmarie Golf and Country Club (GGCC)

Despite competition from newly-renovated golf courses in the Klang Valley, GGCC has been able to perform consistently with revenue of RM24.2 million in FY 2013 (FY 2012: RM24.6 million). The club played host to the 110th edition of the Malaysian Amateur Golf Tournament in May 2012 and the overall golfing experience at GGCC has earned it 'The Best Golfing Experience Excellence' award by Expatriate Lifestyle Magazine.

A number of strategies were put in place during the financial year under review to increase the club's membership. An end-financing arrangement was signed with Bank Muamalat, CIMB Bank and Maybank to provide loans at low interest rates for tenures of up to ten years for prospective members. GGCC also tied its membership with properties under HICOM Indungan Sdn. Bhd. and launched a member-get-member campaign. To increase brand awareness, the club entered into co-branding sponsorship agreements with Bank Muamalat as well as some of the car brands under DRB-HICOM.



Glenmarie Golf & Country Club, Shah Alam

Holiday Inn Kuala Lumpur Glenmarie (HIKLG)

The tourism industry in general has been affected by factors such as the global financial crisis and worsening economic conditions in Europe, as well as a soft opening to the 2013 calendar year with pre-election uncertainty in the corporate sector. In Malaysia, competition in the hospitality sector continues to be stiff with direct competitor hotels executing refurbishments to endeavour to drive market share as well as employing significant discounting to migrate existing business from geographical competitors.

Despite difficult market conditions for FY 2013, independent benchmarking provider STR Global reported that HIKLG achieved improved occupancy market share by 6.2%, average rate share also by 6.2% and Revenue per Available Room (RevPAR) share by 12.8%. The market sample used includes leading hotels in the vicinity. These results were delivered through use of Intercontinental Hotels Group's (IHG) best practice sales, booking and revenue management systems, acquisition of a number of significant residential conferencing events and long-stay projects, whilst also maintaining strong guest loyalty driven by a world-class guest experience that ranked 5th in IHG properties in South East Asia.

Premier travel advisory website Trip Advisor ranked HIKLG as the no. 1 hotel in Shah Alam, with the hotel receiving the Trip Advisor certificate of excellence for the second consecutive year. EarthCheck, the world's leading sustainable travel and tourism certification organisation, awarded the hotel the Silver Certificate for the second consecutive year for its endeavours in reducing its environmental impact. HIKLG also won for the second consecutive year the AON Hewitt 'Malaysia's Best Employer' award, recognition of the hotel's best practice employee experience.

Rebak Island Resort in Langkawi and Lake Kenyir Resort, Taman Negara in Terengganu

The Government is aggressively promoting Langkawi to make it amongst the top ten island destinations of the world with a target of three million tourist arrivals by 2015. Furthering this vision, Rebak Island Resort will develop innovative marketing strategies and promotions to improve its revenue. To enhance the image of the resort, a rebranding programme is being undertaken to change its name to Vivanta by Taj. The resort has 94 rooms and has experienced an increase in room revenue from RM7.55 million in FY 2012 to RM8.85 million in FY 2013.

Lake Kenyir Resort, Taman Negara in Terengganu, with 132 rooms furnished in the 'hunter' and 'farmer' themes, has maintained consistent sales through its marketing campaigns locally and abroad. Most of its guests are Malaysians who stay at the resort during the holidays. In FY 2013, they took up 78% of total room nights sold, helping the resort to record revenue of RM3.3 million (FY 2012: RM3.6 million). The development of the Kenyir Free Trade Zone at Pulau Bayas should attract more visitors to Lake Kenyir in the near future.



The Verge, Singapore

The Verge is a retail centre in Singapore that has the potential to extract greater investment value and higher yield. A new managing agent has been appointed effective 1 July 2013 to position the retail centre accordingly.

CONSTRUCTION

The construction activities of PAC were rationalised through merging the operations of HICOM Builders Sdn. Bhd. (HBSB) and Comtrac Sdn. Bhd. during the previous financial year. The deferment of targeted projects has reduced revenue for the division from RM97.0 million in FY 2012 to RM51.8 million in FY 2013. The improvement in internal processes has placed the division in a better position to begin bidding for external projects. It succeeded in securing its maiden external project from Tindak Murni Sdn. Bhd., a subsidiary of Country Heights Holdings Berhad, for its Cyber Heights development near Cyberjaya. It is close to securing the major local subcontract works for the Klang Valley Mass Rapid Transit Trackworks Package from Mitsubishi Heavy Industries Ltd.

The Division will continue to look within the DRB-HICOM Group, such as GPSB, Alam Flora and PUSPAKOM, as well as PROTON and Pos Malaysia, for business opportunities.

MOVING FORWARD

The Glenmarie brand has become synonymous with high-end luxury houses to cater to a discerning market. GPSB is renowned for its Glenmarie enclave which boasts some of the most exclusive residential developments in Klang Valley. These include the prestigious gated and guarded enclave of Glenmarie Court, Glenmarie Residences, Glenhill Saujana and Glenmarie Gardens.

This brand will be further promoted as the Group continues to launch and expand its offering of high-end residential developments throughout the Klang Valley such as Glenmarie Hills, Glenmarie Puchong & Jalan Tun Razak which will see GPSB venturing into high-rise developments offering exclusive villas, condominiums and service apartments. Meanwhile down south of Peninsular Malaysia, GPSB is now in the process of planning a development named Glenmarie Heights, a prime parcel of Johor land. Targeted to be launched in the year 2015, it is an integrated development consisting of residential mix of double-storey terraces, cluster and semi-detached houses.

Besides Glenmarie and Proton City, there is much value to be unlocked in land being held under PUSPAKOM and Pos Malaysia as well as DRB-HICOM's Rebek Island in Langkawi which will be further developed as an exclusive island resort boasting of high end holiday homes consisting of hill villas, condominiums, waterfront terraces and water chalets.



Rebek Island Resort jetty in Langkawi

HUMAN CAPITAL DEVELOPMENT

At DRB-HICOM Group, human capital is one of our most important assets. With the Group's rapid growth, progress and evolution in a challenging economy, we continue to focus on building our people's capabilities in alignment with the momentum of the industry and the local and regional economic landscape.

In the year under review, we have developed and implemented strategies and initiatives to leverage our people's capabilities and to tap on their potential. These initiatives and strategies will enable our people to develop, sharpen their expertise and increase their effectiveness in the work place. At DRB-HICOM, we believe in building leaders and strengthening existing capabilities, ensuring a healthy pipeline for succession planning and talent management through active mobility, stretching assignments, project management and global secondments, across the diversity of the Group. We understand the critical elements in addressing talent requirements according to business needs, as such, the Group engages with its business leaders.

DESIGNING TALENT ROADMAPS

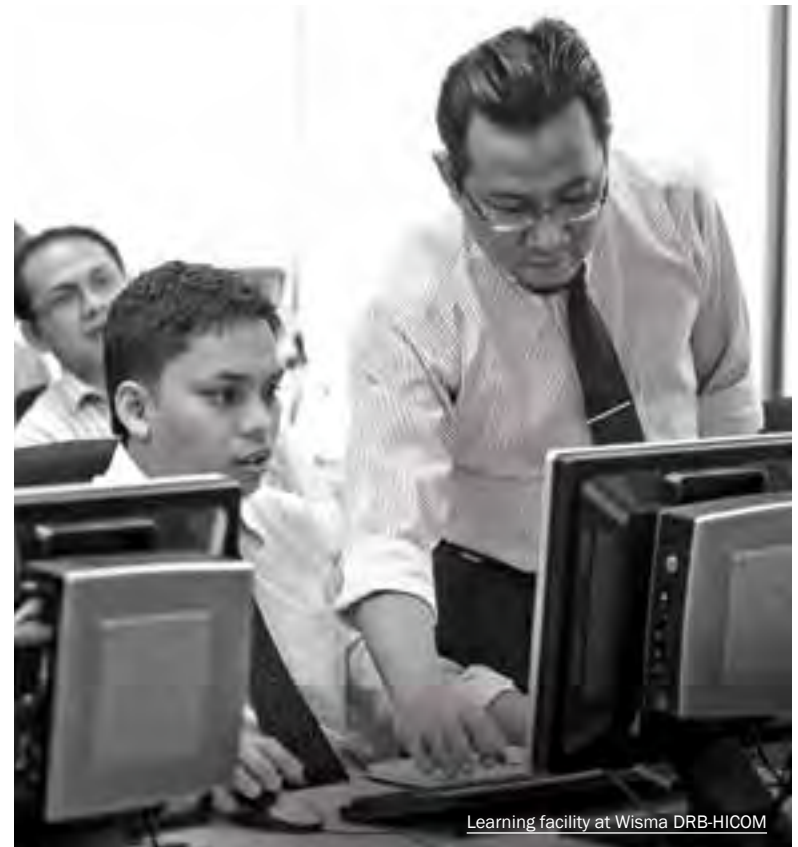
To leverage our people's strengths and to effectively match each individual's competencies with the Group's needs, DRB-HICOM is in the process of establishing an Assessment Centre. The Assessment Centre will harness pragmatic business tools to evaluate candidates and their development, to determine suitability for key roles in DRB-HICOM's diverse business interests.

DRIVING GREATER WORKFORCE VALUE

In the Group's efforts to bring value to our customers and the industry, we recognise the importance in effectively drawing on our people's hidden talents and potentials. DRB-HICOM has a comprehensive learning and development framework to provide superior learning opportunities. The Group also emphasises on continuous learning and self-improvement, to establish a strong culture of performance excellence. Testament to our commitment to continuous learning and development, DRB-HICOM has established a fully-equipped learning facility, @theAcademy, in Port Dickson, Negeri Sembilan. @theAcademy's location and facilities promote a holistic learning approach amidst a quiet and serene seaside environment. The learning facility boasts of spacious training rooms, a large conference room, an al-fresco dining area, a pool deck, hostels and chalets. To-date, the Group has conducted approximately 77 courses for development and certification programmes in alignment with our four learning pillars, which are Personal, Business, Leadership and Functional Mastery.

HARNESSING THE POWER OF OPEN COMMUNICATION

The Group understands that open communications is a key organisational success factor. Therefore, in line with that, the Group encourages and practices borderless communications through employee cascading sessions, periodic messages by the Group Managing Director and regular updates through the electronic medium. This is also in alignment with the Group's direction in nurturing a culture of sharing, learning and knowledge transfer.



Learning facility at Wisma DRB-HICOM



NATION BUILDING THROUGH EDUCATION

The Group's commitment to the accelerated development of our talents is rooted in our need to deploy our resources effectively in light of the growing importance of collaboration across the Group. As such, the Management encourages our employees to be willing to take individual responsibility for their personal and career development, as well as to convey a broad responsibility to nurture and develop potential of the people under their charge.

As a fully integrated automotive corporation, DRB-HICOM is not only committed to spurring robust growth in the industry but to also fuel the industry with knowledgeable workers. In response to that, the Group established the International College of Automotive (ICAM) in 2010 to invoke sustainable development of human capital within the Group and in the industry at large. Currently into its third year of operations, ICAM provides a continuous flow of trained and skilled workers, realising the nation's aspirations of creating a knowledgeable and skilful workforce, as prescribed in the New Economic Model. ICAM offers 8 diploma programmes in the technical field as well as in business and management for the automotive industry. In the year under review, ICAM delivered its first batch of 72 graduates, who are currently employed within the DRB-HICOM Group. ICAM has collaborated with the Liverpool John Moores University to offer twinning degree programmes in Manufacturing System Engineering.

Akademi SAGA is another learning facility under the DRB-HICOM Group providing automotive technical training programmes and courses for both DRB-HICOM employees and external students to equip them with the knowledge and skills to contribute to the automotive industry. The learning centre provides courses under Malaysian Skills Certificate Level 1, 2, 3 and Diploma in Skills Malaysia Level 4. Akademi Saga also offers train-the-trainer programmes to trainers from Institut Kemahiran Belia Negara, Institut Latihan Perindustrian, Institut Kemahiran MARA and Kolej Komuniti.

ENGAGING WITH OUR PEOPLE

Engaging our people is a crucial success factor for DRB-HICOM's human capital management. Therefore, the Group encourages all divisions and operating companies to embark in creative engagement activities to strengthen working relationships and build team synergy.

HEALTHY WORKPLACE PRACTICES

Ensuring the safety of our people is one of the Group's topmost priorities in human capital management. DRB-HICOM prides itself in its comprehensive Occupational Safety, Health and Environment (OSHE) practices, which are in line with the Malaysian Government's call for workplace safety. The Group is subjected to stringent OSHE audits, and statistics related to occupational safety and health are closely tracked and monitored.

IN CONCLUSION

In line with DRB-HICOM's Vision "to be number 1 and continuously excel in all that we do", and our Mission "to lead in the growth of the nation in the areas of DRB-HICOM's core businesses", the Group is passionate about driving its human capital towards performance excellence. DRB-HICOM works hand-in-hand with its business partners, vendors and all stakeholders to provide world-class services and products, whilst continuously building its people and preparing them for the future. Moving forward and as we brace through FY 2013/2014, our success relies to a great extent on our leadership and commitment, teamwork, and dedication in driving the business and delivering the performance committed to our Group, our shareholders, stakeholders as well as ourselves as per our Key Performance Indicators (KPIs) and the Annual Management Plan. As a Group, we take pride in our achievements with full humility and continue to uphold our integrity and professionalism, in ensuring the success of DRB-HICOM.



Orphans who attended the *Majlis Berbuka Puasa 2012* DRB-HICOM at Holiday Inn Kuala Lumpur, Glenmarie

CORPORATE RESPONSIBILITY

GROWTH WITH SUSTAINABILITY

Corporate Responsibility (CR) has become a business imperative as investors are increasingly incorporating social and environmental criteria in their evaluation of companies to determine where to place their money. People at large, who are potential customers for any organisation, have also become more conscious of the need for companies to be more open and accountable for their actions. In other words, society is expecting more from an organisation than just offering of products or services. It has to do more than just provide jobs and pay taxes for the country's economic well-being. It has to give more than just the occasional donation to a charity. Therefore, CR needs to be part of the strategic initiatives of an organisation, with proper policies, practices and programmes that are integrated throughout its operations.

At DRB-HICOM, we go beyond just fulfilling our obligations through compliance with legal requirements as we aim to be socially responsive and fulfil our role as a responsible corporate citizen. In upholding the highest level of corporate governance practice, we continued to measure and report on our CR initiatives to demonstrate our commitment to various communities and social cause. Toward this end, we are committed to contribute meaningfully through the four channels namely: the COMMUNITY through our programmes in education, social betterment, welfare and well-being of others; the ENVIRONMENT via our undertakings in conservation and green-consciousness; the MARKETPLACE by way of excellent and innovative business models and practices and the utilisation of technology; and the WORKPLACE in respect of our values system, human capital development, safety and welfare of employees as well as other stakeholders.

In tandem with the shareholders and stakeholders expectations of good corporate conduct, the DRB-HICOM Group continued to build sustainable practices in every aspect of the Group's business.

The sustainable practices of the Group would not only benefitted the employees but also the stakeholders, the Group's customers, the communities in general as well as be able to conserve the environment.



ICAM emphasises both practical as well as theoretical aspects of education

CR IN THE COMMUNITY

By adhering closely to national policies, DRB-HICOM's involvement with the community in terms of CR is primarily in the field of education to develop human capital towards a sustainable, vibrant and progressive nation. Education is the backbone of the country's transformation towards a high-income and developed economy. At a more personal level, education is a means for Malaysians to better themselves and improve the quality of their lives. Our initiatives in education are geared mainly towards those who are deserving and underprivileged.

Developing skilled professionals for the automotive industry

The automotive sector is an essential part of Malaysia's industrial development. The Government aims to promote the country as an automotive regional hub as set out in the National Automotive Policy, one that is competitive, viable and sustainable. One of the key enablers is the quality and capability of its workforce. There is a continuous demand for skilled and knowledgeable personnel to undertake various jobs in the sector, and this can be achieved through the provision of appropriate educational facilities at the tertiary level.

On 2 April 2010, DRB-HICOM established the International College of Automotive (ICAM) to produce skilled workforce for the automotive industry. ICAM's mission is to provide the best educational experience for those who want to excel in the automotive industry through various programmes related to Automotive. ICAM's campus is located in Pekan, Pahang and was designated the main hub for automotive production in the East Coast Economic Region under the Government's Economic Transformation Programme.

The range of automobile-related businesses within the DRB-HICOM Group provides the avenue for ICAM students to obtain industrial placements during their studies and also will be offered employment after graduation. In addition, the Group's relationships with global marques, such as Audi, Honda, Isuzu, Mercedes-Benz, Suzuki and Volkswagen, offer these students invaluable opportunities to be trained under the top-class international car producers. Through ICAM, the automotive industry is supplied with trained and knowledgeable workforce that will give impetus to the national economic agenda.

Nurturing effort and achievement amongst school children

Apart from training and developing people for the automotive industry, DRB-HICOM also looks at nurturing children in schools. These children form the country's future talents and they need to be motivated to excel in their studies in order to be valuable contributors to the country's prosperity in time to come. Since 2011, the Group has been adopting a number of schools under its School Adoption Programme.

There are currently ten schools under this programme and a reward programme has been implemented to encourage the children to achieved academic excellence.

Employing the less fortunate

The physically challenged, as well as individuals with other forms of impairment, represent a pool of talent that is largely untapped in Malaysia. Everyone deserves an opportunity to develop his or her potential and, as a responsible corporate citizen, we have begun to offer employment opportunities to those who are less fortunate. Through meaningful work, they are able to support themselves and their families, thereby achieving a more dignified, independent and better quality of life.

Our subsidiaries, PHN and OSI, employ a total of 27 staff with deafness, hearing disabilities and slow learning development for work ranging from clerical and data-entry to welding and assembly. These companies also take in students from Sekolah Menengah Pendidikan Khas Vokasional, Shah Alam.



Presentation of donations to the flood victims during the humanitarian relief mission in Kemaman, Terengganu

Providing humanitarian relief

There has been an increasing number of natural disasters around the world including our country. In January 2013, Kampung Seberang Tayor Hulu and Kampung Seberang Tayor Hilir in Terengganu experienced the worst flooding since 1984. This prompted PROTON on 11 January 2013 to mobilise its Pasukan Bantuan Bersepadu (PBB) in a humanitarian relief mission to help the locals affected by the flood. The initiative involved a total of 40 PBB volunteers and staff from PESB in Kuala Terengganu, Kemaman and Dungun, as well as from Institut Kemahiran Belia Negara and RELA.

Gotong-royong activities were simultaneously carried out in the affected areas to clear the trash and damaged items that were soiled by the sludge. As additional assistance, PROTON presented donations in kind and cash totalling RM18,000 to 300 affected families.

Reaching out to deserving communities

We live in a world in which reside communities of people who are in financial need, not only due to their economic situation but also due to debilitating illnesses. As a responsible corporate citizen, DRB-HICOM identifies certain communities to which the Group can render assistance through its subsidiaries.

On 28 January 2013, Euromobil visited Pusat Dialisis Kurnia Petaling Jaya (PKD), in conjunction with the Chinese New Year celebration, to bring some cheer to the patients undergoing dialysis treatments there while instilling a spirit of volunteerism amongst its staff. Besides distributing festive goodies, corporate merchandise and ang pow packets to the patients, Euromobil also contributed a sum of RM10,000 to the PKD fund to sustain the centre's daily operations.

In response to an appeal made by the Society of St Vincent de Paul (SSVP), DHAS hosted a Deepavali celebration on 16 November 2012 for marginalised and needy Hindu families. The families were treated to meals and ang paws, with the children receiving goodie-bags as well. In addition, SSVP was presented with a donation of RM2,000.

During the month of Ramadan in 2012, DRB-HICOM held a 'Majlis Berbuka Puasa' with orphans, senior citizens and local community members in Alor Setar, Kedah, and Pekan, Pahang. Packets of duit raya were distributed to the orphans and newly converted Muslims during the event. A similar event was organised by Rebak Island Marina Berhad, a subsidiary under the Group, during which about 35 children from Rumah Nur Kasih, Langkawi were treated to buka puasa and a Raya shopping spree.

SMA also organised a *buka puasa* event for children from a native school adopted by the company under the School Adoption Programme. On 9 December 2012, 22 students from the school were invited for the AFF Suzuki Cup 2012 semi-final game between Malaysia and Thailand.

Raising funds for Tabung Wira Lahad Datu

Lahad Datu, Sabah was the scene of an armed incursion from foreign nationals in February 2013. Local Sabahans were severely affected during the ensuing weeks, with hundreds having to evacuate their villages. The Group's Human Capital Division initiated a group-wide fund-raising project to aid the affected families. There were also additional contributions from employees of DRB-HICOM and companies within the Group, such as Pos Malaysia, Bank Muamalat and PROTON.

In support of the Group's effort, PUSPAKOM organised a sale of limited edition road safety t-shirts that raised a total sum of RM21,000. This amount was directly donated to 'Tabung Wira Lahad Datu', which was set up to commemorate the services of the security personnel who had perished or were injured in defending the country's sovereignty.

'Program Amal Masih Ada Yang Sayang'

Bank Muamalat came forward to assist the less fortunate through this programme on 19 February 2013. The secretariat of the Bank's Tabung Mawaddah selected deserving communities in Kulim, Kedah, to be beneficiaries of the programme.

A total of 40 families in Kulim received food donations while a religious school, Maahad Tahfiz, received a contribution of 50 copies of the Holy Quran as well as cabinets and cupboards to house the Quran and other religious books. In addition, cash donations were provided to 48 students of the school while financial assistance was extended to renovate facilities such as the teachers' accommodation and students' canteen.

Raising vehicle safety awareness

Continuing with what was traditionally done in the previous financial year during the Hari Raya and Chinese New Year celebrations, PUSPAKOM organised a series of free inspection for private vehicles to ensure vehicle safety during the festive seasons. About 600 private vehicles took advantage of the offer during the Chinese New Year from 28 January to 8 February 2013.

CR IN THE ENVIRONMENT



'Green The Earth' programme during DRB-HICOM Southern Reach Media Drive in Tanjung Piai National Park, Johor

Worldwide, the CR issues affecting the industry are mainly those relating to sustainability, supply chain management and cost reduction. The Group has carried out various initiatives to preserve the environment which include influencing decisions on mix of materials used in manufacturing, types of vehicles and end-of-vehicle life. Manufacturers are re-designing cars to include lightweight materials, improve fuel efficiency and explore new sources of energy with issues under discussion covering green supply chains and eco-friendly processes and products.

Property development is another area of growth for DRB-HICOM and environmental concerns are reviewed and addressed stretching from design to property management. The Group endeavours to ensure that its property development projects harmonise with the local environment and provide values to potential home owners.

Our environment-consciousness is evident in the way we conduct our day-to-day work as well as demonstrated through DRB-HICOM's Environmental Management System which is benchmarked against international certifications including the ISO 14001.

Greening the earth

DRB-HICOM has continued with its environmental-themed events held throughout the years with its 4th Media Drive successfully held from 12 to 14 January 2013. The first such event was held in 2009 under the theme 'Amazing Hunt to Lake Kenyir'; the second was the 'Nature Trail to Taman Negara, Pahang' in 2010; and the third was 'Eco-Trail to Belum Rainforest' in 2012. The trip 'DRB-HICOM Southern Reach' in 2013 brought 120 participants to the state of Johor. The Media Drive aimed to enhance the relationship between members of the media and the Group's leaders and management. It was also DRB-HICOM's way of expressing its appreciation to the media fraternity for its continuous support to the Group.

In conjunction with the event, a 'Green the Earth' programme was organised on the second day of the trip to Tanjung Piai National Park, where participants joined students from Universiti Teknologi Malaysia in planting mangrove saplings in the park. We also allocated some time for a clean-up programme in the park in support of the environmental conservation and a cleaner and greener environment. The park covers 926 hectares of coastal mangroves and intertidal mudflats along an eight-kilometre shoreline fronting the Straits of Malacca.

Greening the earth also took the form of a tree-planting pledge. GPSB participated in the 'Save the Rainforest Race 2013' organised by Pertubuhan Pelindung Khazanah Alam by pledging the planting of 250 trees at Chamang Waterfall in Bentong, Pahang.

Conserving mangroves

On 8 December 2012, SMA participated in a mangrove rehabilitation project in partnership with the Malaysian Nature Society (MNS). The project held at the Sepang Goldcoast-MNS Environmental Interpretive Centre was to increase awareness on the mangrove habitat and conservation.

Mangroves are scientifically proven as having the ability to act as natural flood retention 'sponges' to hold heavy rainfall, thereby reducing the severity of floods and pollution to coral reefs and marine life. Mangrove-planting is an important activity in Sepang aims to conserve the various mangrove species there as well as restoring deteriorated areas and retaining the original characteristics of the mangrove forest.

MNS, which was established in 1940, is the country's oldest and largest non-governmental organisation. The membership-based MNS, run by elected members on a voluntary and non-profit basis has a mission to promote conservation of the country's natural heritage.

Conserving the ocean

On 3 November 2012, PUSPAKOM embarked on a CR activity at Pulau Manukan, located off the coast of Kota Kinabalu, Sabah. The island is popular for its white sandy beach and fringing coral reefs that teem with marine life.

The project 'Keep Our Seas Alive' undertaken in collaboration with the Manukan Island Marine Conservation and Research Centre involved beach cleaning and coral reef rehabilitation. Eighty staff from PUSPAKOM's head office and branches in East Malaysia gained hands-on experience in marine life conservation and better understanding on the marine eco-system.

'Gotong-royong' for cleanliness

Alam Flora organised several activities under its 'Gerak Tumpu' and 'Gotong-royong' series, all aimed at cleaning up selected spots in its concession areas. These have been held on a regular basis together with local associations and organisations. During the period under review, clean-ups were undertaken in places such as Dataran Merdeka, Bukit Bintang, Pantai Dalam, Bandar Kepong and Bandar Kuantan.

CR IN THE MARKETPLACE

In striving to be number 1 in the marketplace in our core businesses, DRB-HICOM has to demonstrate strong leadership while advocating product innovation, technological enhancement and operational excellence.

The Group upholds strong governance culture and strong ethical business culture with no tolerance for fraud and unethical behaviour in its business operations.

In addition, the Group is committed to comply with the requirements of the Competition Act 2010 by providing quality products and services to customers at competitive prices.

Optimising efficiencies

The HICOM Management System (HMS) testifies our commitment to deliver high quality products and services to our customers and other stakeholders. Implemented throughout the DRB-HICOM Group, HMS promotes an environment that enables all employees to deliver products and services of a commendable standard in terms of quality, cost, timeliness and safety.

This is undertaken through Strategic Management, Process Ownership Thinking, 5S (Sort, Straighten, Shine, Standardise and Sustain), Visual Control, Quality Management System, Employee Suggestion Scheme, Continuous Improvement Programme, Autonomous Maintenance, Just-in-Time, Value Stream Mapping, Jidoka, Single Minute Exchange of Dies, and Flexible Manufacturing System.

During the financial year under review, the Group held its annual Innovative Creative Circle/Quality Improvement Team Convention to give recognition to companies within the Group that have excelled in overall quality, efficiency, productivity and delivery. At the recent convention held on 13 March 2013, the team from PROTON, PHN and MODENAS emerged as the champion, first runner-up and second runner-up respectively. The best presentation award went to the team from HICOM-Honda.



The team from PROTON, came out as champions at the 8th Innovative Creative Circle (ICC) Convention

Delivering excellent service

DRB-HICOM engages with its stakeholders in the marketplace through an integrated and robust Customer Relationship Management System that is embedded in our daily work practices. A number of programmes were undertaken in FY 2013 to reach out to our customers and maintain them within the fold of our larger 'family'.

In line with this, Uni.Asia Life Assurance Berhad organise its annual 'Night of Honour' event to recognise its top producers and encourage the highest standards of customer service. UAL was also the organiser of the National Association of Malaysian Life Insurance and Financial Advisors' annual convention. Aimed at uplifting the image of the profession, the convention also served as a networking platform for agents to interact and enhance their competitiveness in the industry.

On 20 and 21 October 2012, Lotus Cars Malaysia held the 'Lotus Experience' event, to strengthen its brand name in the domestic market and provide potential customers with an opportunity to have a feel of the Lotus cars. The event included presentations on the history of Lotus, its development and motorsport achievements. The launch of two latest Lotus models in conjunction with the official opening of the first Lotus Flagship Showroom and Centre in Malaysia, strategically located in Sungai Penchala, on 8 January 2013, reinforced the commitment of DRB-HICOM to the brand.

DRB-HICOM's first 'Autofest 2013', held from 18 to 20 January 2013 at the EON Head Office Complex in Glenmarie, Shah Alam was another initiative to reach out to the marketplace. The objective of the fest was to promote the various cars and other automotive brands of the Group to the public, customers and employees while, at the same time, raise funds in aid of Gaza. The charity bazaar held in conjunction with the fest raised approximately RM215,000 to the Gaza Fund.



Presentation of humanitarian relief aid to selected NGO's at DRB-HICOM Autofest 2013



Gaza Charity Bazaar during the DRB-HICOM Autofest 2013



Demonstration during the fire drill session at Wisma DRB-HICOM

CR IN THE WORKPLACE

The Group employs over 52,000 people, all of whom are *Warga* DRB-HICOM. We are responsible for them, and indirectly their dependents, through policies and practices that promote their financial, physical and mental well-being. They are assured of working in an environment that is free from discrimination and harassment, and remained committed to their professional development and progress. Employees enjoy equal opportunity in career development and enhancement based on merit. It is also DRB-HICOM's aspiration to empower women with meaningful positions to promote gender equality and development in the workplace.

In today's fast-changing world where loyalty is not guaranteed, an organisation needs to be pro-active in retaining and rewarding hard-working and high-achieving employees. At DRB-HICOM, we offer a remuneration package that is marked to industry, with benefits that include housing loan interest subsidy, additional employer's contribution to the Employees Provident Fund, vehicle loans, travel and outstation allowances, corporate club memberships as well as medical benefits.

Providing a harmonious and conducive working environment

Teamwork is one of the core values guiding DRB-HICOM's vision and mission. This is actively fostered through various activities that aim to cultivate a culture of oneness amongst the employees of our diversified businesses. Senior management members lead employees in Taisho morning exercises and participate alongside one another in sporting activities such as fishing and bowling. To inculcate greater engagement as well as a spirit of competitiveness, inter-club competitions are organised at all levels within the Group.

On 13 January 2013, the Group furthered its holistic approach to employee relations by collaborating with Ministry of Defence and undertaking a meaningful programme to encourage volunteerism amongst employees. 'Askar Wataniah' was designed to expose volunteers, aged 18 to 45, to the army's culture and provide them with basic military-styled training. The programme has received 150 applications from employees throughout the Group.

The annual DRB-HICOM Karting Championship, first organised by ICAM in 2010, continues to bring employees closer together as one big corporate family in an exciting motorsport experience. Concurrently, ICAM's students gain exposure in an automotive competition environment as they develop the spirit of sportsmanship.



The starting grid at the DRB-HICOM Karting Championship 2012 in Pekan, Pahang

Enhancing health and safety in the workplace

Concerns of health and safety in the workplace are addressed in the Group's Safety, Health and Environmental (SHE) Policy, which is communicated to all employees and interested parties. Employees are represented on the SHE Steering Committee in which, together with senior management members, they oversee the development of policies and best practices relating to health and safety issues. In addition, the Group is accredited with the ISO 14001 EMS certification and Occupational Health and Safety Assessment (OHSAS) while various companies within the Group have obtained other OHSAS certifications.

The Group also undertakes continuous routine maintenance and in-house safety checks in compliance with the Occupational Safety and Health Act (OSHA). In line with a directive from the Ministry of Health, all offices and factories in the Group are smoke-free zones. With the help of the Fire Department and Department of Environment, employees take part in regular fire drills in preparation for evacuation in cases of fire emergencies.

Healthy living is promoted amongst the employees through engagement with medical institutions and local hospitals to carry out free health talks on early detection, prevention and treatment of illnesses. These talks are often held in conjunction with blood donation drives for the National Blood Bank. During the financial year under review, PUSPAKOM embarked on a month-long initiative dedicated to health and wellness with the National Cancer Council (MAKNA), National Heart Institute, Fitness First and Boot Camp Malaysia. The key activities included health screenings, blood donation drive and body jam sessions. Free mammogram screenings and clinical breast examinations by a licensed radiographer and supervised by certified nurses were made available on World Breast Cancer Awareness Day on 19 October 2012 in MAKNA's mobile clinic. These screenings and examinations drew more than the targeted number of participants.

Rewarding the children of employees

Believing strongly that education is the catalyst of change for a better future, we reward the children of our employees for attaining academic excellence. This is held annually during a ceremony themed 'Majlis Penyampaian Anugerah Kecemerlangan'. On 18 May 2013, 511 children were rewarded with a total of RM285,600 for their outstanding achievements in the 2012 national school examinations. To qualify, the children had to achieve a minimum of seven A's in the PMR, seven A's in the SPM and three A's in the STPM examinations.



Children of employees who were rewarded for their outstanding achievements in the 2012 national school examinations

ACROSS THE GROUP

Apart from the programmes detailed above, companies across the Group are engaged in CR activities throughout the financial year under review. A number of them are involved in the School Adoption Programme while many more contribute towards ICAM in terms of educational and equipment aid, student sponsorships and provision of practical training, amongst others. Visits and donations to orphanages, old folks' homes and other institutions in need, as well as buka puasa treats, also feature regularly in many companies' CR calendars. Companies within the Group are always forthcoming when called upon to participate in Group-level fundraising activities such as for 'Tabung Wira Lahad Datu' and the Gaza Fund.

The CR mindset is very much part of the corporate culture of DRB-HICOM, thus helping the Group to be a meaningful member of the community and society.

A high-contrast, black and white close-up photograph of a car's front end, focusing on the headlight and grille. The lighting creates sharp highlights and deep shadows, emphasizing the metallic textures and curves of the vehicle.

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DIRECTORS' REPORT

The Directors of DRB-HICOM Berhad have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with investments in the automotive (including defence), services (including banking and postal businesses) 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 has been no significant change in these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	698,938	364,316
Attributable to:		
Owners of the Company	575,305	364,316
Non-controlling interest	123,633	-
	698,938	364,316

DIVIDENDS

Dividends paid by the Company since 31 March 2012 were as follows:

	RM'000
In respect of the financial year ended 31 March 2012:	
Final gross dividend of 4.0 sen per share, less taxation of 25%, paid on 19 October 2012	57,997
In respect of the financial year ended 31 March 2013:	
Interim gross dividend of 1.5 sen per share, less taxation of 25%, paid on 29 April 2013	21,749
Total dividends paid	79,746

The Directors now recommend the payment of a final gross dividend of 0.5 sen per share, less taxation of 25%, amounting to RM7,249,639 and a tax exempt dividend of 4.0 sen per share, amounting to RM77,329,482 in respect of the financial year ended 31 March 2013, 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

The details of significant and subsequent events are as disclosed in Notes 61 and 62 to the financial statements respectively.

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)
 Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil (Group Managing Director)
 Dato' Noorrizan binti Shafie
 Dato' Ibrahim bin Taib
 Datuk Haji Abdul Rahman bin Mohd Ramli
 Tan Sri Marzuki bin Mohd Noor
 Ong le 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 1 April 2012	Acquired	Disposed	As at 31 March 2013
<u>Holding Company</u>				
<u>Direct</u>				
Tan Sri 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 other 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 le Cheong (Independent Non-Executive Director)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of 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 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 amount written off for bad debts or the amount of the allowance for doubtful debts made 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 would 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 12 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:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the gain on disposal of a subsidiary company's business 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.

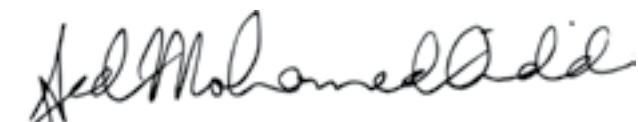
HOLDING COMPANY

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 18 July 2013.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Group		Company	
		2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
Revenue	4	13,134,727	6,878,205	649,574	428,319
Cost of sales	5	(10,484,354)	(5,467,453)	-	-
Gross profit		2,650,373	1,410,752	649,574	428,319
Other income					
- gain on disposal of a business	61(a)	412,552	-	-	-
- negative goodwill (gain on bargain purchase) arising from acquisition of a subsidiary company		-	1,277,959	-	-
- others		465,999	301,244	7,693	12,181
Selling and distribution costs		(465,612)	(185,407)	-	-
Administrative expenses		(1,686,544)	(914,372)	(30,970)	(33,977)
Other expenses		(164,376)	(83,532)	(13,131)	(4,949)
Finance costs	9	(337,603)	(152,936)	(232,242)	(79,913)
Share of results of jointly controlled entities (net of tax)	19	39,087	79,870	-	-
Share of results of associated companies (net of tax)	20	123,491	87,821	-	-
Profit before taxation	6	1,037,367	1,821,399	380,924	321,661
Taxation	10	(338,429)	(146,791)	(16,608)	(4,578)
Net profit for the financial year		698,938	1,674,608	364,316	317,083
Other comprehensive income					
Net gain/(loss) on fair value changes of investment securities: available-for-sale					
- Gain/(loss) on fair value changes		23,487	(9,309)	5,528	(3,110)
- Transfer to profit or loss upon disposal		5,528	-	-	-
Currency translation differences of foreign subsidiary companies		14,969	(347)	-	-
Share of other comprehensive loss of associated companies		(636)	(356)	-	-
Fair value adjustment on investment property		-	3,046	-	-
Transfer of reserve of a jointly controlled entity to profit or loss		-	(3,420)	-	-
Other comprehensive income/(loss) for the financial year (net of tax)		43,348	(10,386)	5,528	(3,110)
Total comprehensive income for the financial year		742,286	1,664,222	369,844	313,973
Net profit for the financial year attributable to:					
Owners of the Company		575,305	1,596,920		
Non-controlling interest		123,633	77,688		
		698,938	1,674,608		
Total comprehensive income for the financial year attributable to:					
Owners of the Company		612,973	1,584,512		
Non-controlling interest		129,313	79,710		
		742,286	1,664,222		
Basic earnings per share (sen)	12	29.76	82.60		

The notes set out on pages 152 to 268 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

		2013	2012 (Restated)	2011 (Restated as at 1 April 2011)
	Note	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13	4,983,782	4,956,988	1,840,697
Concession assets	14	253,888	377,552	-
Prepaid lease properties	15	11,772	16,067	19,459
Investment properties	16	551,514	553,121	554,452
Land held for property development	17(b)	1,051,772	1,045,230	946,560
Jointly controlled entities	19	409,207	434,557	336,709
Associated companies	20	1,204,253	1,138,197	484,515
Intangible assets	21	809,082	868,046	219,021
Deferred tax assets	22	282,283	485,348	155,629
Investment securities: financial assets at fair value through profit or loss	23(a)			
- Banking		84,373	-	-
Investment securities: available-for-sale	23(b)			
- Banking		5,106,283	4,734,273	3,163,859
- Non-banking		1,007,236	1,038,911	962,272
Investment securities: held-to-maturity	23(c)			
- Banking		575	46,547	28,224
- Non-banking		459,841	496,244	462,861
Other receivables	29	12,289	44,608	-
Other assets	24	320	320	320
Banking related assets				
- Financing of customers	25	8,056,313	7,092,217	4,877,939
- Statutory deposits with Bank Negara Malaysia	26	612,721	527,721	94,121
		24,897,504	23,855,947	14,146,638
CURRENT ASSETS				
Assets held for sale	27	5,665	21,299	3,390
Inventories	28	1,990,412	1,519,108	523,545
Property development costs	17(a)	235,643	232,872	230,727
Trade and other receivables	29	4,202,026	3,128,384	1,330,616
Reinsurance assets	42	222,361	238,832	270,290
Tax recoverable		103,657	66,264	78,505
Investment securities: financial assets at fair value through profit or loss	23(a)			
- Non-banking		361,522	391,886	443,209
Investment securities: available-for-sale	23(b)			
- Banking		1,360,708	1,404,751	1,151,047
- Non-banking		32,608	45,961	70,115
Investment securities: held-to-maturity	23(c)			
- Banking		-	28,786	-
- Non-banking		31,545	62,272	14,712
Banking related assets				
- Cash and short-term funds	32	3,341,694	4,501,556	6,447,295
- Financing of customers	25	2,052,700	1,741,990	2,597,545
Short term deposits	30	2,536,565	2,407,406	1,147,188
Cash and bank balances	31	747,551	632,912	203,128
Derivative assets	33	8,332	10,199	2,342
		17,232,989	16,434,478	14,513,654
TOTAL ASSETS		42,130,493	40,290,425	28,660,292

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		2013	2012	2011
	Note	RM'000	(Restated)	(Restated as at 1 April 2011)
			RM'000	RM'000
EQUITY AND LIABILITIES				
Share capital	34	1,719,601	1,719,601	1,719,601
Reserves		5,380,945	4,835,953	3,348,602
Equity attributable to owners of the Company		7,100,546	6,555,554	5,068,203
Non-controlling interest		1,253,764	1,215,649	1,236,181
TOTAL EQUITY		8,354,310	7,771,203	6,304,384
NON-CURRENT LIABILITIES				
Life insurance contract liabilities	35	1,743,628	1,624,745	1,517,226
Deferred income	36	91,454	96,655	79,000
Long term borrowings	37	3,667,866	3,475,561	825,241
Provision for liabilities and charges	38	1,023	824	761
Provision for concession assets	39	19,250	149,594	-
Post-employment benefit obligations	52	13,951	15,298	10,293
Deferred tax liabilities	22	102,336	101,979	108,824
Banking related liabilities				
- Deposits from customers	40	31,505	24,207	27,082
- Recourse obligation on financing sold to Cagamas	41	-	61,679	64,910
		5,671,013	5,550,542	2,633,337
CURRENT LIABILITIES				
General and life insurance contract liabilities	42	715,061	673,196	708,582
Deferred income	36	38,567	32,756	-
Trade and other payables	43	5,447,843	5,957,209	2,048,401
Provision for liabilities and charges	38	155,525	159,309	3,445
Provision for concession assets	39	89,809	181,968	-
Post-employment benefit obligations	52	60	14	94
Bank borrowings	44			
- Bank overdrafts		15,143	9,768	5,997
- Others		2,794,047	1,882,187	515,180
Current tax liabilities		57,551	62,272	17,342
Banking related liabilities				
- Deposits from customers	40	18,541,613	17,652,397	15,812,819
- Deposits and placements of banks and other financial institutions	45	10,774	11,896	14,993
- Bills and acceptances payable	46	132,750	310,324	291,375
- Recourse obligation on financing sold to Cagamas	41	61,679	3,231	299,463
Derivative liabilities	33	22,999	32,153	4,880
Dividend payable		21,749	-	-
		28,105,170	26,968,680	19,722,571
TOTAL LIABILITIES		33,776,183	32,519,222	22,355,908
TOTAL EQUITY AND LIABILITIES		42,130,493	40,290,425	28,660,292

The notes set out on pages 152 to 268 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	2013 RM'000	2012 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,228	15,334
Investment properties	16	152,580	138,729
Subsidiary companies	18	7,326,874	7,281,194
Jointly controlled entities	19	9,800	9,800
Associated companies	20	676,970	676,973
		8,167,452	8,122,030
CURRENT ASSETS			
Asset held for sale	27	-	16,079
Trade and other receivables	29	987,352	1,143,654
Tax recoverable		50,227	8,120
Short term deposits	30	104,621	610,548
Cash and bank balances	31	5,813	7,922
		1,148,013	1,786,323
TOTAL ASSETS		9,315,465	9,908,353
EQUITY AND LIABILITIES			
Share capital	34	1,719,601	1,719,601
Reserves		3,926,810	3,636,712
TOTAL EQUITY		5,646,411	5,356,313
NON-CURRENT LIABILITIES			
Long term borrowings	37	2,787,443	2,677,864
Deferred tax liabilities	22	3,870	3,583
		2,791,313	2,681,447
CURRENT LIABILITIES			
Trade and other payables	43	229,878	1,587,402
Bank borrowings - Others	44	626,114	283,191
Dividend payable		21,749	-
		877,741	1,870,593
TOTAL LIABILITIES		3,669,054	4,552,040
TOTAL EQUITY AND LIABILITIES		9,315,465	9,908,353

The notes set out on pages 152 to 268 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Non-distributable										Equity attributable to owners of the Company			Total RM'000
	Number of shares (Note 34) '000	Nominal value (Note 34) RM'000	Share Premium (Note 47) RM'000	Merger Reserve (Note 48) RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves (Note 49) RM'000	Retained Earnings RM'000	Non-controlling Interest		RM'000	RM'000		
									RM'000	RM'000				
At 1 April 2012	1,933,237	1,719,601	20,701	911,016	7,996	(35,007)	182,701	3,354,642	6,161,650	1,131,613	-	7,293,263		
Prior years' adjustments	-	-	-	-	-	5,005	-	82,462	87,467	84,036	-	171,503		
Adjustment to provisional negative goodwill	-	-	-	-	-	-	-	306,437	306,437	-	-	306,437		
Restated	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	182,701	3,743,541	6,555,554	1,215,649	-	7,771,203		
Total comprehensive income for the financial year	-	-	-	-	14,269	24,035	(636)	575,305	612,973	129,313	-	742,286		
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,200	1,200		
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	-	700	700		
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	5	11,760	11,765	(74,229)	-	(62,464)		
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	58,919	(58,919)	-	(18,869)	-	(18,869)		
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(57,997)	(57,997)	-	-	(57,997)		
Final dividend in respect of financial year ended 31 March 2012	-	-	-	-	-	-	-	(21,749)	(21,749)	-	-	(21,749)		
Interim dividend in respect of financial year ended 31 March 2013	-	-	-	-	-	-	-	4,191,941	7,100,546	1,253,764	-	8,354,310		
At 31 March 2013	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	240,989	4,191,941	7,100,546	1,253,764	-	8,354,310		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable										Equity attributable to owners of the Company			Total
	Issued and fully paid ordinary shares					Non-distributable					Retained Earnings	Non-controlling Interest	Total	
	Number of shares	Nominal value	Share Premium	Merger Reserve	Currency Translation Differences	Available-for-sale Reserve	Other Reserves	Other Reserves	Retained Earnings	Non-controlling Interest				
(Note 34)	(Note 34)	(Note 47)	(Note 48)	(Note 48)	(Note 49)	(Note 49)	(Note 49)	(Note 49)	(Note 49)	(Note 49)	(Note 49)			
At 1 April 2011	1,933,237	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			
Prior years' adjustments	-	-	-	-	-	2,892	-	84,967	87,859	84,413	172,272			
Restated	1,933,237	1,719,601	20,701	911,016	8,138	(19,915)	156,195	2,272,467	5,068,203	1,236,181	6,304,384			
Total comprehensive income for the financial year	-	-	-	-	(142)	(10,087)	(2,179)	1,596,920	1,584,512	79,710	1,664,222			
Subscription of shares in a subsidiary company by non-controlling interest	53	-	-	-	-	-	-	-	-	500	500			
Effect of changes in shareholdings in subsidiary companies	53	-	-	-	-	-	400	(10,565)	(10,165)	(72,973)	(83,138)			
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	28,285	(28,285)	-	-	-			
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(27,769)	(27,769)			
Final dividend in respect of financial year ended 31 March 2011	11	-	-	-	-	-	-	(57,997)	(57,997)	-	(57,997)			
Interim dividend in respect of financial year ended 31 March 2012	11	-	-	-	-	-	-	(28,999)	(28,999)	-	(28,999)			
At 31 March 2012	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	182,701	3,743,541	6,555,554	1,215,649	7,771,203			

The notes set out on pages 152 to 268 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Issued and fully paid ordinary shares		Non-distributable			Distributable	Total RM'000
		Number of shares (Note 34) '000	Nominal value (Note 34) RM'000	Share Premium (Note 47) RM'000	Merger Reserve (Note 48) RM'000	Available-for- sale Reserve RM'000	Retained Earnings (Note 51) RM'000	
2013								
At 1 April 2012		1,933,237	1,719,601	20,701	2,318,321	(5,528)	1,303,218	5,356,313
Total comprehensive income for the financial year		-	-	-	-	5,528	364,316	369,844
Final dividend in respect of financial year ended 31 March 2012	11	-	-	-	-	-	(57,997)	(57,997)
Interim dividend in respect of financial year ended 31 March 2013	11	-	-	-	-	-	(21,749)	(21,749)
At 31 March 2013		1,933,237	1,719,601	20,701	2,318,321	-	1,587,788	5,646,411
2012								
At 1 April 2011		1,933,237	1,719,601	20,701	2,318,321	(2,418)	1,073,131	5,129,336
Total comprehensive income for the financial year		-	-	-	-	(3,110)	317,083	313,973
Final dividend in respect of financial year ended 31 March 2011	11	-	-	-	-	-	(57,997)	(57,997)
Interim dividend in respect of financial year ended 31 March 2012	11	-	-	-	-	-	(28,999)	(28,999)
At 31 March 2012		1,933,237	1,719,601	20,701	2,318,321	(5,528)	1,303,218	5,356,313

The notes set out on pages 152 to 268 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	(Restated) RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	698,938	1,674,608	364,316	317,083
Adjustments for non-cash items:				
Amortisation of				
- concession assets	8,858	10,284	-	-
- intangible assets	154,616	27,201	-	-
- prepaid lease properties	446	433	-	-
Depreciation of property, plant and equipment	607,265	178,725	346	377
Doubtful debts (net of write backs)	46,393	(13,454)	-	-
Finance costs	337,603	152,936	232,242	79,913
Inventories written off/down (net of write backs)	13,704	3,593	-	-
Impairment loss/(reversal of impairment loss) (net) of				
- intangible assets	46,736	-	-	-
- investment securities: available-for-sale	11,768	(29,540)	-	-
- property, plant and equipment	2,576	(2,707)	-	-
- investment in an associated company	-	-	3	-
Loss on fair value adjustments of investment properties	1,750	58	6,701	3,539
Provision for liabilities and charges	99,748	2,076	-	-
Taxation	338,429	146,791	16,608	4,578
Unrealised foreign exchange differences (net)	18,123	(12,694)	-	-
Write off of property, plant and equipment	3,140	34,933	-	-
(Write back of)/allowance for/write off of investment securities and financing of customers (net)	(19,598)	30,433	-	-
Amortisation of deferred income	(7,818)	(1,196)	-	-
Dividend income (gross)	(3,369)	(5,044)	(631,779)	(383,420)
(Gain)/loss on disposal of				
- a business	(412,552)	-	-	-
- an associated company	(1,643)	-	-	-
- assets held for sale	(15)	(30)	-	-
- concession assets	(1,122)	-	-	-
- investment properties	-	60	-	-
- investment securities: available- for-sale	(22,397)	(23,808)	5,528	-
Gain on disposal of				
- investment securities: financial assets at fair value through profit or loss	(574)	(2,591)	-	-
- investment securities: held-to-maturity	(13,494)	-	-	-
- prepaid lease properties	-	(316)	-	-
- property, plant and equipment	(55,071)	(1,790)	-	-
- shares of a subsidiary company	-	(80)	-	-
(Gain)/loss on fair value adjustments of investment securities: financial assets at fair value through profit or loss	(516)	180	-	-
Interest income	(95,323)	(52,051)	(10,127)	(40,819)
Marked to market (gain)/loss on derivatives (net)	(7,287)	19,321	-	-
Negative goodwill (gain on bargain purchase) arising from acquisition of a subsidiary company	-	(1,277,959)	-	-
Reversal of provision for major overhauls	(78,861)	-	-	-
Share of results of jointly controlled entities (net of tax)	(39,087)	(79,870)	-	-
Share of results of associated companies (net of tax)	(123,491)	(87,821)	-	-
Cash inflow/(outflow) before working capital changes	1,507,875	690,681	(16,162)	(18,749)
Amounts due to customers on contracts	(253,329)	(177,289)	-	-
General and life insurance contract liabilities	163,392	104,421	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	(Restated) RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Continued)				
Cash inflow/(outflow) before working capital changes (Continued)				
Inter-company balances	116,608	(76,756)	15,378	(2,895)
Inventories	(473,218)	106	-	-
Property development costs	(19,600)	(19,385)	-	-
Trade and other receivables	(482,324)	(888,785)	20,480	(18,895)
Trade and other payables	1,048,563	834,158	(54,116)	18,348
Financing of customers	(1,274,806)	(1,423,631)	-	-
Statutory deposits with Bank Negara Malaysia	(85,000)	(433,600)	-	-
Deposits from customers	896,514	1,836,703	-	-
Deposits and placements of banks and other financial institutions	(1,122)	(3,097)	-	-
Bills and acceptances payable	(177,574)	18,949	-	-
Recourse obligation on financing sold to Cagamas	(3,231)	(299,463)	-	-
Net cash inflow/(outflow) from operations	962,748	163,012	(34,420)	(22,191)
Interest received	90,363	40,104	5,206	7,873
Dividends received	128,501	178,311	571,923	365,808
Finance costs paid	(293,293)	(161,854)	(206,250)	(56,932)
Taxation paid (net of refunds)	(195,244)	(91,181)	7,308	18,222
Provision for liabilities and charges paid	(102,578)	(4,066)	-	-
Deferred income received	27,430	9,479	-	-
Deferred capital grants utilised	(147)	(2,020)	-	-
Post-employment benefit obligations paid	(9,055)	-	-	-
Provision for concession assets paid	(124,555)	-	-	-
Net cash inflow from operating activities	484,170	131,785	343,767	312,780
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of an associated company	(1,000)	(605,170)	-	(605,170)
Acquisition of investment securities by insurance subsidiary companies	(515,724)	(1,026,817)	-	-
Acquisition of investment securities by a banking subsidiary company	(6,925,426)	(7,310,152)	-	-
Acquisition of additional shares in subsidiary companies	(71,494)	(15,431)	(20,680)	(10,000)
Cost incurred on land held for property development	(3,113)	(82,411)	-	-
Net cash inflow from disposal of a subsidiary company	-	80	-	-
Net cash outflow from acquisition of a subsidiary company	(1,520,735)	(397,406)	(1,520,735)	(1,509,573)
Proceeds from disposal of an associated company	6,190	2,730	-	-
Proceeds from disposal/maturity of investment securities by insurance subsidiary companies	678,075	964,426	-	-
Proceeds from disposal of investment securities by a banking subsidiary company	3,638,360	3,866,248	-	-
Proceeds from disposal of investment securities	16,079	-	16,079	-
Proceeds from disposal of property, plant and equipment/concession assets/ prepaid lease properties/investment properties	76,480	8,253	-	-
Purchase of property, plant and equipment/concession assets/ investment properties/intangible assets	(893,957)	(264,118)	(2,761)	(5,713)
Redemption of available-for-sale securities by a banking subsidiary company	3,028,970	1,695,000	-	-
Subscription of shares by non-controlling interest in a subsidiary company	1,200	500	-	-
Subscription of redeemable preference shares by non-controlling interest in a subsidiary company	700	-	-	-
Net cash outflow from investing activities	(2,485,395)	(3,164,268)	(1,528,097)	(2,130,456)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Group		Company	
		2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interest		(18,869)	(27,769)	-	-
Dividends paid to shareholders		(57,997)	(86,996)	(57,997)	(86,996)
Fixed deposits held as security/maintained as sinking fund		(308,614)	(263,391)	-	-
Proceeds from bank borrowings		3,535,650	3,645,667	1,045,853	2,657,264
Repayment of borrowings/hire purchase and finance leases		(2,381,263)	(757,911)	(591,293)	(47,043)
Proceeds/(repayment) of loans from/(to) subsidiary companies (net)		-	-	279,731	(253,305)
Net cash inflow from financing activities		768,907	2,509,600	676,294	2,269,920
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,232,318)	(522,883)	(508,036)	452,244
Effects of foreign currency translation		(3,394)	(16)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,213,747	7,736,646	618,470	166,226
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		5,978,035	7,213,747	110,434	618,470
(a) Cash and cash equivalents at end of the financial year comprise the following:					
Short term deposits		2,536,565	2,407,406	104,621	610,548
Cash and bank balances		747,551	632,912	5,813	7,922
Cash and short-term funds of a banking subsidiary company		3,341,694	4,501,556	-	-
Bank overdrafts		(15,143)	(9,768)	-	-
		6,610,667	7,532,106	110,434	618,470
Less: Fixed deposits held as security/sinking fund	30(b)	(618,156)	(309,542)	-	-
Less: Bank balance in respect of Automotive Development Fund		(14,476)	(8,817)	-	-
		5,978,035	7,213,747	110,434	618,470
(b) Non-cash transactions					
The principal non-cash transactions during the financial year comprise the following:					
(i) Acquisition of property, plant and equipment/intangible assets by means of hire purchase, finance lease and payable		57,078	13,941	4,096	4,995
(ii) Acquisition of concession assets by means of hire purchase, finance lease and payable		-	332,777	-	-

The notes set out on pages 152 to 268 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2013

1 PRINCIPAL ACTIVITIES

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

There has been no significant change 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”) in Malaysia.

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 FRSs in Malaysia, 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 60 to the financial statements.

The comparatives for 31 March 2012 have been restated with the adjustments described in Notes 2.2(iii), 2.2(iv) and 53(iv)(g) and as required by FRS 101 *Presentation of Financial Statements*, a statement of financial position as at the beginning of the preceding year (1 April 2011) is disclosed.

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

(i) Changes in accounting policies and effects for the current financial year

The new/revised accounting standards, amendments to published standards and Issues Committee (“IC”) Interpretations to existing standards issued by Malaysian Accounting Standards Board (“MASB”) that are applicable to the Group and effective for the current financial year are as follows:

FRS 124	Related Party Disclosures
Amendments to FRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendments to FRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures
Amendments to FRS 9	Financial Instruments - Mandatory Effective Date of FRS 9 and Transition Disclosures (2009)
Amendments to FRS 9	Financial Instruments - Mandatory Effective Date of FRS 9 and Transition Disclosures (2010)
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

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 above standards, amendments and interpretations did not result in material impact on the financial statements of the Group and of the Company.

(ii) Malaysian Financial Reporting Standards

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year beginning 1 April 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The subsidiary companies within the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. As the Group and the Company fall within the scope of Transitioning Entities, adjustments have been made to reflect the consolidated financial statements under FRSs.

(iii) Changes in Bank Negara Malaysia ("BNM") Guidelines for Life Insurers – Unallocated surplus and reserve of non-participating funds held by a Life insurance subsidiary company

Prior to 1 April 2012, BNM requires the Life insurers to recognise the unallocated surplus and reserve of non-participating funds as part of actuarial insurance contract liabilities.

On 21 February 2012, BNM issued a revised Guideline which is effective for financial periods commencing after 1 January 2012. Under this new guideline, Life insurers are no longer required to classify the unallocated surplus and reserve of non-participating funds as part of insurance contract liabilities as insurers are now required to classify them in accordance with the requirements of FRS. Accordingly, the Life insurance subsidiary company changed its accounting policy to classify its unallocated surplus and AFS reserve of non-participating funds from the insurance contract liabilities to equity. This change in accounting policy is accounted for retrospectively and is consistent with the life insurance industry practice.

(iv) Accounting treatment of Recourse Obligation on Financing sold to Cagamas by a banking subsidiary company

In prior financial years, Bank Muamalat Malaysia Berhad, a 70% owned subsidiary company of the Group, set-off the balances relating to financing sold to Cagamas against the total financing of customers in the statement of financial position. This treatment is in accordance with Bank Negara Malaysia Guidelines, whereby these balances were disclosed and included as part of commitments and contingencies. Following the removal of the Bank Negara Malaysia's modification in relation to the accounting treatment of financing sold to Cagamas during the current financial year, the balances relating to financing sold to Cagamas have been included in total financing of customers in the statement of financial position in accordance with FRS 139.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The effects of the changes in accounting policy adopted by the insurance and banking subsidiary companies to the Group are as follows:

	As previously stated RM'000	Effect of change in accounting policy - 2.2(iii) RM'000	Effect of change in accounting policy - 2.2(iv) RM'000	As restated RM'000
As at 31 March 2012				
Consolidated Statement Of Financial Position				
<u>Non-current assets</u>				
Financing of customers	7,030,538	-	61,679	7,092,217
<u>Current assets</u>				
Financing of customers	1,738,759	-	3,231	1,741,990
<u>Non-current liabilities</u>				
Life insurance contract liabilities	1,839,124	(214,379)	-	1,624,745
Deferred tax liabilities	59,103	42,876	-	101,979
Recourse obligation on financing sold to Cagamas	-	-	61,679	61,679
<u>Current liabilities</u>				
Recourse obligation on financing sold to Cagamas	-	-	3,231	3,231
Consolidated Statement Of Changes in Equity				
Available-for-sale ("AFS") reserve	(35,007)	5,005	-	(30,002)
Retained earnings	3,354,642	82,462	-	3,437,104*
Non-controlling interest	1,131,613	84,036	-	1,215,649

* Excluding the effect of PPA adjustments of RM306,437,000 in respect of Note 53(iv)(g) on pages 245 to 247.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The effects of the changes in accounting policy adopted by the insurance and banking subsidiary companies to the Group are as follows: (Continued)

	As previously stated RM'000	Effect of change in accounting policy - 2.2(iii) RM'000	Effect of change in accounting policy - 2.2(iv) RM'000	As restated RM'000
For the financial year ended 31 March 2012				
Consolidated Statement Of Comprehensive Income				
Other expenses	(77,392)	(6,140)	-	(83,532)
Taxation	(148,019)	1,228	-	(146,791)
Consolidated other comprehensive income:				
Loss on fair value changes of investment securities: available-for-sale	(13,452)	4,143	-	(9,309)
Net profit for the financial year attributable to:				
Owners of the Company	1,292,988	(2,505)	-	1,290,483*
Non-controlling interest	80,095	(2,407)	-	77,688
Total comprehensive income for the financial year attributable to:				
Owners of the Company	1,278,467	(392)	-	1,278,075*
Non-controlling interest	80,087	(377)	-	79,710
As at 31 March 2011				
Consolidated Statement Of Financial Position				
<u>Non-current assets</u>				
Financing of customers	4,813,029	-	64,910	4,877,939
<u>Current assets</u>				
Financing of customers	2,298,082	-	299,463	2,597,545

* Excluding the effect of PPA adjustments of RM306,437,000 in respect of Note 53(iv)(g) on pages 245 to 247.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The effects of the changes in accounting policy adopted by the insurance and banking subsidiary companies to the Group are as follows: (Continued)

	As previously stated RM'000	Effect of change in accounting policy - 2.2(iii) RM'000	Effect of change in accounting policy - 2.2(iv) RM'000	As restated RM'000
As at 31 March 2011				
Consolidated Statement Of Financial Position (Continued)				
<u>Non-current liabilities</u>				
Life insurance contract liabilities	1,732,565	(215,339)	-	1,517,226
Deferred tax liabilities	65,757	43,067	-	108,824
Recourse obligation on financing sold to Cagamas	-	-	64,910	64,910
<u>Current liabilities</u>				
Recourse obligation on financing sold to Cagamas	-	-	299,463	299,463
Consolidated Statement Of Changes in Equity				
AFS reserve	(22,807)	2,892	-	(19,915)
Retained earnings	2,187,500	84,967	-	2,272,467
Non-controlling interest	1,151,768	84,413	-	1,236,181

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 and amendments to published standards that are applicable to the Group beginning on or after 1 April 2013

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 128	Investments in Associates and Joint Ventures (2011)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Government Loans
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2012)]
Amendments to FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendment to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2012)]
Amendments to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendment to FRS 116	Property, Plant and Equipment [Improvements to FRSs (2012)]
Amendment to FRS 132	Financial Instruments: Presentation [Improvements to FRSs (2012)]
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2012)]

The adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces consolidation part of the former FRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation - Special Purpose Entities* and introduces a new single control model to determine which investee should be consolidated. FRS 10 sets out the following three elements of control:

- (i) Power by investor over an investee;
- (ii) Exposure, or rights, to variable returns from investor's involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the investor's returns.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 supersedes FRS 131 *Interests in Joint Ventures* and IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers* and establishes the principles for classification and accounting for joint arrangements. Under this accounting standard, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Impact of new MASB pronouncements (Continued)

(i) **New/revised accounting standards and amendments to published standards that are applicable to the Group beginning on or after 1 April 2013 (Continued)**

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties.

FRS 119 Employee Benefits (2011)

The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. It requires the recognition of changes in defined benefit obligations and changes in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The revised FRS 119 requires all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. This revised accounting standard requires retrospective applications with certain exceptions.

FRS 127 Separate Financial Statements (2011)

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures (2011)

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 *Investments in Associates and Joint Ventures*. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 101 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

(ii) **Amendments to published standards that are applicable to the Group beginning on or after 1 April 2014**

Amendments to FRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities

(iii) **Revised accounting standards that are applicable to the Group beginning on or after 1 April 2015**

FRS 9	Financial Instruments (2009)
FRS 9	Financial Instruments (2010)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Impact of new MASB pronouncements (Continued)

(iv) IC Interpretations that are not relevant and not applicable to the Group

IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2	Members' Shares in Co-operatives Entities and Similar Instruments [Improvements to FRSs (2012)]

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.

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.

2.5 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 are 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 jointly controlled entities 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Jointly controlled entities (Continued)

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 is 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 associated companies are different, the associated company 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 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.

2.8 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.

(i) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

(i) Financial assets at fair value through profit or loss (Continued)

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.

(ii) Loans and receivables

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

These financial assets are initially recognised at fair value, including direct and incremental transaction costs and subsequently 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 12 months after the reporting date which are classified as non-current.

(iii) 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 12 months after the reporting date which are classified as current.

(iv) 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 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

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.

2.10 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.

(i) 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.

(ii) 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.

(iii) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

(iii) Available-for-sale financial assets (Continued)

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.

(iv) Insurance receivables

Insurance receivables at each reporting date are assessed for 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 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.

(v) Impairment of financing

The banking subsidiary company assesses at each reporting date whether there is any objective evidence that a financing is impaired. Financing of banking subsidiary company are classified as impaired when they fulfil either of the following criteria:

- (a) principal or profit or both are past due for 3 months or more;
- (b) where financing in arrears for less than 3 months, the financing exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or
- (c) 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 6 months.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of estimated future cash flows discounted at the financings' original effective profit rate. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

Financing which are not individually significant and financings that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These financings are grouped within similar credit risk characteristics for collective assessment, whereby data from the financing portfolio (such as credit quality, levels of arrears, credit utilisation, financing to collateral ratios, etc.), concentration of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups) are taken into consideration.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the receivables and settle the payables simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 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.

2.13 Assets held for sale

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.

2.14 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.

The estimated useful lives in years are as follows:

Buildings, golf course and improvements	3 - 98 years
Leasehold land	Over the period of lease term
Plant and machinery	5 - 30 years
Motor vehicles	2 - 10 years
Office equipment	2 - 10 years
Furniture and fittings	2 - 20 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Concession assets

Concession assets comprise the consideration receivables to the extent that it receives a right to charge users of the public services and is amortised over the period of 22 years under the Service Concession Agreement.

Subsequent costs and expenditures related to infrastructure and equipment arising from the commitments to the concession contracts or that increase future revenue is recognised as additions to the concession assets and are stated at cost. All other repairs and maintenance expenses that are routine in nature, are charged to the statement of comprehensive income during the financial period in which they are incurred.

2.16 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.

2.17 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.

2.18 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Intangible assets other than goodwill (Continued)

(ii) Computer software (Continued)

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 22.9 years. The concession rights for the operation and maintenance of a power plant was disposed during the current financial year.

(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.

(v) Research and development cost

Expenditure in connection with research activities (research expenditure) is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria for recognition are fulfilled:

- (a) It is technically feasible to complete the intangible assets so that it will be available for use or sale;
- (b) Management's intention to complete the intangible asset for use or sale;
- (c) There is an ability to use or sell the intangible asset;
- (d) It can be demonstrated that the intangible asset will generate probable future economic benefits;
- (e) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) The expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs previously recognised as an expense are not recognised as an asset in subsequent period. Development expenses capitalised include costs incurred in the development from the date it first meets the recognition criteria and up to the completion of the development project and commencement of commercial production. Capitalised development cost is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation of development cost is based on straight line basis over its useful life, which ranges between 5 to 7 years for vehicles and 10 years for mechanical parts.

(vi) Acquired intangible assets

These intangible assets comprise dealership network and brand name arising from the acquisition of PROTON.

(a) Dealership network

Dealership network which is separately identifiable, is stated at cost and amortised on a straight line basis over a period of 7 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Intangible assets other than goodwill (Continued)

(vi) Acquired intangible assets (Continued)

(b) Brand name

Brand name which is separately identifiable with infinite useful life, is tested annually for impairment and stated at cost less accumulated impairment losses. Impairment losses on brand name are not reversed.

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.

2.19 Property development activities

(i) Land held for property development

Land held for property development consists 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)

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is defined as all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Costs of purchase comprise the purchase price, import duties and other taxes (so far as not recoverable from the taxation authorities), transport and handling costs and other directly attributable costs.

(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 or weighted average basis depending on the nature of inventories.

(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.

2.21 Reinsurance

The insurance subsidiary company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the insurance subsidiary company from its obligation to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance assets that the insurance subsidiary company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the insurance subsidiary company will receive from the reinsurer. The impairment loss is recognised through profit or loss.

Gains or losses on buying reinsurance are recognised in the statement of comprehensive income immediately at the date of purchase and are not amortised.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to the reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective yield method when accrued.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 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.

2.23 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 is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the 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.

2.24 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 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.

2.26 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 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.

(i) Financial liabilities at fair value through profit or 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.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings, deposits from customers, deposits and placements of banks and financial institutions, bills and acceptances payable, recourse obligation on financing sold to Cagamas and other liabilities.

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 12 months after the reporting date.

Deposits from customers, deposits and placements of banks and financial institutions are stated at placement values.

Bills and acceptances payable represent the banking subsidiary company's own bills and acceptances rediscounted and outstanding in the market.

Recourse obligation on financing sold to Cagamas represents those financing sold to Cagamas Berhad with recourse.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Financial liabilities (Continued)

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.

2.27 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.

2.28 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) Concession assets

A provision is recognised based on the contractual obligations that it must fulfil as a condition of its license to maintain the infrastructure to a specified standard and to restore the infrastructure when the infrastructure has deteriorated below specific condition as stated under Service Concession Agreement.

(iv) 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 using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Provisions (Continued)

(v) 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 life insurance company 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.

2.29 Life insurance contract liabilities

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 the Risk Based Capital 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") fund 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 of these surpluses to policyholders and shareholders. Surpluses in the non-DPF fund are attributable wholly to the shareholders and the amount and timing of the distribution to the shareholders is subject to the advice of the life insurance subsidiary's Appointed Actuary.

(iii) Available-for-sale fair value reserves

Fair value gains and losses of available-for-sale financial assets of the life insurance business are reported as a separate component of insurance contract liabilities until the available-for-sale financial assets are derecognised or the financial assets are determined to be impaired.

(iv) Net asset value attributable to unit holders

The unit liabilities of Investment-Linked policy are equal to the net asset value of the Investment-Linked funds, which represent net premium received and investment returns credited to the policy less deduction for mortality and morbidity costs and expenses charges.

Under the revised Guideline issued by Bank Negara Malaysia, there is no requirement to classify the unallocated surplus and available-for-sale fair value reserves of the life non-participating funds as part of insurance contract liabilities. Accordingly, the unallocated surplus and available-for-sale fair value reserves of the life non-participating funds are now classified as part of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 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.

- (i) Grants relating to assets are included in non-current liabilities as deferred income and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment or by deducting the grants in arriving at the carrying amount of the asset.
- (ii) Grants relating to costs are recognised immediately through profit or loss to match them with the costs incurred.
- (iii) Income grants are grants other than the above grants and recognised in the statements of comprehensive income where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.31 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.

(iv) Post-employment benefits – Defined benefit plan

Certain companies in the Group operate defined benefit plans for their eligible employees.

The defined benefit obligation is calculated using the project unit credit method, determined by independent actuaries are charged to the statement of comprehensive income so as to spread the cost of pensions over the average remaining service lives of the related employees participating in the defined benefit plan. Assumptions were made in relation to the expected rate of salary increases and annual discount rate.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligations at the statement of financial position less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service. The Group determines the present value of the defined benefit obligations with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Plan assets in excess of the defined benefit obligations are subject to the asset limitation test specified in FRS 119.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the statement of comprehensive income determined by the corridor method in accordance with FRS 119 and is recognised through profit or loss over the average remaining service lives of the related employees participating in the defined benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account premium liabilities, claims liabilities, commissions and reinsurances.

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 at the valuation date and the Provision of Risk Margin for Adverse Deviation 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

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. Generally, the UPR is released over the term of contract and is recognised as premium income.

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.

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 the profit or loss. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.33 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 life insurance subsidiary's Appointed Actuary.

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.

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.

Reinsurance premium

Outward reinsurance premiums are recognised in the same accounting period as the original policies to which the reinsurance relates.

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 statement of comprehensive income in the financial year in which they are incurred.

2.34 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.35 Assets under lease arrangements

(i) Finance leases

Leases of property, plant and equipment, concession assets and intangible assets 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 or/and intangible assets 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 or amortised 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.

2.36 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, in-flight 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.36 Revenue recognition (Continued)

(ii) Rendering of services (Continued)

(e) 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.

(f) Operation and maintenance of a power plant

Revenue from operation and maintenance is recognised upon performance of services less discounts.

(iii) Construction contracts

Revenue from construction contracts are accounted for by the stage of completion method as described in Note 2.34.

(iv) 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.

2.37 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.37 Foreign currency translation (Continued)

(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 rate when fair value was determined. Exchange gains and losses are dealt with in the statement of comprehensive income.

(iii) Foreign subsidiary companies

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.

2.38 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.

2.39 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 2013 therein are shown below:

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
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, value added services and the sale of 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.	100.00	100.00	Operations and maintenance services of a power plant (business disposed during the financial year)	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
® PROTON Holdings Berhad ("PROTON")	100.00	100.00	Investment holding	31 March
\$ Motosikal Dan Enjin Nasional Sdn. Bhd. ("MODENAS")	81.00	70.00	Manufacture, assemble and distribute motorcycles, related spare parts and accessories	31 March
Bank Muamalat Malaysia Berhad [Note 18 (b)]	70.00	70.00	Islamic banking business and related financial services	31 March
* HICOM Trucks Sdn. Bhd.	100.00	100.00	Dormant	31 March
* DRB-HICOM Export Corporation Sdn. Bhd. (accretion via increase in equity interest in MODENAS)	75.50	71.65	Dormant	31 March
* Intrakota Komposit Sdn. Bhd.	70.00	70.00	Dormant	31 March
Subsidiary companies of Gadek (Malaysia) Berhad:				
Mega Consolidated Sdn. Bhd.	100.00	100.00	Investment holding	31 March
* Uni.Asia Capital Sdn. Bhd.	51.00	51.00	Investment holding	31 March
* Ladang Gadek Development Sdn. Bhd.	100.00	100.00	Dormant	31 March

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31 MARCH 2013

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Gadek (Malaysia) Berhad: (Continued)				
* 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 equipment	31 March
Flora Areana Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of MODENAS:				
§ Edaran Modenas Sdn. Bhd.	81.00	70.00	Distribution of motorcycles, related spare parts and accessories and servicing of motorcycles	31 March
Subsidiary companies of Bank Muamalat Malaysia Berhad:				
Muamalat 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.	100.00	100.00	Property development	31 March
§* Comtrac Sdn. Bhd.	100.00	70.00	Provision of construction services	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013	2012		
	%	%		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
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 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	Provision of ground handling, in-flight catering, cargo handling, warehousing space and supply chain management including custom forwarding agent services	31 March
* [@] Edaran Otomobil Nasional Berhad ("EON")	100.00	100.00	Marketing of motor vehicles and servicing of motor vehicles	31 March
HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	100.00	100.00	Manufacturing and assembling of motor vehicles and other road transport vehicles	31 March
Glenmarie Development (Pahang) Sdn. Bhd.	100.00	100.00	Building and leasing property	31 March
* Proton City Development Corporation Sdn. Bhd.	100.00	100.00	Property development	31 March
* PHN Industry Sdn. Bhd.	97.50	97.50	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.	97.37	60.53	Management of integrated solid waste	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
* HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.	51.00	51.00	Manufacture and sale of thermo plastic and thermo setting products	31 March
* ^{**} DRB-HICOM Environmental Services Sdn. Bhd. (formerly known as HICOM Terang Sdn. Bhd.)	100.00	100.00	Dormant	31 March
* HICOM Engineering Sdn. Bhd.	100.00	100.00	Dormant	31 March

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013	2012		
	%	%		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
* Bukit Kledek Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* NSE Development 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 companies of PROTON:				
Perusahaan Otomobil Nasional Sdn. Bhd.	100.00	100.00	Manufacture, assembly and sales of motor vehicles and related products	31 March
Proton Tanjung Malim Sdn. Bhd.	100.00	100.00	Assembly of motor vehicles and related products	31 March
Proton Marketing Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Lotus Advance Technologies Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Proton Hartanah Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Subsidiary companies of Perusahaan Otomobil Nasional Sdn. Bhd.:				
^f PT Proton Cikarang Indonesia	100.00	100.00	Dormant	31 March
^d Proton Automobiles (China) Limited	100.00	100.00	Dormant	31 March
Subsidiary companies of Proton Marketing Sdn. Bhd.:				
^h Proton Cars (UK) Limited	100.00	100.00	Distribution of motor vehicles	31 March
^a Proton Cars Australia Pty. Limited	100.00	100.00	Importation and distribution of motor vehicles and related spare parts	31 March
Proton Edar Sdn. Bhd.	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
Proton Parts Centre Sdn. Bhd.	100.00	100.00	Trading of motor vehicle components, spare parts and accessories	31 March
^m Proton Motors (Thailand) Co. Limited	100.00	100.00	Importation and distribution of motor vehicles and related spare parts	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Proton Marketing Sdn. Bhd.: (Continued)				
£ Proton Motor Pars Co. (Private Joint Stock)	100.00	100.00	Dormant	31 March
§ HICOM-Potenza Sports Cars Sdn. Bhd.	90.00	90.00	Dormant	31 March
^{c*} Proton Cars Benelux NV. SA (under Members' Voluntary Liquidation)	100.00	100.00	Dormant	31 March
Subsidiary companies of Lotus Advance Technologies Sdn. Bhd.:				
^h Lotus Group International Limited	100.00	100.00	Investment holding	31 March
Proton Engineering Research Technology Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of Proton Hartanah Sdn. Bhd.:				
Proton Properties Sdn. Bhd.	100.00	100.00	Property development and related activities	31 March
Subsidiary company of Proton Cars Australia Pty. Limited:				
^a Lotus Cars Australia Pty. Limited	100.00	100.00	Dormant	31 March
Subsidiary companies of Proton Edar Sdn. Bhd.:				
^k Proton Singapore Pte. Limited	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
^f PT Proton Edar Indonesia	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
§ Automotive Conversion Engineering Sdn. Bhd.	100.00	100.00	Conversion and modification of motor vehicles and distribution of car accessories	31 March
§ EON Properties Sdn. Bhd.	100.00	100.00	Investment and management of properties	31 March
Subsidiary company of Lotus Group International Limited:				
^h Group Lotus Plc	100.00	100.00	Investment holding	31 March
Subsidiary companies of Group Lotus Plc:				
^h Lotus Cars Limited	100.00	100.00	Manufacture of motor vehicles and engineering consultancy services	31 March

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Group Lotus Plc: (Continued)				
ⁿ Lotus Holdings Inc.	100.00	100.00	Investment holding	31 March
^h Lotus Body Engineering Limited	100.00	100.00	Investment holding	31 March
^h Lotus Motorsports Limited	100.00	100.00	Dormant	31 March
Subsidiary companies of Lotus Cars Limited:				
^j Lotus Engineering Company Limited (Shanghai)	100.00	100.00	Engineering consultancy services	31 March
^h Lotus Engineering Limited	100.00	100.00	Engineering consultancy services	31 March
^h Lotus Youngman UK Automotive Company Limited	100.00	100.00	Dormant	31 March
Subsidiary companies of Lotus Holdings Inc.:				
ⁿ Lotus Engineering Inc.	100.00	100.00	Engineering consultancy services	31 March
ⁿ Lotus Cars USA Inc.	100.00	100.00	Sales and servicing of motor vehicles	31 March
Subsidiary company of Lotus Body Engineering Limited:				
^h Lotus Lightweight Structures Holdings Limited	100.00	100.00	Investment holding	31 March
Subsidiary company of Lotus Lightweight Structures Holdings Limited:				
^{*h} Lotus Lightweight Structures Limited	100.00	100.00	Manufacture of automotive components	31 March
Subsidiary company of Lotus Engineering Limited:				
Lotus Engineering Malaysia Sdn. Bhd.	100.00	100.00	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 related spare parts and accessories	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of USF-HICOM Holdings Sdn. Bhd.:				
* USF-HICOM (Malaysia) Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and 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
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 and provision of management services	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
\$ Glenmarie Cove Development Sdn. Bhd.	100.00	89.50	Property development	31 March
* Connemara Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Glenmarie Properties Sdn. Bhd.:				
* Benua Kurnia Sdn. Bhd.	100.00	100.00	Property development	31 March
* Neraca Prisma Sdn. Bhd.	100.00	100.00	Property development	31 March
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.	100.00	100.00	Provision of facility and building management and related maintenance services	31 March
* HICOM Megah Sdn. Bhd.	100.00	100.00	Investment holding	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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Indungan Sdn. Bhd.:				
Rebak Island Marina Berhad	100.00	100.00	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	Dormant	31 March
Subsidiary company of HICOM Megah Sdn. Bhd.:				
** Corwin Holding Pte. Ltd.	90.00	90.00	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:				
* Euromobil Sdn. Bhd.	100.00	100.00	Import, distribution and marketing of vehicles and related spare parts and accessories and servicing of vehicles	31 March
* EON Auto Mart Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March
* DRB-HICOM Leasing Sdn. Bhd.	100.00	100.00	Leasing of vehicles and fleet management services	31 March
* HICOM Auto Sdn. Bhd.	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
* Multi Automotive Service and Assist Sdn. Bhd.	70.00	70.00	Providing of emergency roadside vehicle assistance and supply of auto related products and services	31 March
* EonMobil 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
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of EON: (Continued)				
* EON Trading Sdn. Bhd.	100.00	100.00	Dormant	31 March
* EON Technologies Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of EON Technologies Sdn. Bhd.:				
* EON Network Systems Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Comtrac Sdn. Bhd.:				
§* Comtrac Trading Sdn. Bhd.	100.00	70.00	Trading of construction materials	31 March
§* Comtrac Builders Sdn. Bhd.	100.00	70.00	Supply, installation and construction of precast building works, manufacturing, supply and installation of precast component and provision of upgrading and renovation works	31 March
§* Comtrac-Sabkar Development Sdn. Bhd.	51.00	35.70	Construction works and property development	31 March
§* Comtrac Glenview Sdn. Bhd.	51.00	35.70	Investment holding and property development	31 March
§* Comtrac Development Sdn. Bhd.	100.00	70.00	Dormant	31 March
§* Comtrac Premises Sdn. Bhd.	100.00	70.00	Dormant	31 March
§* Isti-Emas Sdn. Bhd.	100.00	70.00	Dormant	31 March
Subsidiary company of Comtrac Glenview Sdn. Bhd.:				
§* Glenview Management Corporation Sdn. Bhd.	51.00	35.70	Dormant	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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Scott & English (Malaysia) Sdn. Bhd.: (Continued)				
Scott & English Trading (Sarawak) Sdn. Bhd.	35.70	35.70	Trading of heavy machinery and equipment, spare parts and electrical appliances	31 March
* ⁱ Myanmar Scott & English Company Limited	70.00	70.00	Dormant	31 March
* ^e Scott & English (Cambodia) Limited (under voluntary liquidation)	70.00	70.00	Dormant	31 March
Subsidiary company of HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.:				
^m HICOM Automotive Plastics (Thailand) Ltd.	50.99	50.99	Manufacture of plastic injected parts and plastic injection moulds for automotive industry	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
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

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
JOINTLY CONTROLLED ENTITIES (Continued)				
Jointly controlled entities of HICOM Holdings Berhad: (Continued)				
HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.	45.00	45.00	Manufacture and assembly of motorcycle engines and parts	31 March
* ^b MBM Alam Flora W.L.L.	48.00	48.00	Dormant	31 December
Jointly controlled entity of Group Lotus Plc:				
* ^h Lotus Finance Limited	49.90	49.90	Provision of motor vehicles financing	31 December
Jointly controlled entity of Proton Edar Sdn. Bhd.:				
* Proton Commerce Sdn. Bhd.	50.00	50.00	Development, management and marketing of hire purchase or leasing facilities in respect of the purchase or use of PROTON and other vehicles	31 March
Jointly controlled entity of EON:				
* Mitsubishi Motors Malaysia Sdn. Bhd.	48.00	48.00	Distribution of motor vehicles, vehicle components, spare parts and accessories	31 March
Jointly controlled entity of Horsedale Development Berhad:				
HICOM-Gamuda Development Sdn. Bhd.	35.30	35.30	Housing and property development and rental of properties	31 March
Jointly controlled entity of Lotus Advance Technologies Sdn. Bhd.:				
Miyazu (Malaysia) Sdn. Bhd.	66.00	66.00	Development, manufacturing and sale of products and services relating to dies, moulds and jigs	31 March
Jointly controlled entity of HICOM Polymers Industry Sdn. Bhd.:				
* ^s HICOM HBPO Sdn. Bhd. (formerly known as Stagwell Sdn. Bhd.)	60.00	70.00	Assembly of front end modules and related components	31 March

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
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
*@ POS Malaysia Berhad	32.21	32.21	Provision of postal and related services	31 March
Marak Unggul Sdn. Bhd.	29.99	29.99	Dormant	31 December
§* HICOM-Chevrolet Sdn. Bhd.	-	49.00	Dissolved during the financial year	31 December
Associated company of Bank Muamalat Malaysia Berhad:				
§* Pos Ar-Rahnu Sdn. Bhd.	39.77	-	Islamic pawn broking business	31 March
Associated companies of HICOM Holdings Berhad:				
ISUZU HICOM Malaysia Sdn. Bhd.	49.00	49.00	Manufacturing, assembly and sale of commercial vehicles	31 March
Midea Scott & English Electronics Sdn. Bhd.	30.00	30.00	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
Niro Ceramic (M) Sdn. Bhd.	21.01	21.01	Manufacturing and trading of ceramic tiles	31 December
\$ THK Rhythm Malaysia Sdn. Bhd.	-	20.00	Manufacturing and sale of automobile tierods, tierod ends and suspension ball joints, stabiliser links, steering linkages and power steering gear	31 December
Associated companies of PROTON:				
* Marutech Elastomer Industries Sdn. Bhd.	25.00	25.00	Manufacturing of automotive parts	31 March
Exedy (Malaysia) Sdn. Bhd.	45.00	45.00	Manufacturing of car manual clutches, springs and related parts	31 December

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2013 %	2012 %		
ASSOCIATED COMPANIES (Continued)				
Associated company of Perusahaan Otomobil Nasional Sdn. Bhd.:				
^l Vina Star Motors Corporation	25.00	25.00	Assembly, manufacturing, maintenance and repairing of automobiles as well as the supply of automobile parts and importation of completely-built-up (CBU) cars	31 December
Associated company of Proton Cars (UK) Limited:				
^{*h} Proton Finance Limited	49.99	49.99	Provision of dealer and customer financing	31 December
Associated company of Proton Edar Sdn. Bhd.:				
[*] Netstar Advanced Systems Sdn. Bhd.	40.00	40.00	Advanced security network provider for stolen vehicle tracking and monitoring services for general motorists and fuel operators	31 December
Associated company of Proton Automobiles (China) Limited:				
^{*j} Goldstar Proton Automobiles Co. Limited	49.00	49.00	Dormant	31 December
Associated companies of EON:				
[*] SRT-EON Security Services Sdn. Bhd.	40.00	40.00	Provision of security services	30 June
[*] Johnson Controls Automotive Holding (M) Sdn. Bhd.	30.00	30.00	Manufacturing of car seats, seat paddings, steering wheels, and other car interior parts, investment holding and property letting	30 September
Associated company of Oriental Summit Industries Sdn. Bhd.:				
[§] Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd.	24.50	-	Manufacture, assemble, deliver and sell automotive exhaust systems components	31 December

3 COMPANIES IN THE GROUP (Continued)

\$ The changes in the effective equity interest in these companies in the Group are as disclosed in Notes 53 and 54.

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

@ All shares in these companies have been pledged for banking facilities as disclosed in Note 37.

a The country of incorporation is Australia.

b The country of incorporation is Bahrain.

c The country of incorporation is Belgium.

d The country of incorporation is British Virgin Islands.

e The country of incorporation is Cambodia.

f The country of incorporation is Indonesia.

g The country of incorporation is Iran.

h The country of incorporation is England.

i The country of incorporation is Myanmar.

j The country of incorporation is People's Republic of China.

k The country of incorporation is Singapore.

l The country of incorporation is Socialist Republic of Vietnam.

m The country of incorporation is Thailand.

n The country of incorporation is United States of America.

All the other companies are incorporated in Malaysia.

4 REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	9,717,695	3,732,366	-	-
Rendering of services	1,412,100	1,500,240	-	-
Banking	983,991	886,529	-	-
Insurance business	467,539	420,062	-	-
Sale of land and development properties	305,637	159,092	-	-
Construction contracts	247,765	179,916	-	-
Dividend income from subsidiary companies, associated companies and a jointly controlled entity (gross)	-	-	631,779	383,420
Interest income from subsidiary companies	-	-	5,199	32,786
Rental income from subsidiary companies and an associated company	-	-	12,596	12,113
	13,134,727	6,878,205	649,574	428,319

5 COST OF SALES

	Group	
	2013 RM'000	2012 RM'000
Cost of inventories	8,650,159	3,260,678
Cost of services rendered	639,914	1,147,879
Cost of banking	388,629	422,054
Cost of insurance business	359,433	354,779
Cost of contract and property development	446,219	282,063
	10,484,354	5,467,453

6 PROFIT BEFORE TAXATION

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

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Amortisation of					
- concession assets	14	8,858	10,284	-	-
- intangible assets	21	154,616	27,201	-	-
- prepaid lease properties	15	446	433	-	-
Auditors' remuneration					
- current year		5,077	2,481	210	190
- under provision in prior year		-	98	-	-
Depreciation of property, plant and equipment	13	607,265	178,725	346	377
Directors' emoluments	7	10,240	9,511	941	820
Doubtful debts (net of write backs)		46,393	(13,454)	-	-
Finance costs	9	337,603	152,936	232,242	79,913
Impairment loss/(reversal of impairment loss) (net) of					
- property, plant and equipment	13	2,576	(2,707)	-	-
- intangible assets	21	46,736	-	-	-
- investment securities: available-for-sale		11,768	(29,540)	-	-
- investment in an associated company		-	-	3	-

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

6 PROFIT BEFORE TAXATION (Continued)

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

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Inventories written off/down (net of write backs)		13,704	3,593	-	-
Loss/(gain) on fair value adjustment of					
- investment properties	16	1,750	58	6,701	3,539
- investment securities: financial assets at fair value through profit or loss		(516)	180	-	-
Loss on disposal of investment properties		-	60	-	-
Unrealised foreign exchange differences (net)		18,123	(12,694)	-	-
Provision for liabilities and charges	38	99,748	2,076	-	-
Rental of plant and machinery and equipment		21,666	19,881	-	-
Rental of premises		86,914	47,835	-	-
Research and development expenditure		33,017	-	-	-
Staff costs	8	1,675,040	898,617	-	-
Write off of property, plant and equipment	13	3,140	34,933	-	-
(Write back of)/allowance for/write off of investment securities and financing of customers (net)		(19,598)	30,433	-	-
Amortisation of deferred income	36	(7,818)	(1,196)	-	-
Dividend income (gross)					
- quoted		(3,369)	(3,920)	(44,114)	-
- unquoted		-	(1,124)	(587,665)	(383,420)
(Gain)/loss on disposal of investment securities:					
- available-for-sale		(22,397)	(23,808)	5,528	-
- financial assets at fair value through profit or loss		(574)	(2,591)	-	-
- held-to-maturity		(13,494)	-	-	-
Gain on disposal of					
- a business		(412,552)	-	-	-
- an associated company		(1,643)	-	-	-
- assets held for sale		(15)	(30)	-	-
- concession assets		(1,122)	-	-	-
- property, plant and equipment		(55,071)	(1,790)	-	-
- prepaid lease properties		-	(316)	-	-
Gain on disposal of					
- shares of a subsidiary company		-	(80)	-	-
Interest income on					
- short term deposits		(95,323)	(52,051)	(4,928)	(8,033)
- subsidiary companies		-	-	(5,199)	(32,786)
Insurance claims		(5,285)	(31,214)	-	-
Marked to market (gain)/loss on derivatives (net)	33(b)	(7,287)	19,321	-	-
Realised foreign exchange differences (net)		(12,382)	(6,582)	-	-
Reversal of provision for major overhauls		(78,861)	-	-	-
Rental income of premises		(24,970)	(24,770)	(12,596)	(12,113)
Rental income of plant and machinery and equipment		(216)	(313)	-	-

7 DIRECTORS' EMOLUMENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-executive Directors:				
- fees	880	797	768	685
- allowances and other benefits	1,219	1,181	173	135
Executive Director:				
- salaries, bonuses, fees, allowances and other benefits	7,102	6,522	-	-
- defined contribution plan	1,039	1,011	-	-
	10,240	9,511	941	820

The estimated value of benefits-in-kind received by Directors amounted to RM19,000 (2012: RM34,000).

8 STAFF COSTS

	Note	Group	
		2013 RM'000	2012 RM'000
Salaries, wages, bonuses, allowances and other benefits		1,526,142	818,987
Defined contribution plan		139,892	77,853
Defined benefit plan	52(d)	8,742	1,212
Termination benefits		264	565
		1,675,040	898,617

9 FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on borrowings	332,177	111,738	230,061	61,336
Hire purchase and finance lease charges	2,094	1,475	-	-
Other finance charges	2,400	33,279	2,181	18,577
Unwinding of discount	932	6,444	-	-
	337,603	152,936	232,242	79,913

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

10 TAXATION

	Note	Group		Company	
		2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
Statement Of Comprehensive Income:					
Current taxation					
- Malaysian tax		170,860	173,888	16,204	5,812
- Foreign tax		2,077	34	-	-
- (Over)/under provision in respect of prior financial year		(32,487)	(23,860)	117	(1,978)
		140,450	150,062	16,321	3,834
Deferred taxation	22				
- Current year		161,185	(3,271)	287	744
- Under provision in respect of prior financial year		36,794	-	-	-
		197,979	(3,271)	287	744
Taxation recognised in profit or loss		338,429	146,791	16,608	4,578
Deferred taxation related to other comprehensive income:					
Deferred taxation	22	7,105	(5,226)	-	-
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		1,037,367	1,821,399	380,924	321,661
Tax calculated at the Malaysian tax rate of 25% (2012: 25%)		259,342	455,350	95,231	80,415
Tax effects of:					
- share of results of jointly controlled entities		(11,586)	(27,207)	-	-
- share of results of associated companies		(32,510)	(22,966)	-	-
- expenses not deductible for tax purposes		148,974	62,608	13,710	10,618
- income not subject to tax		(185,653)	(327,935)	(92,450)	(84,477)
- different tax rates		(2,918)	(83)	-	-
- tax allowance not recognised		16,596	3,998	-	-
- tax losses not recognised		300,257	4,944	-	-
- temporary differences not recognised		26,916	25,753	-	-
- Utilisation of previously unrecognised tax losses		(173,097)	(1,956)	-	-
- Utilisation of previously unrecognised tax allowances		(12,199)	(1,855)	-	-
(Over)/under provision of current taxation in respect of prior financial year		(32,487)	(23,860)	117	(1,978)
Under provision of deferred taxation in respect of prior financial year		36,794	-	-	-
Taxation charge		338,429	146,791	16,608	4,578

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	
	2013	2012
	RM'000	RM'000
Unabsorbed tax losses	3,087,118	2,449,793
Unutilised capital allowances	2,410,801	2,350,923
Unutilised investment tax allowances	-	42,287
Unutilised reinvestment allowances	2,265,540	2,265,540

11 DIVIDENDS

Dividends paid, declared and proposed are as follows:

	Group and Company	
	2013	2012
	RM'000	RM'000
Dividend paid		
In respect of the financial year ended 31 March 2012:		
Final gross dividend of 4.0 sen (2011: Final gross dividend of 4.0 sen) per share, less taxation of 25% (2011: 25%)	57,997	57,997
Dividend paid/payable		
In respect of the financial year ended 31 March 2013:		
Interim gross dividend of 1.5 sen (2012: Interim gross dividend of 2.0 sen) per share, less taxation of 25% (2012: 25%)	21,749	28,999

At the forthcoming Annual General Meeting of the Company, a final gross dividend of 0.5 sen (2012: 4.0 sen) per share less taxation of 25% (2012: 25%), amounting RM7,249,639 (2012: RM57,997,112) and a tax exempt dividend of 4.0 sen per share, amounting RM77,329,482 in respect of the financial year ended 31 March 2013 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 2014 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	
	2013	2012
		(Restated)
Net profit attributable to owners of the Company (RM'000)	575,305	1,596,920
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	29.76	82.60

13 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land		Short term leasehold land		Long term leasehold land		Buildings, golf course and improvements		Plant and machinery		Motor vehicles		Office equipment		Furniture and fittings		Capital work-in-progress		Total	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
GROUP																					
2013																					
At 1 April 2012		1,108,186	6,672	52,438	1,754,239	1,191,176	67,938	459,298	52,381	264,660	4,956,988										
Additions		-	-	5,101	44,355	199,112	35,335	79,092	16,720	298,432	678,147										
Disposals		(11,148)	-	-	(632)	(809)	(3,437)	(4,061)	(264)	-	(20,351)										
Written off	6	-	-	-	(349)	(1,979)	(124)	(223)	(155)	(310)	(3,140)										
Depreciation charge	6	-	(279)	(907)	(85,901)	(350,675)	(21,799)	(134,244)	(13,460)	-	(607,265)										
(Impairment losses)/reversal of impairment losses	6	-	-	-	(344)	(1,261)	(1,190)	283	(64)	-	(2,576)										
Currency translation differences		(239)	-	-	(5,114)	1,774	-	(2,623)	-	(2,640)	(8,842)										
Reclassification		-	-	-	69,761	146,376	-	-	-	(216,137)	-										
Transfer from/(to) investment properties	16	9,110	(4,587)	5,103	13,990	-	-	-	-	(12,932)	10,684										
Transfer to concession assets	14	-	-	-	-	(175)	-	-	-	-	(175)										
Transfer to intangible assets	21	-	-	-	-	-	-	(14,240)	-	(8,763)	(23,003)										
Transfer to inventories		-	-	-	-	(345)	-	-	-	-	(345)										
Transfer to assets held for sale	27	(143)	-	-	(46)	-	-	-	-	-	(189)										
Transfer from prepaid lease properties	15	-	3,270	579	-	-	-	-	-	-	3,849										
At 31 March 2013		1,105,766	5,076	62,314	1,789,959	1,183,194	76,723	383,282	55,158	322,310	4,983,782										
Cost		1,122,106	6,570	78,557	3,167,115	6,366,226	138,933	1,597,331	238,324	322,310	13,037,472										
Accumulated depreciation		-	(1,494)	(16,221)	(1,193,941)	(4,842,168)	(61,010)	(1,213,819)	(182,066)	-	(7,510,719)										
Accumulated impairment losses		(16,340)	-	(22)	(183,215)	(340,864)	(1,200)	(230)	(1,100)	-	(542,971)										
Net book value		1,105,766	5,076	62,314	1,789,959	1,183,194	76,723	383,282	55,158	322,310	4,983,782										

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	Builings, 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
GROUP											
2012 (Restated)											
At 1 April 2011											
Acquisition of a subsidiary company	53(v)(g)	306,904	6,775	58,184	931,525	300,488	22,750	102,685	36,126	75,260	1,840,697
Additions		798,510	-	9,287	784,747	958,511	44,728	349,821	6,932	158,764	3,111,300
Disposals		34	-	3	12,222	27,150	8,472	40,952	10,661	157,939	257,433
Written off	6	(267)	-	-	(232)	(596)	(1,316)	(76)	(12)	-	(2,499)
Depreciation charge	6	-	-	-	(2,862)	(254)	(46)	(120)	(55)	(31,596)	(34,933)
Reversal of impairment losses/(impairment losses)	6	200	-	(22)	985	1,436	164	(27)	(29)	-	2,707
Currency translation differences		(13)	-	-	(36)	(5,876)	-	(1)	(3)	-	(5,929)
Reclassification		3,052	-	(14,330)	57,274	34,548	(17)	4,397	10,186	(95,110)	-
Transfer (to)/from investment properties	16	(234)	-	-	5,000	-	-	-	-	-	4,766
Transfer to concession assets	14	-	-	-	-	(36,215)	(389)	-	-	-	(36,604)
Transfer to intangible assets	21	-	-	-	-	-	-	(209)	-	-	(209)
Transfer from/(to) inventories		-	-	-	-	-	349	(1,065)	-	-	(716)
At 31 March 2012		1,108,186	6,672	52,438	1,754,239	1,191,176	67,938	459,298	52,381	264,660	4,956,988
Cost		1,124,526	8,634	62,437	3,104,788	6,024,504	116,702	1,703,179	278,562	274,671	12,698,003
Accumulated depreciation		-	(1,962)	(9,977)	(1,159,901)	(4,534,629)	(48,753)	(1,243,016)	(225,145)	(10,011)	(7,233,394)
Accumulated impairment losses		(16,340)	-	(22)	(190,648)	(298,699)	(11)	(865)	(1,036)	-	(507,621)
Net book value		1,108,186	6,672	52,438	1,754,239	1,191,176	67,938	459,298	52,381	264,660	4,956,988

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13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Freehold land RM'000	Buildings- in-progress RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY								
2013								
At 1 April 2012		3,168	10,674	1,000	226	266	-	15,334
Additions		-	2,258	-	-	47	35	2,340
Transfer to investment properties	16	(3,168)	(12,932)	-	-	-	-	(16,100)
Depreciation charge	6	-	-	(200)	(100)	(40)	(6)	(346)
At 31 March 2013		-	-	800	126	273	29	1,228
Cost		-	-	12,154	525	378	35	13,092
Accumulated depreciation		-	-	(11,354)	(399)	(105)	(6)	(11,864)
Net book value		-	-	800	126	273	29	1,228
2012								
At 1 April 2011		3,134	-	1,200	326	306	37	5,003
Additions		34	10,674	-	-	-	-	10,708
Depreciation charge	6	-	-	(200)	(100)	(40)	(37)	(377)
At 31 March 2012		3,168	10,674	1,000	226	266	-	15,334
Cost		3,168	10,674	12,154	525	1,176	734	28,431
Accumulated depreciation		-	-	(11,154)	(299)	(910)	(734)	(13,097)
Net book value		3,168	10,674	1,000	226	266	-	15,334

During the financial year, the Company had written off certain office equipment and furniture fittings with net book value of RM294.

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) Certain property, plant and equipment of the Group with a net book value of RM660,109,000 (2012: RM675,853,000) have been charged as security for bank borrowings (Notes 37 and 44).
- (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:

	2013	2012
	RM'000	RM'000
Additions during the financial year:		
- Motor vehicle	151	209
- Plant and machinery	1,068	10,595
- Office equipment	-	1,424
	<u>1,219</u>	<u>12,228</u>
Net book value at financial year end:		
- Motor vehicles	1,236	1,744
- Plant and machinery	19,331	9,307
- Office equipment	24,600	39,052
	<u>45,167</u>	<u>50,103</u>

- (c) Included in the property, plant and equipment of a subsidiary company are assets with the net book value of RM3,185,000 (2012: RM10,495,000) purchased utilising the Automotive Development Fund.

14 CONCESSION ASSETS

	Note	2013	2012
		RM'000	RM'000
Group			
At 1 April		377,552	-
Transfer from property, plant and equipment	13	175	36,604
(Reversals)/additions		(114,981)	351,232
Amortisation charge	6	(8,858)	(10,284)
At 31 March		<u>253,888</u>	<u>377,552</u>
Cost		273,030	387,836
Accumulated amortisation		(19,142)	(10,284)
Net book value		<u>253,888</u>	<u>377,552</u>

- (a) The details of plant and machinery acquired under hire purchase and finance lease agreements are as follows:

	2013	2012
	RM'000	RM'000
Additions during the financial year	-	393
	<u>15,642</u>	<u>15,250</u>
Net book value at financial year end		

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

15 PREPAID LEASE PROPERTIES

	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group				
2013				
At 1 April 2012		3,419	12,648	16,067
Amortisation charge	6	(149)	(297)	(446)
Transfer to property, plant and equipment	13	(3,270)	(579)	(3,849)
At 31 March 2013		-	11,772	11,772
Cost		-	16,160	16,160
Accumulated amortisation		-	(4,388)	(4,388)
Net book value		-	11,772	11,772
2012				
At 1 April 2011		1,972	17,487	19,459
Disposals		-	(2,959)	(2,959)
Amortisation charge	6	(117)	(316)	(433)
Reclassification		1,564	(1,564)	-
At 31 March 2012		3,419	12,648	16,067
Cost		7,031	16,826	23,857
Accumulated amortisation		(3,612)	(4,178)	(7,790)
Net book value		3,419	12,648	16,067

- (a) Certain prepaid lease properties of the Group with net book value of RM4,609,000 (2012: RM8,099,000) have been charged as security for bank borrowings (Notes 37 and 44).

16 INVESTMENT PROPERTIES

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 April		553,121	554,452	138,729	142,268
Additions		9,217	-	4,452	-
Disposals		-	(61)	-	-
Currency translation differences		6,750	1,181	-	-
Transfer (to)/from property, plant and equipment	13	(10,684)	(4,766)	16,100	-
Transfer to assets held for sale		(5,140)	(673)	-	-
Fair value adjustment on investment property		-	3,046	-	-
Changes in fair value during the financial year	6	(1,750)	(58)	(6,701)	(3,539)
At 31 March		551,514	553,121	152,580	138,729
The disclosure on income and expenses of investment properties are as below:					
Rental income		30,339	29,151	12,596	12,113
Direct operating expenses from investment properties that generated rental income during the financial year		11,670	11,550	642	344
Direct operating expenses from investment properties that did not generate rental income during the financial year		240	84	-	-

- (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 market comparison method.
- (b) Certain investment properties of the Group with carrying value of RM438,284,000 (2012: RM443,858,000) have been charged as security for bank borrowings (Notes 37 and 44).

NOTES TO THE FINANCIAL STATEMENTS
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17 PROPERTY DEVELOPMENT ACTIVITIES

(a) Property development costs

	Note	Group	
		2013	2012
		RM'000	RM'000
At cost			
At 1 April			
Land		112,267	112,213
Development costs		273,090	388,902
Accumulated costs charged to profit or loss		(152,485)	(270,388)
		232,872	230,727
Less: Completed developments in previous years			
- Land		(81)	(3,486)
- Development costs		(31,628)	(220,706)
- Accumulated costs charged to profit or loss		31,709	224,192
		-	-
Add: Costs incurred during the financial year			
- Land		240	189
- Development costs		229,237	124,504
Transfer to land held for property development	17(b)	(3,429)	(16,259)
Less: Costs recognised as an expense in profit or loss during the financial year		(211,719)	(105,308)
Transfer to inventories		(11,558)	(981)
At 31 March		235,643	232,872
At end of the financial year			
Land		109,986	112,267
Development costs		458,152	273,090
Accumulated costs charged to profit or loss		(332,495)	(152,485)
		235,643	232,872

17 PROPERTY DEVELOPMENT ACTIVITIES (Continued)

(b) Land held for property development

		Group	
	Note	2013 RM'000	2012 RM'000
At cost			
At 1 April			
Land		875,538	878,410
Development costs		191,839	90,297
Accumulated impairment losses		(22,147)	(22,147)
		1,045,230	946,560
Add: Costs incurred during the financial year			
- Land		16	479
- Development costs		3,097	81,932
		1,048,343	1,028,971
Transfer from property development costs	17(a)	3,429	16,259
		1,051,772	1,045,230
At end of the financial year			
Land		875,546	875,538
Development costs		198,373	191,839
Accumulated impairment losses		(22,147)	(22,147)
		1,051,772	1,045,230

- (i) Included in property development costs and land held for property development is interest on borrowings capitalised for the financial year amounting to RM5,052,000 (2012: RM4,197,000).
- (ii) Property development costs and land held for property development with the carrying value of RM427,591,000 (2012: RM387,124,000) belonging to subsidiary companies included in property development costs and land held for property development have been charged as security for bank borrowings (Notes 37 and 44).

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18 SUBSIDIARY COMPANIES

	Company	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost	7,375,551	7,329,871
Less: Accumulated impairment losses	(48,677)	(48,677)
Total	7,326,874	7,281,194

- (a) The details of the subsidiary companies are listed in Note 3 to the financial statements.
- (b) As part of conditions precedent to the acquisition of 70% equity in Bank Muamalat Malaysia Berhad ("BMMB"), Bank Negara Malaysia requires the Company to reduce its investment in BMMB to 40%. The Company is considering various options to address the matter.
- (c) The cost of shares of a subsidiary company amounting to RM3,030,308,000 (2012: RM3,030,308,000) has been charged as security for bank borrowings (Notes 37 and 44).

19 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2013	2012	2013	2012
	RM'000	(Restated)	RM'000	RM'000
		RM'000		
Share of net assets	409,207	434,557	-	-
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.

The Group's share of the assets, liabilities, revenue and expenses of the jointly controlled entities is as follows:

	Group	
	2013	2012
	RM'000	(Restated)
		RM'000
Non-current assets	917,569	939,212
Current assets	635,935	643,718
Non-current liabilities	(731,337)	(751,505)
Current liabilities	(412,960)	(396,868)
Share of net assets	409,207	434,557

19 JOINTLY CONTROLLED ENTITIES (Continued)

The Group's share of the assets, liabilities, revenue and expenses of the jointly controlled entities is as follows: (Continued)

	2013	Group
	RM'000	2012
		(Restated)
		RM'000
Revenue	1,385,481	1,447,264
Expenses	(1,334,808)	(1,340,187)
Profit before taxation	50,673	107,077
Taxation	(11,586)	(27,207)
Net profit	39,087	79,870
(a) Capital commitments for property, plant and equipment		
- contracted	703	711
- not contracted	3,485	13,242
	4,188	13,953

(b) There are no contingencies relating to jointly controlled entities.

20 ASSOCIATED COMPANIES

	Group		Company	
	2013	2012	2013	2012
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Share of net assets	1,204,253	1,138,197	-	-
Quoted shares, at cost	-	-	605,170	605,170
Unquoted shares, at cost	-	-	71,800	71,803
	1,204,253	1,138,197	676,970	676,973

The details of the associated companies are listed in Note 3 to the financial statements.

20 ASSOCIATED COMPANIES (Continued)

The Group's share of the assets, liabilities, revenue and expenses of the associated companies is as follows:

	2013	Group
	RM'000	2012
		(Restated)
		RM'000
Non-current assets	899,079	810,136
Current assets	1,042,681	898,716
Non-current liabilities	(47,073)	(26,350)
Current liabilities	(690,434)	(544,305)
Share of net assets	1,204,253	1,138,197
Revenue	2,550,225	1,665,236
Expenses	(2,394,224)	(1,554,449)
Profit before taxation	156,001	110,787
Taxation	(32,510)	(22,966)
Net profit	123,491	87,821
(a) Capital commitments for property, plant and equipment		
- contracted	116,675	28,959
- not contracted	93,993	131,066
	210,668	160,025

(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 RM11,863,000 (2012: RM11,862,000). The Group has no obligation in respect of these losses.

(d) The cost of shares of an associated company amounting to RM605,170,000 (2012: RM605,170,000) has been charged as security for bank borrowings (Note 37).

21 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Core deposits RM'000	Computer software RM'000	Licences/ Product development expenditure RM'000	Capitalised development cost of work- in-progress RM'000	Dealership network RM'000	Brand name RM'000	Operation and maintenance concession RM'000	Total RM'000
Group										
2013										
At 1 April 2012		31,363	19,400	41,460	184,882	367,494	41,412	41,710	140,325	868,046
Additions		-	-	26,178	31,904	205,354	-	-	-	263,436
Disposals		-	-	(4)	-	-	-	-	(135,524)	(135,528)
Transfer from property, plant and equipment	13	-	-	14,240	-	8,763	-	-	-	23,003
Transfer to inventories		-	-	-	-	(1,248)	-	-	-	(1,248)
Amortisation charge	6	-	(12,266)	(39,384)	(92,249)	-	(5,916)	-	(4,801)	(154,616)
Currency translation differences		-	-	-	(4,526)	(5,749)	-	-	-	(7,275)
Impairment loss	6	-	-	(761)	(4,091)	(44,884)	-	-	-	(46,736)
Reclassification		-	-	1,791	110,617	(112,408)	-	-	-	-
At 31 March 2013		31,363	7,134	43,520	232,537	417,322	35,496	41,710	-	809,082
Cost		38,382	61,400	237,656	1,325,756	614,892	41,412	41,710	-	2,361,208
Accumulated amortisation		-	(54,266)	(163,286)	(409,032)	-	(5,916)	-	-	(632,500)
Accumulated impairment losses		(7,019)	-	(30,850)	(684,187)	(197,570)	-	-	-	(919,626)
Net book value		31,363	7,134	43,520	232,537	417,322	35,496	41,710	-	809,082
2012 (Restated)										
At 1 April 2011		31,363	31,700	5,329	3,102	-	-	-	147,527	219,021
Acquisition of a subsidiary company	53(iv)(g)	-	-	36,096	186,832	367,494	41,412	41,710	-	673,544
Additions		-	-	2,273	200	-	-	-	-	2,473
Transfer from property, plant and equipment	13	-	-	28	181	-	-	-	-	209
Amortisation charge	6	-	(12,300)	(2,266)	(5,433)	-	-	-	(7,202)	(27,201)
At 31 March 2012		31,363	19,400	41,460	184,882	367,494	41,412	41,710	140,325	868,046
Cost		38,382	61,400	161,873	1,204,785	532,481	41,412	41,710	164,932	2,246,975
Accumulated amortisation		-	(42,000)	(89,563)	(321,803)	-	-	-	(24,607)	(477,973)
Accumulated impairment losses		(7,019)	-	(30,850)	(698,100)	(164,987)	-	-	-	(900,956)
Net book value		31,363	19,400	41,460	184,882	367,494	41,412	41,710	140,325	868,046

(a) 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.

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22 DEFERRED TAXATION

		2013	Group 2012 (Restated)	2011 (Restated as at 1 April 2011)
	Note	RM'000	RM'000	RM'000
At 1 April		383,369	46,805	84,278
Prior years adjustments	2.2 (iii)	-	-	(43,067)
Restated		383,369	46,805	41,211
Effects of adopting FRS 139		-	-	9,603
Acquisition of a subsidiary company	53(iv)(g)	-	328,573	-
Movement in life assurance fund (Charged)/credited to profit or loss	10	1,662	(506)	5,047
- Investment securities		(1,130)	-	(32,937)
- Property, plant and equipment		(29,914)	6,040	(1,252)
- Property development expenditure		7,385	(3,104)	893
- Receivables		(21,937)	(6,587)	25,289
- Provisions		(22,175)	5,870	(133)
- Tax losses		364	(1,155)	(809)
- Unearned premium reserve		453	31	23
- Allowance for impaired financing		(29,656)	948	6,362
- Intangible assets		(104,332)	-	-
- Unallocated surplus		2,963	1,228	-
		(197,979)	3,271	(2,564)
Charged into other comprehensive income	10			
- Loss/(gain) on fair value changes of available-for-sale financial securities		(7,105)	5,226	(6,116)
- Fair value adjustment on an investment property		-	-	(376)
		(7,105)	5,226	(6,492)
At 31 March		179,947	383,369	46,805

22 DEFERRED TAXATION (Continued)

	2013	Group 2012 (Restated)	2011 (Restated as at 1 April 2011)
	RM'000	RM'000	RM'000
Subject to income tax			
<i>Deferred tax assets (before offsetting)</i>			
Provisions	309,292	331,458	59,178
Property, plant and equipment	95,989	115,498	95,821
Intangible assets	35,938	151,555	-
Tax losses	35,775	35,411	36,827
Receivables	31,047	53,886	2,462
Investment securities	12,201	21,731	10,153
Property development expenditure	5,502	-	1,221
Unearned premium reserves	528	-	31
Allowance for impaired financing	-	29,656	28,708
	526,272	739,195	234,401
Offsetting	(243,989)	(253,847)	(78,772)
Deferred tax assets (after offsetting)	282,283	485,348	155,629
Subject to income tax			
<i>Deferred tax liabilities (before offsetting)</i>			
Property, plant and equipment	(151,414)	(141,009)	(143,586)
Intangible assets	(149,729)	(161,014)	-
Unallocated surplus	(37,459)	(40,422)	(41,650)
Investment securities	(6,534)	(9,491)	(1,417)
Receivables	(1,068)	(1,970)	(750)
Unearned premium reserves	(75)	-	-
Provisions	(46)	(37)	(193)
Property development expenditure	-	(1,883)	-
	(346,325)	(355,826)	(187,596)
Offsetting	243,989	253,847	78,772
Deferred tax liabilities (after offsetting)	(102,336)	(101,979)	(108,824)
Presented after appropriate offsetting as follows:			
Deferred tax assets	282,283	485,348	155,629
Deferred tax liabilities	(102,336)	(101,979)	(108,824)
	179,947	383,369	46,805

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

22 DEFERRED TAXATION (Continued)

	Note	Company	
		2013 RM'000	2012 RM'000
At 1 April		(3,583)	(2,839)
Charged to profit or loss	10		
- Property, plant and equipment		(287)	(744)
At 31 March		(3,870)	(3,583)
Subject to income tax			
<i>Deferred tax assets (before offsetting)</i>			
Property, plant and equipment		1,693	2,422
Offsetting		(1,693)	(2,422)
Deferred tax assets (after offsetting)		-	-
Subject to income tax			
<i>Deferred tax liabilities (before offsetting)</i>			
Property, plant and equipment		(5,563)	(6,005)
Offsetting		1,693	2,422
Deferred tax liabilities (after offsetting)		(3,870)	(3,583)
Presented after appropriate offsetting as follows:			
Deferred tax liabilities		(3,870)	(3,583)

23 INVESTMENT SECURITIES

(a) Investment securities: financial assets at fair value through profit or loss

	Banking	Non-banking	
	Held by a banking subsidiary company RM'000	Held by an insurance subsidiary company RM'000	Total RM'000
Group			
2013			
<u>Quoted securities</u>			
Equity securities, in Malaysia	-	180,735	180,735
Unit and property trust funds, in Malaysia	-	17,585	17,585
Equity securities, outside Malaysia	-	7,185	7,185
	-	205,505	205,505
<u>Unquoted securities</u>			
Debts securities, in Malaysia	84,373	13,507	97,880
Structured investments, in Malaysia	-	80,054	80,054
Unit and property trust funds, in Malaysia	-	5,176	5,176
Unit and property trust funds, outside Malaysia	-	57,280	57,280
Total	84,373	361,522	445,895
Non-current	84,373	-	84,373
Current	-	361,522	361,522
	84,373	361,522	445,895
2012			
<u>Quoted securities</u>			
Equity securities, in Malaysia	-	191,829	191,829
Unit and property trust funds, in Malaysia	-	19,174	19,174
	-	211,003	211,003
<u>Unquoted securities</u>			
Debts securities, in Malaysia	-	14,221	14,221
Structured investments, in Malaysia	-	82,277	82,277
Unit and property trust funds, in Malaysia	-	5,051	5,051
Unit and property trust funds, outside Malaysia	-	79,334	79,334
Total (Current)	-	391,886	391,886

NOTES TO THE FINANCIAL STATEMENTS
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23 INVESTMENT SECURITIES (Continued)

(b) Investment securities: available-for-sale, at fair value

	Banking	← Non-banking →		Sub-total RM'000	Total RM'000
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000	Held by other subsidiary companies RM'000		
Group					
2013					
<u>Quoted securities</u>					
Equity securities, in Malaysia	44,182	-	-	-	44,182
<u>Unquoted securities</u>					
Malaysian government investment certificates	3,383,061	-	-	-	3,383,061
Islamic debt securities, in Malaysia	2,857,135	-	-	-	2,857,135
Debt securities, in Malaysia	-	804,934	-	804,934	804,934
Cagamas bonds	120,938	91,425	-	91,425	212,363
Malaysian government investment certificates	-	94,111	-	94,111	94,111
Equity securities, in Malaysia	4,631	2,187	47,187	49,374	54,005
Foreign Islamic debt securities and sukuk	57,044	-	-	-	57,044
Total	6,466,991	992,657	47,187	1,039,844	7,506,835
Non-current	5,106,283	961,171	46,065	1,007,236	6,113,519
Current	1,360,708	31,486	1,122	32,608	1,393,316
	6,466,991	992,657	47,187	1,039,844	7,506,835
2012					
<u>Quoted securities</u>					
Equity securities, in Malaysia	48,023	-	-	-	48,023
Negotiable Islamic debts certificates, in Malaysia	55,570	-	-	-	55,570
Real estate investment trusts (REITs), in Malaysia	-	67,300	-	67,300	67,300
	103,593	67,300	-	67,300	170,893
<u>Unquoted securities</u>					
Malaysian government investment certificates	3,730,088	-	-	-	3,730,088
Islamic debt securities, in Malaysia	2,095,314	-	-	-	2,095,314
Debt securities, in Malaysia	-	753,402	3,430	756,832	756,832
Cagamas bonds	116,266	91,947	-	91,947	208,213
Malaysian government investment certificates	-	120,496	-	120,496	120,496
Equity securities, in Malaysia	9,431	2,232	46,065	48,297	57,728
Sukuk	84,332	-	-	-	84,332
Total	6,139,024	1,035,377	49,495	1,084,872	7,223,896
Non-current	4,734,273	992,846	46,065	1,038,911	5,773,184
Current	1,404,751	42,531	3,430	45,961	1,450,712
	6,139,024	1,035,377	49,495	1,084,872	7,223,896

23 INVESTMENT SECURITIES (Continued)

(c) Investment securities: held-to-maturity, at amortised cost

	Banking	Non-banking		
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000	Total RM'000	Fair Value RM'000
Group				
2013				
<i>Unquoted securities</i>				
Debt securities, in Malaysia	-	426,898	426,898	406,808
Cagamas bonds	-	44,354	44,354	47,634
Malaysian government investment certificates	-	20,134	20,134	20,619
Equity securities, in Malaysia	575	-	575	575
Total	575	491,386	491,961	
Non-current	575	459,841	460,416	
Current	-	31,545	31,545	
	575	491,386	491,961	
2012 (Restated)				
<i>Unquoted securities</i>				
Debt securities, in Malaysia	-	493,997	493,997	510,780
Cagamas bonds	-	44,365	44,365	47,367
Malaysian government investment certificates	-	20,154	20,154	20,821
Equity securities, in Malaysia	575	-	575	575
Islamic debt securities, in Malaysia	74,758	-	74,758	74,758
Total	75,333	558,516	633,849	
Non-current	46,547	496,244	542,791	
Current	28,786	62,272	91,058	
	75,333	558,516	633,849	

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24 OTHER ASSETS

	2013	Group
	RM'000	2012
		RM'000
Golf memberships, at fair value	320	320

25 FINANCING OF CUSTOMERS

	2013	Group	2011
		(Restated)	(Restated
	RM'000	RM'000	as at 1
			April 2011)
			RM'000
Cash line	208,538	181,842	367,763
Term financing			
- Home financing	8,398,544	6,469,716	4,828,099
- Syndicated financing	141,177	86,143	143,617
- Hire purchase receivables	1,145,741	1,162,393	1,392,167
- Leasing receivables	146,559	176,859	191,584
- Other term financing	7,229,555	6,453,887	4,258,581
Trust receipts	107,256	116,428	147,916
Claims on customers under acceptance credits	735,951	722,131	779,186
Staff financing	120,362	111,101	94,761
Revolving credits	616,204	491,233	356,088
Sukuk	50,488	-	-
	18,900,375	15,971,733	12,559,762
Less: Unearned income	(8,520,066)	(6,715,082)	(4,753,075)
	10,380,309	9,256,651	7,806,687
Less: Allowance for bad and doubtful financing:			
- Collective assessment	(242,843)	(260,540)	(226,702)
- Individual assessment	(28,453)	(161,904)	(104,501)
Total net financing, advances and other financing	10,109,013	8,834,207	7,475,484
Non-current	8,056,313	7,092,217	4,877,939
Current	2,052,700	1,741,990	2,597,545
	10,109,013	8,834,207	7,475,484
Fair values	11,680,886	9,721,314	8,441,134

The fair values of financing of customers are estimated based on the expected future cash flows of contractual instalment 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.

26 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 are approximate their fair values.

27 ASSETS HELD FOR SALE

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Investment properties		5,476	673	-	-
Property, plant and equipment	13	189	-	-	-
Investment securities: available-for-sale, at fair value		-	16,079	-	16,079
Associated company		-	4,547	-	-
		5,665	21,299	-	16,079

28 INVENTORIES

	Group	
	2013 RM'000	2012 (Restated) RM'000
Cost		
Raw materials	292,697	274,393
Work-in-progress	308,773	234,684
Finished goods	1,004,027	773,744
Consumables	262,077	116,669
Completed units of unsold properties	41,290	28,408
Net realisable value		
Finished goods	73,912	77,425
Completed units of unsold properties	7,636	13,772
Consumables	-	13
	1,990,412	1,519,108

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29 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
Trade receivables		1,609,566	1,577,149	-	-
Less: Allowance for impairment		(182,071)	(147,876)	-	-
		1,427,495	1,429,273	-	-
Other receivables		2,206,066	1,343,475	186	597
Less: Allowance for impairment		(152,173)	(150,122)	-	-
		2,053,893	1,193,353	186	597
Amounts due from subsidiary companies		-	-	1,201,420	1,329,591
Less: Allowance for impairment		-	-	(215,190)	(215,190)
		-	-	986,230	1,114,401
Amounts due from jointly controlled entities		4,919	24,745	11	5,883
Amounts due from associated companies		39,324	49,888	672	638
Amounts due from related parties		6,162	83,128	-	-
Amounts due from customers on contracts	50	437,009	183,640	-	-
Accrued billings		104,062	44,515	-	-
Deposits		45,592	49,390	181	175
Prepayments		95,859	115,060	72	21,960
		732,927	550,366	936	28,656
		4,214,315	3,172,992	987,352	1,143,654
Non-current		12,289	44,608	-	-
Current		4,202,026	3,128,384	987,352	1,143,654
		4,214,315	3,172,992	987,352	1,143,654

29 TRADE AND OTHER RECEIVABLES (Continued)

(a) The currency exposure profile of trade and other receivables is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	(Restated) RM'000	RM'000	RM'000
- Ringgit Malaysia	3,983,805	2,904,603	987,352	1,143,654
- Pound Sterling	127,185	101,592	-	-
- Indonesia Rupiah	37,781	48,217	-	-
- US Dollar	30,823	41,895	-	-
- Thai Baht	26,997	56,472	-	-
- Singapore Dollar	4,409	4,084	-	-
- Euro	906	12,049	-	-
- Others	2,409	4,080	-	-
	4,214,315	3,172,992	987,352	1,143,654

(b) The carrying amount of trade and other receivables as at reporting date approximate fair value due to the short term maturity of the balances.

(c) Trade receivables are non-interest bearing. The Group's normal trade credit terms ranges from 14 days to 180 days (2012: 14 days to 180 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.

(d) Included in other receivables for the Group is an amount of RM18,768,000 (2012: RM21,634,000) 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, associated companies and related parties are non-interest bearing, unsecured and repayable on demand.

(f) The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2013	2012
	RM'000	(Restated) RM'000
Neither past due nor impaired	874,423	846,544
1 to 30 days past due not impaired	241,641	277,910
31 to 60 days past due not impaired	125,183	164,740
61 to 90 days past due not impaired	48,087	54,660
91 to 120 days past due not impaired	53,230	23,828
More than 121 days past due not impaired	84,931	61,591
	553,072	582,729
Impaired	182,071	147,876
	1,609,566	1,577,149

29 TRADE AND OTHER RECEIVABLES (Continued)

- (f) The ageing analysis of the Group's trade receivables is as follows: (Continued)

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 have trade receivables amounting to RM553,072,000 (2012: RM582,729,000) that are past due at the reporting date but not impaired. At the reporting date, 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.

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:

	2013	Group
	RM'000	2012
		(Restated)
		RM'000
At 1 April	147,876	110,686
Acquisition of a subsidiary company	-	55,876
Net amount charged for the year	43,317	-
Written off as uncollectible	(5,405)	(4,342)
Currency translation differences	(2,850)	-
Reversal during the financial year	(407)	(13,627)
Unwinding of discount	(460)	(717)
At 31 March	182,071	147,876

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted payments.

- (g) The movements in the allowance for impairment losses of other receivables during the financial year are as follows:

	2013	Group
	RM'000	2012
		(Restated)
		RM'000
At 1 April	150,122	4,291
Acquisition of a subsidiary company	-	145,991
Charged during the financial year	4,178	822
Written off as uncollectible	(1,514)	(333)
Currency translation differences	(378)	-
Reversal during the financial year	(121)	(382)
Unwinding of discount	(114)	(267)
At 31 March	152,173	150,122

30 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 RM618,156,000 (2012: RM309,542,000) have been pledged as security for banking facilities.
- (c) Included in the short term deposits in previous financial year was maintenance reserve account of approximately RM36,000,000, which was 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 rate of short term deposits at the end of the financial year is as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Deposits with licensed banks	3.12	3.11	2.84	2.92

- (e) The deposits of the Group and Company have an average maturity period of 148 days (2012: 66 days) and 45 days (2012: 15 days) respectively.

31 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 RM36,450,000 (2012: RM20,347,000).
- (c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Ringgit Malaysia	514,989	290,096	5,813	7,922
- Pound Sterling	72,900	80,649	-	-
- Thai Baht	42,639	91,157	-	-
- Indonesia Rupiah	41,934	42,842	-	-
- Australian Dollar	26,560	32,405	-	-
- US Dollar	25,415	32,968	-	-
- Singapore Dollar	8,000	11,155	-	-
- Euro	6,065	6,181	-	-
- Japanese Yen	1,822	43,727	-	-
- Others	7,227	1,732	-	-
	747,551	632,912	5,813	7,922

32 CASH AND SHORT-TERM FUNDS OF A BANKING SUBSIDIARY COMPANY

	2013	Group
	RM'000	2012
		RM'000
Cash and balances with banks and other financial institutions	240,226	162,535
Money at call and interbank placements with remaining maturities not exceeding one month	2,996,279	4,228,688
Licensed Islamic banks	105,189	110,333
	3,341,694	4,501,556

(a) The currency exposure profile of the cash and short-term funds of a banking subsidiary company is as follows:

	2013	Group
	RM'000	2012
		RM'000
- Ringgit Malaysia	2,982,432	4,274,697
- US Dollar	244,615	161,625
- Euro	75,886	35,450
- Japanese Yen	38,262	23,491
- Others	499	6,293
	3,341,694	4,501,556

(b) The weighted average effective annual profit rate of cash and short-term funds of a banking subsidiary at the end of the financial year is as follows and the average maturity period is not exceeding 1 month (2012: not exceeding 1 month):

	2013	Group
	%	2012
	RM'000	RM'000
Cash and short-term funds	3.10	2.80

33 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ Notional Value RM'000	Fair Value	
		Assets RM'000	Liabilities RM'000
Group			
2013			
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	535,246	6,524	14,553
Currency swap foreign exchange contracts	340,894	1,808	720
Islamic profit rate swap	875,000	-	7,726
	1,751,140	8,332	22,999
2012			
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	872,474	8,032	26,795
Currency swap foreign exchange contracts	759,728	2,167	1,469
Islamic profit rate swap	75,000	-	3,889
	1,707,202	10,199	32,153

- (a) The financial derivatives are recognised on their respective contract dates and there is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 March 2012:
- (i) the credit risk, market risk and liquidity risk associated with these financial derivatives;
 - (ii) the cash requirements of the financial derivatives; and
 - (iii) the policy in place for mitigating or controlling the risks associated with these financial derivatives.
- (b) Disclosure of gain/loss arising from fair value changes of financial liabilities.

During the financial year, the Group recognised a total net gain of RM7,287,000 (2012: net loss of RM19,321,000) in the consolidated statement of comprehensive income arising from the fair value changes on the forward foreign exchange contracts, currency and profit rate swap which are marked to market as at 31 March 2013. The gain is not expected to significantly impact the Group's cash flows.

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34 SHARE CAPITAL

	Group and Company			
	2013		2012	
	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

35 LIFE INSURANCE CONTRACT LIABILITIES

Based on the actuarial valuation of the Life Assurance Fund made up to 31 March 2013, the actuary was satisfied that the assets available in the Life Assurance Fund are sufficient to meet its long term liabilities to policyholders.

	Note	2013			2012 (Restated)			2011 (Restated as at 1 April 2011)
		Gross RM'000	insurance Re- RM'000	Net RM'000	Gross RM'000	insurance Re- RM'000	Net RM'000	Net RM'000
Group								
Provision for outstanding claims		75,644	(8,360)	67,284	55,696	(11,366)	44,330	62,202
Actuarial liabilities		1,470,007	-	1,470,007	1,338,216	-	1,338,216	1,177,880
Unallocated funds		36,413	-	36,413	39,553	-	39,553	53,008
Available-for-sale fair value reserve		9,736	-	9,736	15,654	-	15,654	10,368
Net asset value attributable to unit holders		227,472	-	227,472	231,322	-	231,322	275,970
		1,819,272	(8,360)	1,810,912	1,680,441	(11,366)	1,669,075	1,579,428
Non-current		1,743,628	-	1,743,628	1,624,745	-	1,624,745	1,517,226
Current	42	75,644	(8,360)	67,284	55,696	(11,366)	44,330	62,202
		1,819,272	(8,360)	1,810,912	1,680,441	(11,366)	1,669,075	1,579,428

36 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;
- (ii) Grants received in advance including Automotive Development Fund; and
- (iii) Deferred revenue mainly comprises free services given to customers upon sale of vehicles and prepaid rental received.

	Note	Advance license fees RM'000	Grants RM'000	Deferred revenue RM'000	Total RM'000
Group					
2013					
At 1 April		74,381	23,265	31,765	129,411
Received during the financial year		528	2,539	24,363	27,430
Utilised during the financial year		-	(147)	-	(147)
Amortised during the financial year	6	-	(7,818)	-	(7,818)
Credited to profit or loss		(784)	-	(18,384)	(19,168)
Interest earned		-	313	-	313
At 31 March		74,125	18,152	37,744	130,021
Non-current		74,125	490	16,839	91,454
Current		-	17,662	20,905	38,567
		74,125	18,152	37,744	130,021

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

36 DEFERRED INCOME (Continued)

	Note	Advance license fees RM'000	Grants RM'000	Deferred revenue RM'000	Total RM'000
Group					
2012 (Restated)					
At 1 April		74,097	4,903	-	79,000
Acquisition of a subsidiary company	53(iv)(g)	-	19,313	25,445	44,758
Received during the financial year		360	1,899	7,220	9,479
Utilised during the financial year		-	(2,020)	-	(2,020)
Amortised during the financial year	6	-	(1,196)	-	(1,196)
Credited to profit or loss		(76)	-	(900)	(976)
Interest earned		-	366	-	366
At 31 March		74,381	23,265	31,765	129,411
Non-current		74,381	15,954	6,320	96,655
Current		-	7,311	25,445	32,756
		74,381	23,265	31,765	129,411

37 LONG TERM BORROWINGS

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured					
• Hire purchase and finance lease liabilities		35,671	56,010	-	-
- Portion repayable within 12 months included under bank borrowings	44	(13,983)	(22,642)	-	-
		21,688	33,368	-	-
• Long term loans		2,293,115	1,938,155	1,072,929	780,109
- Portion repayable within 12 months included under bank borrowings	44	(1,210,147)	(937,743)	(355,815)	(31,464)
		1,082,968	1,000,412	717,114	748,645

37 LONG TERM BORROWINGS (Continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Secured (Continued)					
• Long term loans under Islamic financing		2,313,813	2,178,488	2,175,628	2,034,946
- Portion repayable within 12 months included under bank borrowings	44	(148,286)	(163,925)	(105,299)	(105,727)
		2,165,527	2,014,563	2,070,329	1,929,219
Unsecured					
• Long term loans		9,599	10,000	-	-
- Portion repayable within 12 months included under bank borrowings	44	(1,818)	(442)	-	-
		7,781	9,558	-	-
• Long term loans under Islamic financing		426,135	418,356	-	-
- Portion repayable within 12 months included under bank borrowings	44	(36,233)	(696)	-	-
		389,902	417,660	-	-
		3,667,866	3,475,561	2,787,443	2,677,864

(a) The hire purchase and finance lease liabilities are secured against the respective assets acquired.

(b) Long term loans (secured and unsecured)

Group

The long term loans of the Group mainly comprise the following:

- (i) A term loan of RM622,791,000 (2012: RM622,791,000) which bears floating interest rate of 5.46% (2012: 5.38%) per annum at the reporting date is repayable in 7 annual instalments with the first instalment to commence 3 years from date of first drawdown.
- (ii) A balance of RM128,000,000 (2012: RM160,000,000) from the term loan facility bears floating interest rate of 5.70% (2012: 5.69%) per annum at the reporting date is repayable by 4 equal annual instalments over the next 4 years.

37 LONG TERM BORROWINGS (Continued)

(b) Long term loans (secured and unsecured) (Continued)

Group (Continued)

(iii) A financing facilities (“the Facilities”) totalling GBP270,000,000 was secured by Lotus Cars Limited (“LCL”), effectively a wholly-owned subsidiary company of PROTON Holdings Berhad (“PROTON”) as follows:

- Syndicated Term Loan Facilities GBP230,000,000;
- Revolving Credit Facility GBP25,000,000; and
- Working Capital Facilities GBP15,000,000.

As at 31 March 2013, a total of GBP203,000,000 has been utilised. The Facilities are repayable in 9 quarterly instalments from 31 March 2015 to 31 March 2017. The Revolving Credit Facility and Working Capital Facilities are repayable in full on 31 March 2017. The interest rates payable on the Facilities are as follows:

- Syndicated Term Loan Facilities and the Revolving Credit Facility is 2% per annum above the London Interbank Offered Rate (“LIBOR”) plus the cost of maintaining statutory reserve on the amounts outstanding; and
- Working Capital Facilities ranges between 0.1% per month to 1.2% per annum.

The Facilities are secured by a corporate guarantee from Perusahaan Otomobil Nasional Sdn. Bhd., a wholly-owned subsidiary of PROTON. The Facilities are also subject to financial covenants such as Minimum Tangible Net Worth, Debt to Tangible Net Worth Ratio, Minimum Cash Threshold and Positive Shareholders’ Funds in respect of PROTON and its subsidiary companies.

During the financial year, PROTON obtained the waivers from the following Conditions Subsequent under the LCL facilities:

- i. Waiver of the requirement for the Shareholders Subscription Agreement 1, i.e. the joint venture with Youngman; and
- ii. Waiver of the requirement for the Shareholders Subscription Agreement 2, i.e. agreement with Dany Taner Bahar on the subscription of Lotus Shares.

PROTON has also executed the pledge over the Lotus Cars USA Inc.’s bank accounts during the financial year.

As at 31 March 2013, Lotus Group International Limited (“LGIL”), effectively a wholly-owned subsidiary company of PROTON, was in a deficit shareholders’ funds, causing a breach of covenant which resulted in the Syndicated Term Loan Facilities of RM955,183,000 to be classified as current liabilities in the financial statements of the Group as at the reporting date. On 4 July 2013, PROTON and LGIL received indulgence from lenders to rectify the non-compliance by 31 March 2014.

37 LONG TERM BORROWINGS (Continued)

(b) Long term loans (secured and unsecured) (Continued)

Group (Continued)

(iii) (Continued)

PROTON is currently in discussions with the financial institutions to refinance the Facilities. The proposed refinancing plan is expected to be completed by the financial year ending 31 March 2014.

The secured long term loans have been obtained by way of assignment of fixed and floating charges over certain property, plant and equipment, prepaid lease properties, investment properties, property development activities, shares in certain subsidiary and associated companies, inventories and receivables (Notes 13, 15, 16, 17, 18, 20, 28 and 29). In addition, the term loan of RM128,000,000 as per item (b)(ii) above is also secured by a charge over the Revenue Account in respect of the assignments of all proceeds from any entitlements to the Company, including the repayments, distribution of capital, dividend payments and/or advances from subsidiaries and associated companies.

Company

Included in the long term loans of the Company are borrowings with terms as disclosed in Notes 37(b)(i) and 37(b)(ii) above.

(c) Long term loans under Islamic financing (secured and unsecured)

Group

Included in the long term loans under Islamic financing of the Group mainly comprise the following:

- (i) Since the previous financial year, the banking subsidiary company had issued its Tier-2 Capital Islamic Subordinated Sukuk of RM400,000,000 ("Subordinated Sukuk") which carries a tenure of 10 years from the issued date on 10 non-callable 5 basis feature with a profit rate of 5.15% per annum. The RM400,000,000 Subordinated Sukuk qualifies as Tier-2 capital for the purpose of Bank Negara Malaysia capital adequacy requirement.
- (ii) A balance of RM252,000,000 (2012: RM315,000,000) from the term loan facility bears floating interest rate of 5.70% (2012: 5.69%) per annum at the reporting date and is repayable by 4 equal annual instalments over the next 4 years.
- (iii) Islamic Medium Term Notes ("IMTN")

As at the reporting date, a total of RM1,800,000,000 (2012: RM1,570,000,000) IMTN was issued by the Group. The yield-to-maturity rate ranges from 4.60% to 5.33% (2012: 4.60% to 5.33%) per annum.

37 LONG TERM BORROWINGS (Continued)

(c) Long term loans under Islamic financing (secured and unsecured) (Continued)

Group (Continued)

The long term loans under Islamic financing are secured by fixed and floating charges over certain property, plant and equipment, property development activities, shares in a subsidiary company and inventories (Notes 13, 17, 18 and 28). In addition, the term loan of RM252,000,000 and IMTN as disclosed in items (c)(ii) and (c)(iii) above, are also secured by a charge over the Revenue Account in respect of the assignments of all proceeds from any entitlements to the Company, including the repayments, distribution of capital, dividend payments and/or advances from subsidiaries and associated companies.

Company

Included in the long term loans under Islamic financing of the Company are borrowings with terms as disclosed in Notes 37(c)(ii) and 37(c)(iii) above.

(d) The weighted average effective annual interest rates at the end of the financial year are as follows:

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Hire purchase and finance lease liabilities	3.41	4.36	-	-
Long term loans	5.01	4.84	5.81	5.44
Long term loans under Islamic financing	5.30	5.30	5.09	5.04

(e) The currency exposure profile of the long term borrowings is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Ringgit Malaysia	3,452,489	3,262,071	2,787,443	2,677,864
- Singapore Dollar	215,377	213,490	-	-
	3,667,866	3,475,561	2,787,443	2,677,864

37 LONG TERM BORROWINGS (Continued)

(f) Hire purchase and finance lease liabilities

	Group	
	2013	2012
	RM'000	RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	19,213	29,552
- later than 1 year and not later than 2 years	10,538	12,862
- later than 2 years and not later than 3 years	8,479	15,502
- later than 3 years and not later than 4 years	5,756	5,222
- later than 4 years and not later than 5 years	267	2,670
	44,253	65,808
Future finance charges on hire purchase and finance lease	(8,582)	(9,798)
Present value of hire purchase and finance lease liabilities	35,671	56,010
Representing hire purchase and finance lease liabilities:		
- non-current	21,688	33,368
- current (included in Note 44)	13,983	22,642
	35,671	56,010

(g) The exposure of long term borrowings to interest rate risk is as follows:

	Carrying amount	Maturity profile				
		1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2013						
Fixed rate						
Hire purchase and finance lease liabilities	21,688	9,523	7,214	4,897	17	37
Long term loans	128,258	6,540	6,141	3,530	45,949	66,098
Long term loans under Islamic financing	2,312,585	37,983	28,759	840,259	17,254	1,388,330
	2,462,531	54,046	42,114	848,686	63,220	1,454,465
Floating rate						
Long term loans	962,491	314,818	116,441	116,441	85,000	329,791
Long term loans under Islamic financing	242,844	103,267	71,894	66,679	1,004	-
	1,205,335	418,085	188,335	183,120	86,004	329,791
	3,667,866	472,131	230,449	1,031,806	149,224	1,784,256

37 LONG TERM BORROWINGS (Continued)

(g) The exposure of long term borrowings 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
Group						
2012						
Fixed rate						
Hire purchase and finance lease liabilities	33,368	14,165	7,498	7,009	4,643	53
Long term loans	25,239	9,400	5,678	5,452	3,038	1,671
Long term loans under Islamic financing	2,112,860	36,561	34,960	25,674	333,899	1,681,766
	2,171,467	60,126	48,136	38,135	341,580	1,683,490
Floating rate						
Long term loans	984,731	881,878	36,697	34,558	31,598	-
Long term loans under Islamic financing	319,363	102,831	83,831	70,891	61,810	-
	1,304,094	984,709	120,528	105,449	93,408	-
	3,475,561	1,044,835	168,664	143,584	434,988	1,683,490
Company						
2013						
Fixed rate						
Long term loan under Islamic financing	1,854,131	10,827	10,827	426,894	17,254	1,388,329
Floating rate						
Long term loan under Islamic financing	216,198	92,400	61,899	61,899	-	-
Long term loans	717,114	99,441	106,441	106,441	75,000	329,791
	933,312	191,841	168,340	168,340	75,000	329,791
	2,787,443	202,668	179,167	595,234	92,254	1,718,120
2012						
Fixed rate						
Long term loan under Islamic financing	1,634,443	11,327	11,327	11,327	324,775	1,275,687
Floating rate						
Long term loan under Islamic financing	294,776	94,944	75,944	61,944	61,944	-
Long term loans	748,645	654,253	31,464	31,464	31,464	-
	1,043,421	749,197	107,408	93,408	93,408	-
	2,677,864	760,524	118,735	104,735	418,183	1,275,687

38 PROVISION FOR LIABILITIES AND CHARGES

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
Group				
2013				
At 1 April		159,803	330	160,133
Currency translation differences		(755)	-	(755)
Charge	6	102,298	453	102,751
Utilised		(102,418)	(160)	(102,578)
Unused amounts reversed	6	(2,587)	(416)	(3,003)
At 31 March		156,341	207	156,548
Non-current		1,023	-	1,023
Current		155,318	207	155,525
		156,341	207	156,548
2012 (Restated)				
At 1 April		3,926	280	4,206
Acquisition of a subsidiary company	53(iv)(g)	157,919	-	157,919
Currency translation differences		(2)	-	(2)
Charge	6	5,081	593	5,674
Utilised		(3,605)	(461)	(4,066)
Unused amounts reversed	6	(3,516)	(82)	(3,598)
At 31 March		159,803	330	160,133
Non-current		824	-	824
Current		158,979	330	159,309
		159,803	330	160,133

39 PROVISION FOR CONCESSION ASSETS

	2013	Group
	RM'000	2012
		RM'000
At 1 April	331,562	-
(Reversals)/additions	(114,981)	329,345
Replacements	16,906	2,217
Utilised	(124,555)	-
Unwinding of discounts	127	-
At 31 March	109,059	331,562
Non-current	19,250	149,594
Current	89,809	181,968
	109,059	331,562
Non-current:		
- later than 1 year and not later than 2 years	-	147,377
- later than 2 years and not later than 5 years	276	52
- later than 5 years	18,974	2,165
	19,250	149,594

As disclosed in Note 2.28 (iii), the above represents the contractual obligation by a subsidiary company in relation to the Service Concession Agreement.

40 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY

	2013	Group
	RM'000	2012
		RM'000
Non-Mudharabah Fund		
Demand deposits	2,576,108	2,565,993
Saving deposits	499,571	469,668
Negotiable Islamic debts certificates	856,478	2,830,628
Others	481,664	536,112
	4,413,821	6,402,401
Mudharabah Fund		
Demand deposits	325,814	472,685
Saving deposits	467,662	355,220
General investment deposits	12,128,100	9,371,532
Special general investment deposits	1,237,721	1,074,766
	14,159,297	11,274,203
Total	18,573,118	17,676,604

40 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY (Continued)

	2013	Group
	RM'000	2012
		RM'000
Non-current	31,505	24,207
Current	18,541,613	17,652,397
	18,573,118	17,676,604

(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:

	2013	Group
	RM'000	2012
		RM'000
- Ringgit Malaysia	18,022,694	17,042,057
- US Dollar	448,661	609,008
- Euro	101,763	25,539
	18,573,118	17,676,604

(c) The maturity period of the deposits from customers of a banking subsidiary company is as follows:

	2013	Group
	RM'000	2012
		RM'000
- not later than 6 months	17,551,254	17,027,760
- later than 6 months and not later than 1 year	990,359	624,637
- later than 1 year and not later than 5 years	31,505	24,207
	18,573,118	17,676,604

(d) The weighted average effective annual profit rate of deposits from customers of a banking subsidiary at the end of the financial year is 2.60% (2012: 2.70%) per annum.

41 RECOURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS

	2013	Group 2012 (Restated)	2011 (Restated as at 1 April 2011)
	RM'000	RM'000	RM'000
Non-current	-	61,679	64,910
Current	61,679	3,231	299,463
At 31 March	61,679	64,910	364,373

Recourse obligation on financing sold to Cagamas represents those financing sold to Cagamas Berhad ("Cagamas") with recourse. Under the agreement, the banking subsidiary company undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed upon prudential criteria with recourse against the originators.

42 GENERAL AND LIFE INSURANCE CONTRACT LIABILITIES

		2013			2012		
	Note	Gross Reinsurance RM'000	RM'000	Net RM'000	Gross Reinsurance RM'000	RM'000	Net RM'000
General insurance contract liabilities (net of deferred acquisition cost/reinsurance)	(a)	639,417	(214,001)	425,416	617,500	(227,466)	390,034
Life insurance contract liabilities	(b)	75,644	(8,360)	67,284	55,696	(11,366)	44,330
		715,061	(222,361)	492,700	673,196	(238,832)	434,364
(a) General insurance contract liabilities							
(i) Claim liabilities							
- Provision for claims		295,974	(116,385)	179,589	294,624	(119,563)	175,061
- Provision for incurred but not reported		126,549	(37,767)	88,782	118,440	(31,283)	87,157
		422,523	(154,152)	268,371	413,064	(150,846)	262,218
(ii) Premium liabilities		216,894	(59,849)	157,045	204,436	(76,620)	127,816
		639,417	(214,001)	425,416	617,500	(227,466)	390,034
(b) Life insurance contract liabilities							
(i) Provision for claims	35	75,644	(8,360)	67,284	55,696	(11,366)	44,330
		715,061	(222,361)	492,700	673,196	(238,832)	434,364

43 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
Trade payables		2,196,730	2,139,924	322	1,072
Other payables and accruals		1,578,623	3,006,456	38,193	1,582,596
Advances received on contracts		1,517,119	664,438	-	-
Progress billings		2,982	3,294	-	-
Amounts due to subsidiary companies		-	-	191,363	3,734
Amounts due to jointly controlled entities		54,099	28,274	-	-
Amounts due to associated companies		18,252	5,948	-	-
Amounts due to related parties		79,985	108,862	-	-
Amounts due to customers on contracts	50	53	13	-	-
		5,447,843	5,957,209	229,878	1,587,402

(a) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2013 RM'000	2012 (Restated) RM'000	2013 RM'000	2012 RM'000
- Ringgit Malaysia	4,680,202	5,169,426	229,878	1,587,402
- US Dollar	265,083	231,860	-	-
- Pound Sterling	197,370	281,916	-	-
- Euro	177,229	108,965	-	-
- Japanese Yen	52,044	70,374	-	-
- Thai Baht	29,549	29,745	-	-
- Singapore Dollar	22,715	28,184	-	-
- Others	23,651	36,739	-	-
	5,447,843	5,957,209	229,878	1,587,402

(b) The Group's and the Company's normal trade payables terms ranges from 30 days to 180 days (2012: 30 days to 180 days).

(c) All other amounts due to subsidiary companies, jointly controlled entities, associated companies and related parties are non-interest bearing, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

44 BANK BORROWINGS

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(i) Bank overdrafts					
- secured		8,174	5,005	-	-
- unsecured		6,969	4,763	-	-
		15,143	9,768	-	-
(ii) Other bank borrowings					
<u>Secured</u>					
Bankers acceptances		47,986	6,788	-	-
Revolving credits		294,713	257,148	-	-
Hire purchase and finance lease liabilities - portion repayable within 12 months	37	13,983	22,642	-	-
Long term loans - portion repayable within 12 months	37	1,210,147	937,743	355,815	31,464
Long term loans under Islamic financing - portion repayable within 12 months	37	148,286	163,925	105,299	105,727
Sub-total		1,715,115	1,388,246	461,114	137,191
<u>Unsecured</u>					
Bankers acceptances		756,031	289,630	-	-
Revolving credits		270,300	177,524	165,000	146,000
Short term loans		-	3,678	-	-
Long term loans - portion repayable within 12 months	37	1,818	442	-	-
Long term loans under Islamic financing - portion repayable within 12 months	37	36,233	696	-	-
Deferred liability		14,550	21,971	-	-
Sub-total		1,078,932	493,941	165,000	146,000
Total (Others - Secured and Unsecured)		2,794,047	1,882,187	626,114	283,191
Total bank borrowings		2,809,190	1,891,955	626,114	283,191

(a) The currency exposure profile of bank overdrafts and other bank borrowings is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
- Ringgit Malaysia	1,851,518	892,499	626,114	283,191
- Pound Sterling	955,183	993,339	-	-
- Singapore Dollar	2,489	2,439	-	-
- Thai Baht	-	3,678	-	-
	2,809,190	1,891,955	626,114	283,191

(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 activities, inventories and receivables (Notes 13, 15, 16, 17, 28 and 29).

44 BANK BORROWINGS (Continued)

(c) The deferred liability owing by solid waste subsidiary company to local municipalities is in relation to the transfer of certain units of movable assets from these municipalities to the subsidiary company and the amounts are unsecured, interest free and payable in accordance with the repayment schedule.

(d) 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	
	2013 %	2012 %	2013 %	2012 %
Bank overdrafts	7.05	7.72	-	-
Bankers acceptances	3.80	3.72	-	-
Revolving credits	5.79	5.34	5.79	5.91
Short term loans	-	4.19	-	-

45 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2013 RM'000	2012 RM'000
Non-Mudharabah		
Bank Negara Malaysia	10,774	11,896

The above are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 year (2012: not exceeding 1 year).

46 BILLS AND ACCEPTANCES PAYABLE

(a) Bills and acceptances payable are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 month (2012: not exceeding 1 month).

(b) The weighted average effective annual interest rate of bills and acceptances payable at the end of the financial year is as follows:

	Group	
	2013 %	2012 %
Bills and acceptances payable	3.24	3.16

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

47 SHARE PREMIUM

	Group and Company	
	2013	2012
	RM'000	RM'000
At 1 April/31 March	20,701	20,701

48 MERGER RESERVE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	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.

49 OTHER RESERVES

	Group	
	2013	2012
	RM'000	RM'000
Non-distributable		
Capital redemption reserve arising from redemption of preference shares	2,561	2,556
Share of associated companies' reserves	475	1,111
Share of subsidiary companies' statutory reserve	214,126	155,207
Asset revaluation reserve on step up acquisition of subsidiary companies	21,101	21,101
Fair value reserve on investment properties	2,726	2,726
	240,989	182,701

50 CONSTRUCTION CONTRACTS

		Group	
	Note	2013	2012
		RM'000	RM'000
Aggregate contract costs incurred		535,011	266,911
Recognised profits		78,905	53,996
		613,916	320,907
Less: Progress billings		(176,960)	(137,280)
		436,956	183,627
Analysed as follows:			
Amounts due from customers on contracts	29	437,009	183,640
Amounts due to customers on contracts	43	(53)	(13)
		436,956	183,627

51 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 2013, the Company has Section 108 tax credits (which expires on 31 December 2013) to pay RM29,943,000 (2012: RM87,940,000) as franked dividends. In addition, the Company has tax exempt income of RM176,990,000 (2012: RM176,990,000) available as at 31 March 2013.

52 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a funded defined benefit plan in respect of a foreign subsidiary company and also unfunded defined benefit plans for eligible employees of certain subsidiary companies.

(a) The amount shown in the statement of financial position is presented as follows:

	Group	
	2013	2012
	RM'000	RM'000
Present value of funded obligations	423,542	364,459
Fair value of plan assets	(388,303)	(358,137)
Shortfall of funded plan	35,239	6,322
Present value of unfunded obligations	10,802	11,223
Unrecognised net actuarial loss	(32,030)	(2,233)
Benefit liability	14,011	15,312
Non-current	13,951	15,298
Current	60	14
	14,011	15,312

(b) Changes in present value of defined benefit obligations are as follows:

	Group	
	2013	2012
	RM'000	RM'000
At 1 April	375,682	10,387
Acquisition of a subsidiary company	-	364,459
Current service cost	8,845	648
Interest cost	18,523	481
Actuarial loss on obligations	60,484	-
(Reversal of)/provision for past service cost	(51)	83
Employees contribution	3,591	-
Currency translation differences	(18,668)	-
Benefits paid/payable	(14,062)	(376)
At 31 March	434,344	375,682
Present value of funded obligations	423,542	364,459
Present value of unfunded obligations	10,802	11,223

52 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

(c) Changes in present value of plan assets are as follows:

	2013	Group
	RM'000	2012
		RM'000
At 1 April	358,137	-
Acquisition of a subsidiary company	-	358,137
Currency translation differences	(16,811)	-
Expected return on plan assets	18,575	-
Employers contributions	9,044	-
Employees contributions	3,591	-
Benefits paid	(13,536)	-
Actuarial loss on obligations	29,303	-
At 31 March	388,303	358,137

(d) The expenses recognised in the statement of comprehensive income are analysed as follows:

		2013	Group
	Note	RM'000	2012
			RM'000
Current service cost		8,845	648
Interest cost		18,523	481
(Reversal of)/provision for past service cost		(51)	83
Expected return on plan assets		(18,575)	-
Staff costs	8	8,742	1,212

(e) The principal actuarial assumptions used in the latest actuarial valuation are as follows:

	2013	Group
		2012
Discount rate (%)	4.30 - 7.00	4.25 - 8.76
Expected rate of salary increase (%)	5.00 - 8.00	4.30 - 8.00
Expected return on plan assets (%)		
- equity	5.85	7.10
- bonds	3.10	4.35
- others	3.10	4.35

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES

2013

(i) Subsidiary companies

- (a) On 15 June 2012, HICOM Holdings Berhad, effectively 100% owned subsidiary company of the Group, completed the acquisition of the remaining equity interest in Comtrac Sdn. Bhd. ("Comtrac") for a total cash consideration of RM6,305,000. As a result, Comtrac became a wholly-owned subsidiary company of the Group and the Group's effective equity interest in Glenmarie Cove Development Sdn. Bhd. has also increased from 89.50% to 100%.
- (b) On 26 June 2012, PROTON became a wholly-owned subsidiary company of the Group following the completion of the compulsory acquisition of the remaining PROTON shares under the Mandatory General Offer ("MGO"). The total amount of RM1,508,931,000 in respect of MGO was paid during the financial year.
- (c) On 27 June 2012, HICOM Holdings Berhad completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 each in HICOM Terang Sdn. Bhd. ("HTSB") via an internal reorganisation. On 29 June 2012, HTSB changed its name to DRB-HICOM Environmental Services Sdn. Bhd.
- (d) On 8 October 2012, Proton Marketing Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the entire 90% equity interest comprising 4,500,000 ordinary shares of RM1.00 in HICOM-Potenza Sports Cars Sdn. Bhd. from HICOM Holdings Berhad via an internal reorganisation.
- (e) On 1 November 2012, the Group completed the internal reorganisation exercise to rationalise and align the Group's businesses and investments in the business of marketing of Proton motor vehicles, related spare parts and servicing of Proton vehicles ("Proton Business") in Edaran Otomobil Nasional Berhad ("EON") and Proton Edar Sdn. Bhd. ("PESB") for a total consideration of RM400,800,000 which involved the following:
- (i) The sale of EON's assets and liabilities related to the Proton Business by EON to PESB;
 - (ii) The sale of the freehold property held under HS(D) 266738 PT 2041, Bandar Glenmarie, District of Petaling, State of Selangor by EON Properties Sdn. Bhd. ("EPSB") to EON;
 - (iii) The acquisition of 100% equity interest in EPSB by PESB from EON;
 - (iv) The acquisition of 100% equity interest in Automotive Conversion Engineering Sdn. Bhd. by PESB from EON;
 - (v) The acquisition of 40% equity interest in Proton Parts Centre Sdn. Bhd. ("PPCSB") by Proton Marketing Sdn. Bhd. ("PMSB") from EON; and
 - (vi) The acquisition of 5% equity interest in PPCSB by PMSB from HICOM Holdings Berhad.

In view of the above, EON ceased to market and distribute Proton cars since 1 November 2012 and the companies acquired by PESB and PMSB have effectively become direct subsidiaries of PROTON group.

- (f) On 12 November 2012, HICOM Holdings Berhad completed the acquisition of 16,000,000 and 12,000,000 ordinary shares of RM1.00 each in Alam Flora Sdn. Bhd. ("AFSB") from KDEB Waste Management Sdn. Bhd. and PJBUMI Waste Management Sdn. Bhd. for cash consideration of RM27,200,000 and RM20,400,000 respectively. As a result, the Group's shareholding in AFSB increased from 60.53% to 97.37%.
- (g) On 1 February 2013, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 6,000,000 ordinary shares of RM1.00 in HICOM Auto Sdn. Bhd. from HICOM Holdings Berhad via an internal reorganisation.

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (Continued)

2013 (Continued)

(i) Subsidiary companies (Continued)

- (h) On 5 March 2013, the Company completed the acquisition of an additional 11% equity interest in Motosikal Dan Enjin Nasional Sdn. Bhd. ("MODENAS") from Sojitz Corporation for a cash consideration of RM17,589,000. As a result, the Group's shareholding in MODENAS increased from 70% to 81%.

(ii) Jointly controlled entity

- (a) On 1 August 2012, HICOM Polymers Industry Sdn. Bhd. ("HPI"), a wholly-owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 each in Stagwell Sdn. Bhd. from Comtrac Sdn. Bhd. via an internal reorganisation. On 7 September 2012, HPI and HBPO GmbH ("HBPO") entered into a Joint Venture Agreement to undertake the design, develop, manufacture, assemble and sell automobile front end modules and related components. On 20 September 2012, Stagwell Sdn. Bhd. changed its name to HICOM HBPO Sdn. Bhd. ("HICOM HBPO"). On 24 December 2012, HICOM HBPO increased its issued and paid-up capital from RM2.00 to RM3,000,000 by the issuance of 1,799,998 new ordinary shares of RM1.00 each to HPI (60%) and 1,200,000 new ordinary shares of RM1.00 each to HBPO (40%).

(iii) Associated companies

- (a) On 25 June 2012, POS Malaysia Berhad ("POSM") and Bank Muamalat Malaysia Berhad ("BMMB") entered into a collaboration through the execution of a Shareholders' Agreement to jointly participate via a joint venture company known as Pos Ar-Rahnu Sdn. Bhd., to undertake the Islamic pawn broking business (Ar-Rahnu). POSM and BMMB have an equity interest of 80% and 20% respectively in the above company.
- (b) On 4 October 2012, Oriental Summit Industries Sdn. Bhd. ("OSI"), a 70% owned subsidiary company of the Group, entered into a Joint Venture Agreement with Faurecia Exhaust International SAS ("Faurecia") to form a joint venture company in Malaysia which will be involved in manufacturing, assembly, delivering and sale of automotive exhaust systems and vehicles component. On 6 March 2013, Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd. ("Faurecia HICOM") was incorporated between OSI (35%) and Faurecia (65%) respectively. As a result, Faurecia HICOM became an associated company of the Group.

2012

(iv) Subsidiary companies

- (a) On 1 April 2011, HICOM Terang Sdn. Bhd. ("HTSB"), a wholly-owned subsidiary company of the Group was incorporated. The issued and paid-up share capital of HTSB is RM2.00 comprising 2 ordinary shares of RM1.00 each.
- (b) On 25 May 2011, HICOM-Potenza Sports Cars Sdn. Bhd. ("HPSC") increased its issued and paid-up share capital from RM2.00 to RM5,000,000 by issuance of 4,999,998 new ordinary shares of RM1.00 each. HICOM Holdings Berhad, effectively a 100% owned subsidiary of the Group, subscribed 4,499,998 ordinary shares in HPSC representing 90% equity interest.
- (c) On 9 September 2011, Automotive Corporation (Malaysia) Sdn. Bhd. ("ACM"), an indirect wholly-owned subsidiary of the Group, completed the acquisition of 375,000 ordinary shares of RM1.00 each and 150,000 ordinary shares of RM1.00 each representing 5% and 2% respectively of the issued and paid up share capital of HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HAMM") from Itochu Corporation and Lion Motor Sdn. Bhd. for a total cash consideration of RM262,500. As a result, HAMM became a wholly-owned subsidiary company of the Group. On 3 January 2012, HICOM Holdings Berhad completed the acquisition of the entire equity interest in HAMM from ACM via an internal reorganisation.
- (d) On 4 October 2011 and 5 December 2011, HICOM Indungan Sdn. Bhd., an indirect wholly-owned subsidiary of the Group, completed the acquisition of 18.75% and 6.25% equity interest of Rebak Island Marina Berhad ("Rebak") from Lembaga Pembangunan Langkawi and Mofaz (M) Sdn. Bhd. respectively for a total cash consideration of approximately RM15,130,000. As a result, Rebak became a wholly-owned subsidiary company of the Group.

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (Continued)

2012 (Continued)

(iv) Subsidiary companies (Continued)

- (e) On 6 October 2011, HICOM Holdings Berhad completed the acquisition of the entire equity interest comprising 1,000,000 ordinary shares of RM1.00 each in HICOM Auto Sdn. Bhd. (formerly known as Auto Prominence (M) Sdn. Bhd.) from Automotive Corporation (Malaysia) Sdn. Bhd. via an internal reorganisation.
- (f) On 21 October 2011, Edaran Otomobil Nasional Berhad (“EON”), a wholly-owned subsidiary company of the Group, acquired an additional 15% equity interest in Multi Automotive Service & Assist Sdn. Bhd. (“MASA”) from Saripati (Malaysia) Sdn. Bhd. for a total cash consideration of RM36,500. As a result, EON’s equity interest in MASA increased from 55% to 70%.
- (g) On 16 January 2012, the Company entered into a conditional share sale and purchase agreement (“SSPA”) with Khazanah Nasional Berhad (“KNB”) to acquire 234,734,693 ordinary shares of RM1.00 each in PROTON Holdings Berhad (“PROTON”) (“PROTON Shares”), representing approximately 42.74% of the issued and paid-up capital of PROTON for a total cash consideration of RM1.29 billion or RM5.50 per PROTON Share. On 17 January 2012, the Company acquired 7.27% equity (or 39,927,000 PROTON Shares) from the open market at prices ranging from RM5.40 to RM5.47 per PROTON share, for a total cash consideration of RM217,431,000. On 16 March 2012, the acquisition of 42.74% equity interest in PROTON from KNB was completed. As a result, PROTON became a subsidiary of the Group as at 16 March 2012.

Upon the acquisition becoming unconditional, the mandatory general offer (“MGO”) was triggered whereby the Company was required to offer to the non-controlling interest shareholders of PROTON to sell their shares at an offer price of RM5.50 per PROTON Share. Under the requirement of FRS 127 *Consolidated and Separate Financial Statements*, both the acquisition and the MGO are inter-linked and hence have been accounted for as a single transaction. The MGO was completed subsequent to the financial year-end and the PROTON Shares were fully acquired by the Company on 26 June 2012.

Subsequent to the acquisition of PROTON, Proton Parts Centre Sdn. Bhd., previously an indirect 45% owned jointly controlled entity, became an indirect wholly-owned subsidiary of the Group. Also, the Group’s effective interest in PHN Industry Sdn. Bhd. and Proton City Development Corporation Sdn. Bhd. increased from 62.50% and 60% to 97.50% and 100% respectively.

Details of cash flow arising from the acquisition are as follows:

	31 March 2012
	RM’000
Purchase consideration, settled in cash (including the direct expenses attributable to the acquisition)	1,509,573
Cash and cash equivalents arising from acquisition of a subsidiary company	(1,112,167)
Cash outflow from acquisition of subsidiary company	397,406

PROTON contributed revenue of approximately RM312,778,000 and profit after taxation of approximately RM8,294,000 to the Group for the period from the date of acquisition to 31 March 2012. Had the acquisition taken effect at the beginning of the financial year, the revenue and loss after taxation contributed to the Group would have been RM8,010,959,000 and RM606,305,000 respectively.

Accounting for PROTON’s business combination

Upon PROTON becoming a subsidiary company, the PROTON’s business combination was accounted for using the provisional fair values of its identifiable assets, liabilities and contingent liabilities. The initial accounting resulted in a negative goodwill (gain on bargain purchase) amounting to RM971,522,000 recognised in the previous financial year ended 31 March 2012.

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (Continued)

2012 (Continued)

(iv) Subsidiary companies (Continued)

(g) (Continued)

Subsequently, the Group completed its Purchase Price Allocation (“PPA”) exercise within the stipulated time period in accordance with FRS 3 *Business Combinations* and based on the fair values of the net assets of PROTON, the negative goodwill has increased from RM971,522,000 to RM1,277,959,000. The additional negative goodwill of RM306,437,000 has been adjusted into the retained earnings as at 31 March 2012.

Below are the effects of the final PPA adjustments as at 31 March 2012 in accordance with FRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 March 2012			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	4,509,324	447,664	4,956,988
Jointly controlled entities	436,258	(1,701)	434,557
Associated companies	1,136,680	1,517	1,138,197
Intangible assets	1,228,431	(360,385)	868,046
Deferred tax assets	162,603	322,745	485,348
Investment securities: held-to-maturity (Non-banking)	547,251	(51,007)	496,244
Other receivables	-	44,608	44,608
<u>Current assets</u>			
Inventories	1,516,757	2,351	1,519,108
Trade and other receivables	3,106,504	21,880	3,128,384
Tax recoverable	66,584	(320)	66,264
Investment securities: held-to-maturity (Non-banking)	85,175	(22,903)	62,272
<u>Non-current liabilities</u>			
Deferred income	89,030	7,625	96,655
<u>Current liabilities</u>			
Trade and other payables	5,884,017	73,192	5,957,209
Provision for liabilities and charges	142,659	16,650	159,309
Current tax liabilities	61,727	545	62,272
As at 31 March 2012			
Consolidated Statement of Changes in Equity			
Retained earnings (Refer to Note 2.2)	3,437,104	306,437	3,743,541
For the financial year ended 31 March 2012			
Consolidated Statement of Comprehensive Income			
Other income - negative goodwill (gain on bargain purchase) arising from acquisition of a subsidiary company	971,522	306,437	1,277,959
Net profit for the financial year attributable to Owners of the Company	1,290,483	306,437	1,596,920
Total comprehensive income for the financial year attributable to Owners of the Company	1,278,075	306,437	1,584,512

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (Continued)

2012 (Continued)

(iv) Subsidiary companies (Continued)

(g) (Continued)

Details of net assets acquired, negative goodwill (gain on bargain purchase) arising from the above acquisition after the PPA exercise are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	2,708,738	3,111,300
Intangible assets	1,351,879	673,544
Jointly controlled entities	231,141	231,247
Associated companies	126,890	128,407
Deferred tax assets	5,828	328,573
Inventories	1,035,572	997,923
Trade and other receivables	1,056,189	855,269
Tax recoverable	30,165	29,845
Investment securities: available-for-sale	3,430	3,430
Short term deposits	43,534	43,534
Cash and bank balances	1,068,633	1,068,633
Trade and other payables	(1,379,854)	(1,684,546)
Deferred income	(37,133)	(44,758)
Provision for liabilities and charges	(141,269)	(157,919)
Post-employment benefit obligations	(4,089)	(4,089)
Bank borrowings - others	(1,114,980)	(1,114,980)
Derivative liabilities	(95)	(95)
Current tax liabilities	(35,775)	(36,320)
Long term borrowings	(499)	(499)
Net assets acquired	4,948,305	4,428,499
Deconsolidation of a jointly controlled entity	(130,229)	(132,036)
	4,818,076	4,296,463
Negative goodwill (gain on bargain purchase)		(1,277,959)
Total purchase consideration (including MGO)		3,018,504

53 SUMMARY OF EFFECTS OF ACQUISITION OF COMPANIES (Continued)

2012 (Continued)

(iv) Subsidiary companies (Continued)

- (h) On 20 March 2012, Edaran Otomobil Nasional Berhad completed the acquisition of the entire equity interest comprising 500,000 shares of RM1.00 each in DRB-HICOM Leasing Sdn. Bhd. (formerly known as EON Inovasi Sdn. Bhd.) from EON Trading Sdn. Bhd. via an internal reorganisation.
- (i) On 28 March 2012, Glenmarie Properties Sdn. Bhd. ("GPSB"), a wholly-owned subsidiary company of the Group, acquired the entire 36% and 15% equity interests in HICOM Megah Sdn. Bhd. ("HMSB") from Edaran Otomobil Nasional Berhad and HICOM Berhad respectively via an internal reorganisation. As a result, HMSB became a direct wholly-owned subsidiary of GPSB.

(v) Associated companies

- (a) On 22 April 2011, the Company entered into a Share Sale and Purchase Agreement ("SPA") with Khazanah Nasional Berhad ("KNB") 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 approximately RM622,791,000 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 associated company of the Group. On 11 January 2012, KNB has refunded RM17,300,000 which is equivalent to RM0.10 per POSM Share.
- (b) On 31 December 2011, HICOM Holdings Berhad ("HHB") converted its convertible redeemable loan stock of RM163,374 in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic") into 73,262 new ordinary shares of RM1.00 each at the conversion price of RM2.23. Based on the enlarged share capital, HHB's shareholding in Niro Ceramic is 21.01%.

54 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES

2013

(i) Associated companies

- (a) On 21 June 2012, HICOM Holdings Berhad completed the disposal of its entire 20% equity interest in THK Rhythm Malaysia Sdn. Bhd. ("THK Rhythm") (formerly known as TRW Steering & Suspension (Malaysia) Sdn. Bhd.) to THK Rhythm Co. Ltd., THK Co. Ltd. and Vincus Holdings Sdn. Bhd. for a total cash consideration of RM6,190,000. As a result, THK Rhythm ceased to be an associated company of the Group.
- (b) On 6 March 2013, HICOM-Chevrolet Sdn. Bhd., a 49% dormant associated company of DRB-HICOM Berhad, was dissolved. The dissolution of the associated company did not have any impact to the Group.

2012

(ii) Subsidiary company

On 10 June 2011, Intrakota Komposit Sdn. Bhd., a 70% owned dormant subsidiary company of the Group, completed the Sale and Purchase of Shares Agreement with RA Focus Capital Sdn. Bhd. to dispose its entire 55.78% equity interest in Toong Fong Omnibus Company Sendirian Berhad ("TFOC") for a cash consideration of RM80,000 and as a result, TFOC ceased to be a subsidiary of the Group. The effect of the disposal of the subsidiary company did not have material impact to the Group.

(iii) Associated company

On 21 October 2011, HICOM Holdings Berhad completed the disposal of its entire 30% equity stake in ZF Steerings (Malaysia) Sdn. Bhd. ("ZF Steerings") to ZF Lenksysteme GmbH for a cash consideration of RM2,730,000. As a result, ZF Steerings ceased to be an associated company of the Group.

55 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 mutually agreed terms and conditions.

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(a) Sale of goods/services to:				
- Jointly controlled entities	79,349	41,655	-	-
- Associated companies	160,947	96,406	-	-
- Related parties	186,064	336,818	-	-
(b) Purchase of goods/services from:				
- Jointly controlled entities	601,165	453,132	-	-
- Associated companies	25,049	15,163	-	-
- Related parties	108,378	214,355	-	-
(c) Interest income:				
- Subsidiary companies	-	-	5,199	32,786
(d) Dividend income:				
- Subsidiary companies	-	-	565,041	292,667
- Associated companies	-	-	66,738	83,109
- Jointly controlled entity	-	-	-	7,644
(e) Year end balances - banking:				
- Related parties				
Short term deposits	543,904	387,320	-	-
Revolving credits	335,535	240,685	-	-
Trade line	286,933	243,246	-	-
Term loan	190,095	90,385	-	-
Bank guarantee	135,289	124,250	-	-
Bonds purchased	30,988	165,964	-	-
- Jointly controlled entities				
Short term deposits	10,380	32,924	-	-
- Associated companies				
Short term deposits	42,000	37,044	-	-
(f) Key management compensation:				
- Salaries, bonuses, allowances and other benefits	12,465	10,648	-	-
- Defined contribution plan	1,703	1,556	-	-

56 CAPITAL AND OTHER COMMITMENTS

(a) Non-banking

(i) Capital commitments

Capital expenditure as at the reporting date is as follows:

	2013	Group
	RM'000	2012
		RM'000
Authorised capital expenditure for property, plant and equipment, investment properties and intangible assets not provided for in the financial statements		
- contracted for	790,413	639,486
- not contracted for	1,660,956	2,067,565
	2,451,369	2,707,051

(ii) Operating lease commitments – as lessee

Future minimum rentals payable under commitments for non-cancellable operating leases at the reporting date are as follows:

	2013	Group
	RM'000	2012
		RM'000
Repayable within 1 year	23,578	9,464
Repayable within 2 to 5 years	14,195	5,584
Repayable more than 5 years	3,231	-
	41,004	15,048

(iii) Operating lease commitments – as lessor

Future minimum rentals receivable under commitments for non-cancellable operating leases at the reporting date are as follows:

	2013	Group
	RM'000	2012
		RM'000
Receivable within 1 year	13,437	659
Receivable within 2 to 5 years	6,509	1,876
Receivable more than 5 years	-	435
	19,946	2,970

56 CAPITAL AND OTHER COMMITMENTS (Continued)

(b) Banking

(i) Risk weighted exposures of a banking subsidiary company are as follows:

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
As at 31 March 2013			
Direct credit substitutes	16,362	16,362	8,362
Trade-related contingencies	73,372	14,674	4,904
Transaction related contingencies	501,061	250,531	191,325
Obligations under an on-going underwriting agreement	25,000	12,500	2,500
Credit extension commitment:			
- maturity within one year	450,046	90,009	76,294
- maturity exceeding one year	1,944,354	972,177	256,626
Bills of collection	19,712	-	-
Profit rate related contracts	875,000	37,250	7,450
Foreign exchange related contracts	395,124	6,670	4,341
	4,300,031	1,400,173	551,802
As at 31 March 2012			
Direct credit substitutes	1,208	1,208	1,208
Trade-related contingencies	65,352	13,070	5,739
Transaction related contingencies	616,105	308,053	248,935
Obligations under an on-going underwriting agreement	41,000	20,500	4,100
Credit extension commitment:			
- maturity within one year	349,478	69,896	65,135
- maturity exceeding one year	2,184,119	1,092,060	376,999
Bills of collection	19,883	-	-
Profit rate related contracts	75,000	6,000	1,200
Foreign exchange related contracts	870,214	5,001	3,783
	4,222,359	1,515,788	707,099

57 CONTINGENT LIABILITIES (UNSECURED)

Except as disclosed below, there are no other material contingency that exists as at the reporting date.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(a) Guarantees given to financial institutions in respect of facilities granted to subsidiary companies	-	-	142,895	122,045
(b) Performance bonds and guarantees given to third parties	-	19,000	-	-
(c) Performance bonds and guarantees given to third parties on behalf of subsidiary companies	-	-	9,147	3,947

As at the reporting date, no value is ascribed on these guarantees and performance bonds provided by the Group and the Company for the purpose described above as the value of the credit of enhancement provided by these guarantees and performance bonds are minimal and the probability of default based on historical track records of parties receiving these guarantees and performance bonds is remote.

58 MATERIAL LITIGATIONS

- (a) Proton Automobiles (China) Limited ("Proton Automobiles"), an indirect subsidiary company of the Group, had on 11 July 2006 issued a notice of termination to the joint venture partner, Goldstar Heavy Industrial Co. Ltd ("the JV Partner") of a joint venture contract ("JV Contract"). The JV Partner is disputing the termination. According to the JV Contract, all disputes must be referred to arbitration in Singapore. Proton Automobiles had commenced arbitration proceedings at the Singapore International Arbitration Centre on 31 January 2008. On 5 May 2009, the arbitration tribunal rejected the JV Partner's claim that the Chinese court should have jurisdiction. On 12 January 2010, the arbitration tribunal ruled that the JV Contract had been validly terminated by Proton Automobiles. The arbitration tribunal ruled as follows:
- (i) that the Singapore arbitration tribunal has jurisdiction over the dispute and rejected the JV Partner's claim that a Chinese court should have jurisdiction over the dispute. The JV Partner is ordered to pay Proton Automobiles all its legal costs relating to the jurisdiction proceedings in the total sum of S\$424,058 ("Interim Award"); and
 - (ii) that the JV Contract has been validly terminated pursuant to the notice of termination and that the JV Partner pays Proton Automobiles all its legal and arbitration costs totalling S\$655,056 ("Final Award").

There are 3 matters before the Chinese Intermediate People's Court in Dongguan:

- Action 1 - Proton Automobiles' application for enforcement of the Interim Award;
- Action 2 - Proton Automobiles' application for enforcement of the Final Award;
- Action 3 - the JV Partner's claim against Proton Automobiles and Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSb") for further capital contribution to the joint venture company based on a forged Memorandum.

The Chinese Intermediate People's Court has dismissed Action 1 and Proton Automobiles filed an appeal against this decision. The Chinese Higher People's Court has dismissed Proton Automobiles' appeal. On 20 February 2012, the Chinese Intermediate People's Court heard Action 2 and no decision has been delivered to-date. On 17 October 2012, the JV Partner amended its claim for Proton Automobiles to inject all of the balance capital contribution of USD16.07 million (Action 3). Action 3 was then fixed for exchange of evidence on 24 January 2013. During the exchange of evidence, the JV Partner produced more new evidence. The hearing was later fixed on 15 April 2013 and the trial proceeded and the matter was pending delivery of judgment by the Court. On 3 July 2013, the JV Partner filed an application to withdraw the suit against Proton Automobiles and PONSb. On 12 July 2013, the Chinese court allowed the JV Partner's application to withdraw the suit against Proton Automobiles and PONSb. This suit has now been withdrawn.

58 MATERIAL LITIGATIONS (Continued)

- (b) On 29 June 2012, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect wholly owned subsidiary of the Group, was served with a Writ of Summons and Statement of Claim from Messrs. Shafee & Co., the solicitors for Yasmin Jurumuda Sdn. Bhd. ("Jurumuda"). Jurumuda's claim is premised on 2 agreements namely:
- (i) Agreement on Proposed Concession on Build, Operate and Transfer Basis for PONS B Motorpool Building ("BOT Agreement"); and
 - (ii) Supply Agreement for Non-Component Items ("SANCI Agreement").

Jurumuda's claim among others are for a Court declaration that the deletion of the scope of services by PONS B was wrong at law; the sum of RM54,387,000 arising from balance unpaid under the BOT Agreement, loss of profits under the BOT and SANCI Agreements, general and exemplary damages, interest and costs.

PONS B has appointed Messrs. Shearn Delamore & Co. to defend the above case. Subsequently, PONS B filed its Memorandum of Appearance and an application for a Court Order to stay the above legal proceedings pending disposal of the Arbitration proceedings to be held between Jurumuda and PONS B. On 29 August 2012, the Court allowed PONS B's application to stay the legal proceedings pending arbitration. Both parties have agreed to refer the matter to arbitration and are in the midst of appointing an arbitrator. Matter is fixed for mention on 28 August 2013 for parties to inform the Court as to the status of the matter at arbitration and/or out of court settlement.

- (c) Electric Angels MSC Sdn. Bhd. ("Electric Angels") filed an originating summons in the High Court against Proton Edar Sdn. Bhd. ("PESB"), an indirect subsidiary company of the Group, to seek an order from court for PESB to provide the sales records for Proton cars sold for the period from year 2006 until year 2009 pursuant to a LiveMarketing Agreement executed between Electric Angels and PESB on 14 June 2006. The High Court ruled in favour of PESB. Electric Angels then appealed to the Court of Appeal which on 10 October 2012 allowed the appeal. PESB has been directed by the Court of Appeal to furnish the sales records for Proton cars sold for the period from year 2006 until year 2009. Electric Angels is demanding an estimated sum of RM12 million including unpaid commissions. However, PESB is disputing this amount. PESB has furnished the sales records to Electric Angels in compliance with the directions of the Court of Appeal. Parties will proceed to determine the commission payable arising from the sales generated by Electric Angels' online marketing tool.
- (d) On 23 August 2012, DRB-HICOM Berhad had via its solicitors in United Kingdom ("UK"), received a claim for inter alia a sum of £6,737,240 and general damages to be determined for wrongful dismissal ("Claim") issued by the solicitors acting on behalf of Dany Taner Bahar ("DB") against Group Lotus Plc. ("GLP") and DRB-HICOM Berhad.

On 9 October 2012, DRB-HICOM Berhad and GLP have filed its Defence to the Claim including a Counterclaim against DB through the appointed solicitors in response to the Claim. The court had also approved the addition of Lotus Cars Limited ("LCL") as an additional claimant to the Counterclaim.

On 9 November 2012, DB filed his Reply and Defence to Counterclaim in response to the Defence and the Counterclaim filed by DRB-HICOM Berhad, GLP and LCL. The parties subsequently issued Requests For Information ("RFI") which sought further and better particulars of each party's pleadings. Both parties exchanged their responses to the RFIs on 1 February 2013 and in the process, further information was discovered on the issue of a purported second limits of authority document ("LOA2"). On 8 March 2013, DRB-HICOM Berhad and GLP filed an application to amend the Defence and Counterclaim to incorporate the new information on the LOA2. All parties have now provided documents pursuant to an extensive disclosure process which concluded on 10 June 2013.

A case management conference is scheduled to be held at the end of October to deal with issues regarding expert evidence, outstanding issues on disclosure and the scope of issues for the trial. Witness evidence is due to be served on 15 November 2013 and a 20-days hearing has been listed on the UK High Court from 3 June 2014.

59 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) Postal - Mail, courier and retail. (v) 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, concession assets, 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 and reinsurance assets. Segment liabilities comprise mainly of payables, banking related liabilities, provision for liabilities and charges, provision for concession assets, insurance contract liabilities and derivative liabilities. Unallocated liabilities consist of accruals on corporate operating and administrative expenses.

Capital expenditure comprises additions to property, plant and equipment, concession assets, prepaid lease properties, investment properties, intangible assets, land held for property development and property development costs.

(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.

59 GROUP SEGMENT REPORTING (Continued)

Primary reporting format - business segment

	Automotive RM'000	Services RM'000	Property, Assets & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2013					
Revenue					
Total revenue	10,981,623	2,624,210	500,806	38,364	14,145,003
Inter-segment revenue	(845,785)	(32,806)	(93,321)	(38,364)	(1,010,276)
External revenue	10,135,838	2,591,404	407,485	-	13,134,727
Segment results	194,883	498,306	38,956	17,912	750,057
Unallocated expenses					(45,540)
Interest income					95,323
Gain on disposal of a business					412,552
Finance costs					(337,603)
Share of results of jointly controlled entities (net of tax)	35,141	-	3,946	-	39,087
Share of results of associated companies (net of tax)	70,719	48,936	3,836	-	123,491
Profit before taxation					1,037,367
Taxation					(338,429)
Net profit for the financial year					698,938
Attributable to:					
Owners of the Company					575,305
Non-controlling interest					123,633
Other information					
Segment assets	10,215,403	24,733,431	2,418,809	221,220	37,588,863
Interest bearing short term deposits					2,536,565
Taxation assets					385,940
Jointly controlled entities	349,680	-	59,527	-	409,207
Associated companies	510,132	657,528	36,593	-	1,204,253
Assets held for sale	-	189	5,476	-	5,665
Total assets					42,130,493
Segment liabilities	4,618,832	22,037,072	410,220	68,538	27,134,662
Interest bearing borrowings					6,462,506
Taxation liabilities					159,887
Unallocated liabilities					19,128
Total liabilities					33,776,183
Capital expenditure	785,813	92,194	294,808	10,575	1,183,390
Depreciation and amortisation	671,363	84,395	12,518	2,909	771,185
Impairment losses (net of reversal)	51,347	10,265	(532)	-	61,080

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

59 GROUP SEGMENT REPORTING (Continued)

Primary reporting format - business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Assets & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2012 (Restated)					
Revenue					
Total revenue	4,131,712	2,590,191	377,794	25,764	7,125,461
Inter-segment revenue	(72,664)	(31,407)	(117,421)	(25,764)	(247,256)
External revenue	4,059,048	2,558,784	260,373	-	6,878,205
Segment results	143,634	348,170	6,647	22,808	521,259
Unallocated expenses					(44,625)
Interest income					52,051
Negative goodwill (gain on bargain purchase) arising from acquisition of a subsidiary company					1,277,959
Finance costs					(152,936)
Share of results of jointly controlled entities (net of tax)	67,061	-	12,809	-	79,870
Share of results of associated companies (net of tax)	58,031	27,667	2,123	-	87,821
Profit before taxation					1,821,399
Taxation					(146,791)
Net profit for the financial year					1,674,608
Attributable to:					
Owners of the Company					1,596,920
Non-controlling interest					77,688
Other information					
Segment assets	9,165,345	24,097,420	2,224,860	249,729	35,737,354
Interest bearing short term deposits					2,407,406
Taxation assets					551,612
Jointly controlled entities	348,976	-	85,581	-	434,557
Associated companies	462,947	640,703	34,547	-	1,138,197
Assets held for sale	-	-	673	20,626	21,299
Total assets					40,290,425
Segment liabilities	3,534,462	21,515,925	351,160	1,555,751	26,957,298
Interest bearing borrowings					5,345,545
Taxation liabilities					164,251
Unallocated liabilities					52,128
Total liabilities					32,519,222
Capital expenditure	117,879	427,192	260,710	12,810	818,591
Depreciation and amortisation	118,815	83,141	11,781	2,906	216,643
Impairment losses (net of reversal)	(4,294)	(30,170)	2,217	-	(32,247)

60 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 tax 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 market comparison method. 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 for these estimates.

(iii) Carrying value of intangible assets

The Group assesses the carrying amount of intangible assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from the asset discounted at an appropriate discount rate.

Projected future cash flows are based on the Group's estimates calculated based on the cash-generating unit's operating results, approved business plans, expected market growth and industry growth, as well as future economic conditions and other data.

(iv) Provision for product warranties

Certain subsidiary companies make provision 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 38.

(v) Provision for concession assets

Under the Service Concession Agreement, the concession subsidiary company has contractual obligations to ensure that the levels of investments are sufficient to maintain the collection services and public cleansing management services to a specified standard. The subsidiary company has recognised a provision for its obligation which depends on the estimated future capital expenditure to maintain the services. These judgments and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of provisions recognised in the financial statements.

During the financial year, the subsidiary company has revised the future capital expenditure for the concession assets, based on the actual expenditure incurred for the year and the revised budget for next year.

60 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

(vi) 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 relies on past experience and work of specialists.

(vii) Impairment of property, plant and equipment

The Group tests property, plant and equipment for impairment if there is any indicator of impairment. The recoverable amounts are determined based on value in use or fair value less costs to sell, whichever is higher. Based on these calculations, an impairment loss of RM2,576,000 (2012: Reversal of impairment charge of RM2,707,000) was recognised during the financial year.

(viii) 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 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.

(ix) 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.

61 SIGNIFICANT EVENTS

- (a) On 18 October 2012, HICOM Power Sdn. Bhd. ("HICOM Power"), a wholly-owned subsidiary company of the Group, entered into the Conditional Asset Sale Agreement ("ASA") with Sterling Asia Sdn. Bhd. ("Sterling Asia") for the disposal of the entire business including all of the assets and liabilities of HICOM Power (save for certain excluded assets and liabilities) to Sterling Asia for a total cash consideration of RM575,000,000. The shareholders of DRB-HICOM Berhad had approved the disposal at the Extraordinary General Meeting held on 26 November 2012. On 17 December 2012, the disposal of HICOM Power's entire business was completed and as a result, Group had realised a gain of RM412,552,000 on the disposal.
- (b) On 19 February 2013, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary company of the Group, accepted an offer from the Minister of Finance Incorporated ("MOF") to acquire the entire 466,778,067 ordinary shares of RM1.00 each representing 96.87% equity interest in Composites Technology Research Malaysia Sdn. Bhd. owned by MOF for a total cash consideration of approximately RM298,300,000. On 12 July 2013, DEFTECH and MOF entered into a Share Sale Agreement ("SSA") and the completion of the SSA is pending the fulfilment of the conditions precedent.

62 SUBSEQUENT EVENTS

- (a) On 27 March 2013, PROTON Holdings Berhad, a wholly-owned subsidiary company of the Group, entered into a Share Sale Agreement (“SSA”) with Mitsubishi Corporation to acquire the remaining 2.5% equity interest in PHN Industry Sdn. Bhd. (“PHN Industry”) for a cash consideration of RM2,625,000. The acquisition was completed on 26 June 2013 and as a result, the Group’s effective interest in PHN Industry has increased from 97.5% to 100%.
- (b) On 8 April 2013, Neraca Prisma Sdn. Bhd. and Benua Kurnia Sdn. Bhd., indirect wholly-owned subsidiary companies of the Group, entered into Sale and Purchase Agreements (“SPAs”) for the proposed disposal of certain parcels of freehold land held under title PTD 99396 (HSD 329948) and PTD 68903 (HSD 290184) measuring approximately 613.79 acres to Promosi Etika Sdn. Bhd. for a total cash consideration of approximately RM534,730,000. The completion of the SPAs is pending the fulfilment of the conditions precedent.
- (c) On 20 May 2013, Scott & English (Malaysia) Sdn. Bhd. (“SEM”), an indirect 70% owned subsidiary company of the Group, entered into an Asset Purchase Agreement (“APA”) with Cummins Scott & English Malaysia Sdn. Bhd. (“Cummins”) for proposed divestment of certain assets of SEM and HICOM United Leasing Sdn. Bhd. to Cummins. The completion of the APA is pending fulfilment of the conditions precedent.
- (d) On 31 May 2013, HICOM Holdings Berhad entered into the Share Sale Agreements (“SSAs”) with Midea Refrigeration (Hong Kong) Ltd. and Eastern Trinity Sdn. Bhd. for the proposed disposal of its entire 30% equity interest in Midea Scott & English Electronics Sdn. Bhd. for a cash consideration of RM936,000. The completion of the SSAs is pending fulfilment of the conditions precedent.
- (e) On 11 June 2013, Lotus Advance Technologies Sdn. Bhd. (“LATSB”), effectively a wholly-owned subsidiary company of the Group, entered into a conditional Share Sale and Purchase Agreement (“SSA”) with the shareholders of Symphony Lotus Limited (“SLL”) for the proposed acquisition of 1,000,000 ordinary shares of USD1.00 each in SLL representing the entire equity interest in SLL for a total cash consideration of USD3.00 and proposed transfer and assignment of the amounts owing by SLL to SLL’s shareholders to LATSB for a cash consideration of USD15,000,000. The completion of the SSA is pending fulfilment of the conditions precedent.
- (f) On 17 June 2013, HICOM Holdings Berhad entered into a Share Sale Agreement with Eng Lian Enterprise Sdn. Bhd. for the disposal of its entire 21.01% equity interest in Niro Ceramic (M) Sdn. Bhd. (“Niro Ceramic”) for a cash consideration of approximately RM30,462,000. The disposal was completed on 1 July 2013 and as a result, Niro Ceramic ceased to be an associated company of the Group.

63 FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) Financial instruments measured at fair value

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other than valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

63 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments measured at fair value (Continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2013				
Assets				
Investment securities: available-for-sale	44,182	7,354,100	108,553	7,506,835
Investment securities: fair value through profit or loss	205,503	156,019	84,373	445,895
Derivative assets	-	8,332	-	8,332
	249,685	7,518,451	192,926	7,961,062
Liabilities				
Derivative liabilities	-	22,999	-	22,999
2012				
Assets				
Investment securities: available-for-sale	115,323	7,082,902	25,671	7,223,896
Investment securities: fair value through profit or loss	211,003	180,883	-	391,886
Derivative assets	-	10,199	-	10,199
	326,326	7,273,984	25,671	7,625,981
Liabilities				
Derivative liabilities	1,741	30,412	-	32,153

The reconciliation of the Level 3 fair value measurements during the financial year is as follows:

	2013 RM'000	2012 RM'000
Group		
As at 1 April	25,671	31,825
Total gain/(loss) through profit or loss	4,397	(6,500)
Total gain through other comprehensive income	666	-
Purchases	77,174	526
Sales	(4,597)	(180)
Redemption	(13,067)	-
Transfer from Level 2 to Level 3	102,682	-
As at 31 March	192,926	25,671

63 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial instruments that are not measured at fair value and whose carrying amounts are not reasonable approximation of fair value:

	Note	Group RM'000	Fair value	Company RM'000	Fair value
		Carrying amount		Carrying amount	
2013					
Financial liabilities:					
Borrowings (non-current)	37				
- Hire purchase and finance lease liabilities		21,688	21,494	-	-
- Long term loans (fixed rate)		128,258	127,548	-	-
- Long term loans under Islamic financing (fixed rate)		2,312,585	2,302,269	1,854,131	1,846,336
2012					
Financial liabilities:					
Borrowings (non-current)	37				
- Hire purchase and finance lease liabilities		33,368	32,889	-	-
- Long term loans (fixed rate)		25,239	23,217	-	-
- Long term loans under Islamic financing (fixed rate)		2,112,860	2,111,531	1,634,443	1,623,327

(c) 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)	29
Trade and other payables (current)	43
Borrowings (current)	44

The carrying amounts of these financial assets and liabilities reasonably approximate fair value, 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.

63 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Determination of fair value (Continued)

(i) Amounts due from subsidiaries, loans to/from subsidiaries, 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.

64 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.

64 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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.

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.

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2013				
Financial liabilities:				
Trade and other payables	5,447,843	-	-	5,447,843
Borrowings	2,805,987	1,935,920	1,788,495	6,530,402
Derivatives – settled net	14,667	-	-	14,667
Dividend payable	21,749	-	-	21,749
Total undiscounted financial liabilities	8,290,246	1,935,920	1,788,495	12,014,661
2012				
Financial liabilities:				
Trade and other payables	5,957,209	-	-	5,957,209
Borrowings	1,893,956	2,205,516	1,276,824	5,376,296
Derivatives – settled net	21,954	-	-	21,954
Total undiscounted financial liabilities	7,873,119	2,205,516	1,276,824	11,355,459
Company				
2013				
Financial liabilities:				
Trade and other payables	229,878	-	-	229,878
Borrowings	631,624	1,072,414	1,719,791	3,423,829
Dividend payable	21,749	-	-	21,749
Total undiscounted financial liabilities	883,251	1,072,414	1,719,791	3,675,456
2012				
Financial liabilities:				
Trade and other payables	1,587,402	-	-	1,587,402
Borrowings	285,192	1,408,924	1,275,153	2,969,269
Total undiscounted financial liabilities	1,872,594	1,408,924	1,275,153	4,556,671

64 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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.

		Profit after tax			
		Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Borrowings - floating rates	+50	(14,306)	(11,331)	(5,453)	(6,619)
	-50	14,306	11,331	5,453	6,619

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 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 RM14,874,000 (2012: RM16,309,000) and RM2,320,000 (2012: RM4,274,000) higher or lower respectively, arising as a result of an increase/decrease in the fair values of the quoted shares.

65 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	2013 RM'000	2012 (Restated) RM'000
Group			
Short term borrowings excluding deferred liability	44	2,794,640	1,869,984
Long term borrowings	37	3,667,866	3,475,561
Total borrowings		6,462,506	5,345,545
Shareholders' equity		7,100,546	6,555,554
Gross gearing (times)		0.91	0.82
Company			
Short term borrowings	44	626,114	283,191
Long term borrowings	37	2,787,443	2,677,864
Total borrowings		3,413,557	2,961,055
Shareholders' equity		5,646,411	5,356,313
Gross gearing (times)		0.60	0.55

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

66 CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

- (i) Fair value through profit or loss (“FVTPL”);
- (ii) Loans and receivables (“L&R”);
- (iii) Held-to-maturity (“HTM”);
- (iv) Available-for-sale financial assets (“AFS”); and
- (v) Other liabilities (“OL”)

	Note	Carrying amount RM'000	FVTPL RM'000	L&R RM'000	HTM RM'000	AFS RM'000
Group						
2013						
Financial assets						
Investment securities	23	8,444,691	445,895	-	491,961	7,506,835
Trade and other receivables (excluding prepayments)	29	4,118,456	-	4,118,456	-	-
Banking-related assets						
- Cash and short-term funds	32	3,341,694	-	3,341,694	-	-
- Financing of customers	25	10,109,013	-	10,109,013	-	-
- Statutory deposits with Bank Negara Malaysia	26	612,721	-	612,721	-	-
Short term deposits	30	2,536,565	-	2,536,565	-	-
Cash and bank balances	31	747,551	-	747,551	-	-
Derivative assets	33	8,332	8,332	-	-	-
2012 (Restated)						
Financial assets						
Investment securities	23	8,249,631	391,886	-	633,849	7,223,896
Trade and other receivables (excluding prepayments)	29	3,057,932	-	3,057,932	-	-
Banking-related assets						
- Cash and short-term funds	32	4,501,556	-	4,501,556	-	-
- Financing of customers	25	8,834,207	-	8,834,207	-	-
- Statutory deposits with Bank Negara Malaysia	26	527,721	-	527,721	-	-
Short term deposits	30	2,407,406	-	2,407,406	-	-
Cash and bank balances	31	632,912	-	632,912	-	-
Derivative assets	33	10,199	10,199	-	-	-

66 CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

	Note	Carrying amount RM'000	FVTPL RM'000	OL RM'000
Group				
2013				
Financial liabilities				
Trade and other payables (excluding accruals)	43	4,660,059	-	4,660,059
Borrowings	37 & 44	6,477,056	-	6,477,056
Banking related liabilities				
- Deposits from customers	40	18,573,118	-	18,573,118
- Deposits and placements of banks and other financial institutions	45	10,774	-	10,774
- Bills and acceptances payable	46	132,750	-	132,750
- Recourse obligation on financing sold to Cagamas	41	61,679	-	61,679
Derivative liabilities	33	22,999	22,999	-
Dividend payable		21,749	-	21,749
2012 (Restated)				
Financial liabilities				
Trade and other payables (excluding accruals)	43	5,071,676	-	5,071,676
Borrowings	37 & 44	5,367,516	-	5,367,516
Banking related liabilities				
- Deposits from customers	40	17,676,604	-	17,676,604
- Deposits and placements of banks and other financial institutions	45	11,896	-	11,896
- Bills and acceptances payable	46	310,324	-	310,324
- Recourse obligation on financing sold to Cagamas	41	64,910	-	64,910
Derivative liabilities	33	32,153	32,153	-

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2013

66 CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
Company				
2013				
Financial assets				
Trade and other receivables (excluding prepayments)	29	987,280	987,280	-
Short term deposits	30	104,621	104,621	-
Cash and bank balances	31	5,813	5,813	-
2012				
Financial assets				
Trade and other receivables (excluding prepayments)	29	1,121,694	1,121,694	-
Short term deposits	30	610,548	610,548	-
Cash and bank balances	31	7,922	7,922	-
2013				
Financial liabilities				
Trade and other payables (excluding accruals)	43	222,842	-	222,842
Borrowings	37 & 44	3,413,557	-	3,413,557
Dividend payable		21,749	-	21,749
2012				
Financial liabilities				
Trade and other payables (excluding accruals)	43	1,535,516	-	1,535,516
Borrowings	37 & 44	2,961,055	-	2,961,055

67 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 18 July 2013.

68 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 2013 into realised and unrealised profits is presented as follows:

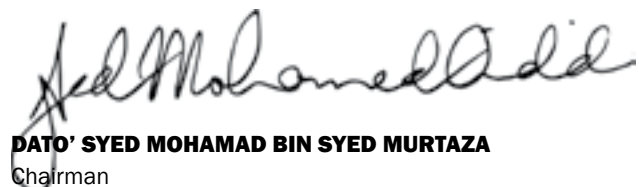
	Group		Company	
	2013	2012	2013	2012
	RM'000	(Restated) RM'000	RM'000	RM'000
Total retained profits of the Company and subsidiaries:				
- Realised	3,568,865	3,298,243	1,589,064	1,305,101
- Unrealised	174,888	60,520	(1,276)	(1,883)
	3,743,753	3,358,763	1,587,788	1,303,218
Total share of retained profits from jointly controlled entities:				
- Realised	133,994	163,154	-	-
- Unrealised	1,521	(94)	-	-
Total share of retained profits from associated companies:				
- Realised	313,228	218,043	-	-
- Unrealised	(555)	3,675	-	-
Total retained profits as per financial statements	4,191,941	3,743,541	1,587,788	1,303,218

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Syed Mohamad bin Syed Murtaza and Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, being two of the Directors of DRB-HICOM Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 142 to 268 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 2013 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 in Malaysia. The information set out in Note 68 to the 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 July 2013.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman

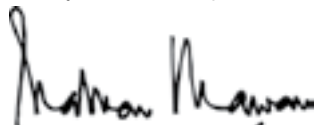


TAN SRI DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Amalanathan a/l L. Thomas, 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 142 to 269 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.



AMALANATHAN A/L L. THOMAS

Subscribed and solemnly declared by the abovenamed Amalanathan a/l L. Thomas at Shah Alam in Malaysia on 18 July 2013.

Before me,
Commissioner for Oaths



NO. 6A JALAN WAI C 11/C
SEKSYEN 11
40100 SHAH ALAM
SELANGOR DARUL ENSAH

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF DRB-HICOM BERHAD (INCORPORATED IN MALAYSIA)

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 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of 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 142 to 268.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 the 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 Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows for the 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, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements 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 were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

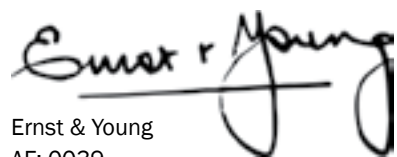
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DRB-HICOM BERHAD (INCORPORATED IN MALAYSIA)

Other reporting responsibilities

The supplementary information set out in Note 68 on page 269 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 Disclosures 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants



Mohd Sukarno bin Tun Sardon
No. 1697/03/15 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 July 2013

ANALYSIS OF SHAREHOLDINGS

AS AT 31 JULY 2013

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	: 38,590

DISTRIBUTION OF SHAREHOLDERS

Size Of Shareholdings	Number Of Shareholders	% Of Shareholders	Total Holdings	% Holdings
Less than hundred	596	1.54	12,262	0.00(*)
100 – 1,000	18,769	48.64	13,753,963	0.71
1,001 – 10,000	16,388	42.47	58,480,366	3.02
10,001 – 100,000	2,450	6.35	69,660,875	3.60
100,001 – 96,661,851 (Less than 5% of issued shares)	385	1.00	564,049,044	29.18
96,661,852 and Above (5% and above of issued shares)	2	0.01	1,227,280,541	63.48
Total	38,590	100.00	1,933,237,051	100.00

* Less than 0.01%

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	146,218,800	7.56
3.	HSBC Nominees (Asing) Sdn Bhd NTGS LDN For Skagen Kon-Tiki Verdipapirfond	81,180,500	4.20
4.	HSBC Nominees (Asing) Sdn Bhd Exempt an for the Bank of New York Mellon (Mellon Acct)	36,015,334	1.86
5.	Kumpulan Wang Persaraan (Diperbadankan)	33,690,800	1.74
6.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Norges BK Lend)	31,488,500	1.63
7.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Netherlands)	22,630,500	1.17
8.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Norges BK)	21,327,800	1.10
9.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets value fund	18,941,300	0.98
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	11,300,000	0.58

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2013

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONTINUED)

No.	Name	Number Of Shares	% Of Issued Shares
11.	Tai Tak Estates Sdn Bhd	10,952,653	0.57
12.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (U.S.A)	10,567,130	0.55
13.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	9,485,400	0.49
14.	Citaria Sdn Bhd	8,873,972	0.46
15.	HSBC Nominees (Asing) Sdn Bhd TNTC For LSV Emerging Markets Equity Fund L. P.	8,552,130	0.44
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client A/C-NR)	6,501,874	0.34
17.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Saudi Arabian Monetary Agency	6,274,100	0.32
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	6,113,000	0.32
19.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	6,044,400	0.31
20.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for Wisdomtree Emerging Markets Smallcap Dividend Fund	5,762,261	0.30
21.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	5,500,000	0.28
22.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	5,242,000	0.27
23.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund D26J for Ashmoreemm Global Small Capitalization Fund	5,210,200	0.27
24.	Citigroup Nominees (Asing) Sdn Bhd CBHK for Kuwait Investment Authority (Fund 201)	5,000,000	0.26
25.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Australia)	4,704,130	0.24
26.	Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (Hedging)	4,544,200	0.24
27.	HSBC Nominees (Asing) Sdn Bhd Exempt an for JPMorgan Chase Bank, National Association (Saudi Arabia)	4,304,200	0.22
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AIM 6939-405)	3,700,000	0.19
29.	Citigroup Nominees (Tempatan) Sdn Bhd Allianz Life Insurance Malaysia Berhad (P)	3,559,400	0.18
30.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Old Mutual Global Funds Public Limited Company	3,289,643	0.17

ANALYSIS OF SHAREHOLDINGS
AS AT 31 JULY 2013

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	169,218,000	8.753	-	-	8.753
Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ^(N1)	-	-	1,081,061,741	55.92	55.92

Note:-

^(N1) 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

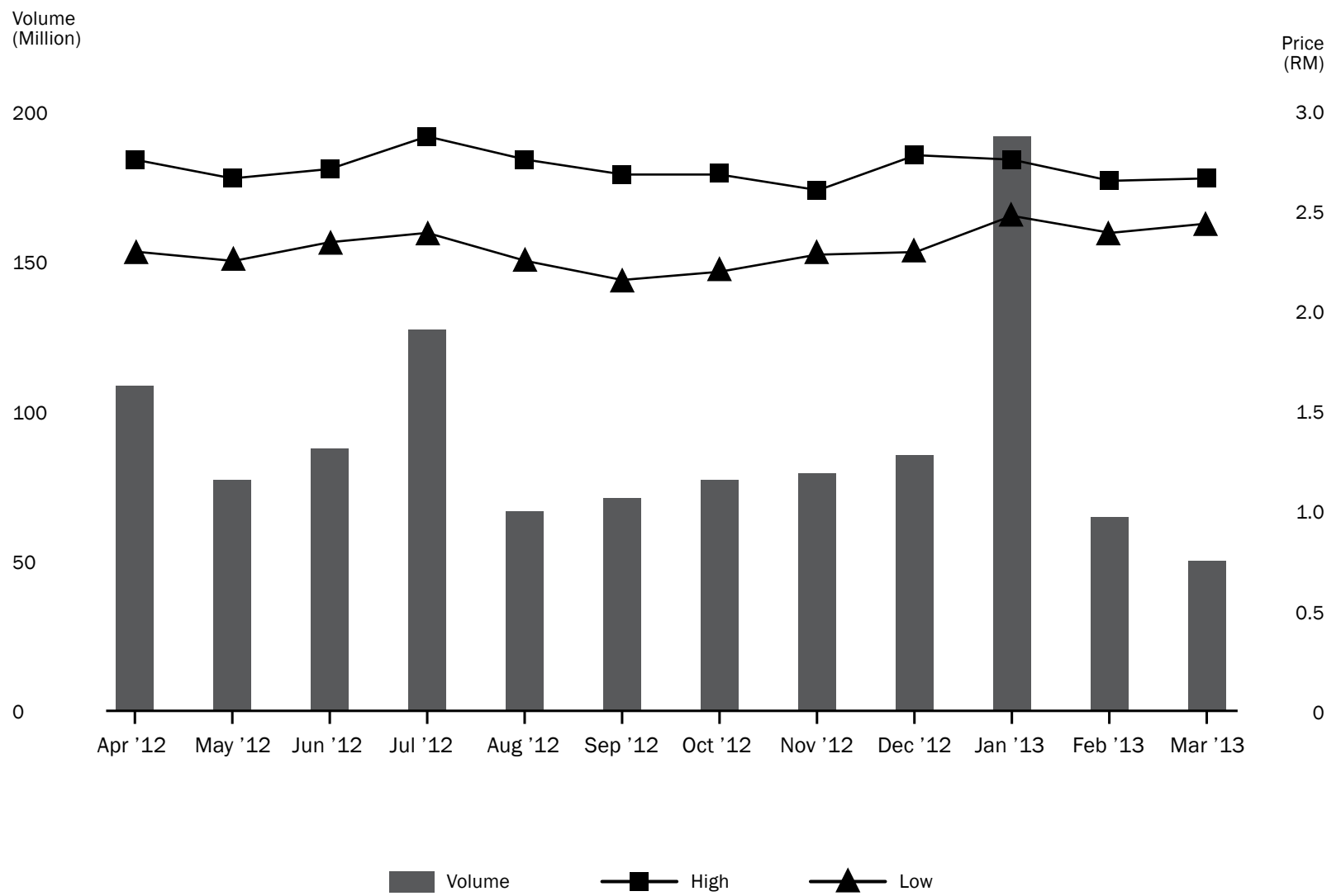
The Directors' direct and indirect interest in shares in the Company and its related companies based on the Register of Directors' Shareholdings are as follows :-

Name	Direct Interest		Indirect Interest	
	Number of Shares Held	% of Issued Shares	Number of Shares Held	% of Issued Shares
Shares in Etika Strategi Sdn Bhd held by :				
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	30,000	10	-	-

None of the other Directors in office as at 31 July 2013 held any interest in shares in the Company or its related companies.

SHARE PERFORMANCE CHART

Share Price from April 2012 to March 2013



MATERIAL PROPERTIES OF DRB-HICOM GROUP

AS AT 31 MARCH 2013

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-13 RM'000
1	PTD 99396 HS(D) 329948 PTD 68903 HS(D) 290184 PTD 68905 HS(D) 290186 Mukim Tebrau Daerah Johor Bahru Johor Darul Ta'zim	Land held for residential and commercial development.	-	Freehold	6,137,457 sq.m (Land)	729,528
2	HS(D) B.P. 5653 and 5654 Bil PT 16162 and 10163, Mukim of Ulu Bernam Timur District of Batang Padang Perak Darul Ridzuan	Automobile plant, administrative building and sports complex facilities.	10 years	Freehold	5,150,600 sq.m (Land)	536,126
3	Lots No. 39617, 39619 and 46970 Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	Main office, main factory, engine factory, medium volume factory, canteen buildings, sports facilities, additional R&D laboratories building, car park for production cars and staff and semi-high speed test track.	16 - 28 years	Freehold	816,100 sq.m (Land)	498,461
4	Lots 1017T, 1018A 7000P and 7001T of Town Subdivision 16 Comprised in Certificate of Title Volume 614 Folio 67 Singapore	Retail and car park complex.	10 years	Leasehold expiring in 2096	6,397 sq.m (Land)	336,048
5	Lots No. 63004 (PT 772), 63108 (PT 1828 & 1829), 63109 (PT 465), 63110 (PT 466), 63111 (PT 467) and 63112 (PT 468) Town of Glenmarie, Mukim Damansara District of Petaling Selangor Darul Ehsan	Hotel, golf course and club house.	19 - 20 years	Freehold	1,489,991 sq.m (Land)	185,621
6	Land adjacent to Potash Lane, Hethel, Norwich, Norfolk NR 14 8EZ, England and Land north of Browic	Factory, engineering facilities, office and test track.	45 years	Freehold	584,040 sq.m (Land)	161,910
7	HS(D) 63928, PT 5689 HS(D) 63929, PT 5690 Mukim Gurun Daerah Kuala Muda Kedah Darul Aman	Industrial land with office and building.	17 years	Freehold	650,360 sq.m (Land)	156,025

MATERIAL PROPERTIES OF DRB-HICOM GROUP
AS AT 31 MARCH 2013

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-13 RM'000
8	GM 1867 Lot 1468 HS(D) 423-578 (PT 00919-1074) HS(D) 579-588 (PT 1076-1088) Mukim Kedawang Daerah Langkawi Kedah Darul Aman	82 units chalet & marina and land held for development.	13 - 16 years	Freehold and Leasehold expiring in years 2054	1,555,940 sq.m (Land)	148,887
9	Lots No. 77170, 77174, 77175 and individual titles from master titles Mukim and District of Klang Selangor Darul Ehsan	Land held for residential and commercial development.	-	Freehold	349,265 sq.m (Land)	139,616
10	Centre of Excellence (COE) & Pre-Delivery and Inspection Centre (PDI) HS(D) 86596 (PT 299) and HS(D) 86597 (PT 300) TP 5 Road, Sime UEP Industrial Park 47600 Subang Jaya Selangor Darul Ehsan	Administration & operation office and pre-delivery & inspection centre.	12 years	Freehold	43,217 sq.m (Land)	130,586

GROUP CORPORATE DIRECTORY

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

Defence Services Sdn. Bhd. (166572-X)

Lot 1479, B10 Nilai Industrial Estate
71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia
Tel : 06-799 2255/03-5522 8888
Fax : 06-799 2723/03-5513 3100

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

DRB-HICOM Leasing Sdn. Bhd. (226593-W)

EON Head Office Complex, No. 2, Persiaran Kerjaya
Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7803 7555
Fax : 03-7880 0678
Toll Free : 1-800-88-5858

Edaran Modenas Sdn. Bhd. (391388-P)

Level 2, EON Head Office Complex
No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7880 2775
Fax : 03-7880 2290

Edaran Otomobil Nasional Berhad (119767-X)

EON Head Office Complex
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

EON Auto Mart Sdn. Bhd. (385829-D)

EON Head Office Complex
No. 2, Persiaran Kerjaya
Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7711 2211
Fax : 03-7880 3819
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 Auto Sdn. Bhd. (154276-W)

Level 2, EON Head Office Complex
No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5885 2424
Fax : 03-7803 0251

HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. (106864-D)

Kompleks Automotif DRB-HICOM Pekan
Karung Berkunci No.7
Kawasan Perindustrian Peramu Jaya
26607 Pekan, Pahang Darul Makmur, Malaysia
Tel : 09-424 4000
Fax : 09-424 4023

HICOM Automotive Plastics (Thailand) Ltd.

64/30 Moo 4, Eastern Seaboard Industrial Estate Tambon
Pluakdaeng, Amphoe Pluakdaeng Rayong 21140 Thailand
Tel : (6638) 656265
Fax : (6638) 656271

HICOM Diecastings Sdn. Bhd. (148133-M)

Lot 16, Jalan Sementa 27/91, Seksyen 27
40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5101 8000
Fax : 03-5191 2587
www.hdsb.com.my

HICOM-HONDA Manufacturing Malaysia Sdn. Bhd. (100808-P)

Kawasan Perusahaan Bakar Arang, Peti Surat 32
08007 Sungai Petani, Kedah Darul Aman, Malaysia
Tel : 04-421 6622
Fax : 04-421 9923
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
www.hicomyamaha.com

Honda Malaysia Sdn. Bhd. (532120-D)

Level 4, CP Tower, No. 11, Jalan 16/11, Pusat Dagangan Seksyen 16
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-7953 2400
Fax : 03-7953 2540
www.honda.net.my

ISUZU HICOM Malaysia Sdn. Bhd. (285799-T)

Peramu Jaya Industrial Area
26600 Pekan, Pahang Darul Makmur, Malaysia
Tel : 09-424 3800
Fax : 09-410 1742
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

Motosikal Dan Enjin Nasional Sdn. Bhd. (354613-V)

Kawasan Perindustrian Gurun
08300 Gurun, Kedah Darul Aman, Malaysia
Tel : 04-466 8000
Fax : 04-466 8300
www.modenas.com.my

Oriental Summit Industries Sdn. Bhd. (81500-D)

Lot 5032, Jalan Teluk Datuk 28/40, Seksyen 28
40400 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5191 2266
Fax : 03-5191 2267
www.osisb.com.my

PHN Industry Sdn. Bhd. (206963-V)

Lot PT 75-77, Jalan 26/6
Kawasan Perindustrian HICOM
Seksyen 26, PO Box 7306
40710 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-5191 4636
Fax : 03-5191 4630
www.phn.com.my

PROTON Holdings Berhad (100995-U)

PROTON Centre of Excellence
KM33.8 Westbound Shah Alam Expressway
47600 Subang Jaya, Selangor Darul Ehsan, Malaysia
Toll Free : 1-800-888-398
www.proton.com

Suzuki Malaysia Automobile Sdn. Bhd. (676275-W)

A-11-02, Empire Office, Empire Subang, Jalan SS16/1, SS16
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
Tel : 03-5628 3555
Fax : 03-5628 3500
Toll Free : 1-300-88-6699
www.suzuki.net.my

Suzuki Motorcycle Malaysia Sdn. Bhd. (719683-P)

1412, Plot 281, Prai Industrial Complex
13600 Prai, Pulau Pinang, Malaysia
Tel : 04-390 8237
Fax : 04-398 8422
www.suzuki.com.my

USF-HICOM (Malaysia) Sdn. Bhd. (44265-U)

Level 2, EON Head Office Complex
No. 2, Persiaran Kerjaya, Taman Perindustrian Glenmarie, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-7803 2007
Fax : 03-7803 0059
www.usf-hicom.com.my

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

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 United Leasing Sdn. Bhd. (225417-D)

No. 16, Jalan Chan Sow Lin
55200 Kuala Lumpur, Malaysia
Tel : 03-9221 3611
Fax : 03-9221 3631
www.sne.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
Toll Free : 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

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

Pos Malaysia Berhad (229990-M)

Level 7, Pos Malaysia Headquarters, Dayabumi Complex
50670 Kuala Lumpur, Malaysia
Tel : 1-300-300-300 (local) 03-2727 9100 (overseas)
Fax : 03-2273 3927
www.pos.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 : 03-5022 8888
Fax : 03-5022 8822
www.sne.com.my

Uni.Asia General Insurance Berhad (16688-K)

9th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 03-2693 8111
Fax : 03-2693 0111
www.uniasia-general.com.my

Uni.Asia Life Assurance Berhad (277714-A)

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

PROPERTY, ASSET & CONSTRUCTION

Comtrac Sdn. Bhd. (204108-W)

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 8900
Fax : 03-2052 8996

Glenmarie Asset Management Sdn. Bhd. (258586-X)

Level 3, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8, Seksyen U1
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : 03-2052 8004
Fax : 03-2052 8147

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 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

HICOM Builders Sdn. Bhd. (6687-H)

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 8900
 Fax : 03-2052 8996
www.hicombuilders.com.my

HICOM-Gamuda Development Sdn. Bhd. (285780-D)

45, Jalan Anggerik Vanilla BF 31/BF
 Kota Kemuning, Section 31
 40460 Shah Alam, Selangor Darul Ehsan, Malaysia
 Tel : 03-5122 1055
 Fax : 03-5122 1050
www.kotakemuning.net

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

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, Taman Negara

P.O. Box 32, 21700 Kuala Berang,
 Terengganu Darul Iman, Malaysia
 Tel : 09-666 8888
 Fax : 09-666 8343
www.lakekenyir.com

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 Resort

P.O. Box 125, 07000 Kuah, Langkawi
 Kedah Darul Aman, Malaysia
 Tel : 04-966 5566
 Fax : 04-966 9973
www.tajhotels.com

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FORM OF PROXY

TWENTY-THIRD ANNUAL GENERAL MEETING

DRB-HICOM BERHAD

(Company No.: 203430-W)
(Incorporated in Malaysia)

Number of Shares held	CDS Account No.									

I/We, _____ NRIC/Company No. _____
(FULL NAME IN BLOCK LETTERS)

(Tel No: _____) 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-Third 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, 19 September 2013 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.	Ordinary Resolution	For	Against
1.	To approve the declaration of final dividends of 0.5 sen per share less taxation of 25% and tax exempt dividend of 4.0 sen.		
2.	To re-elect YBhg Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil as Director.		
3.	To re-elect YBhg Tan Sri Marzuki bin Mohd Noor as Director.		
4.	To re-appoint YBhg Datuk Haji Abdul Rahman bin Mohd Ramli as Director.		
5.	To re-appoint Mr Ong Ie Cheong as Director.		
6.	To re-appoint Messrs Ernst & Young as Auditors.		
Special Resolution			
Proposed Amendments to the Articles of Association of DRB-HICOM Berhad			

(Where two (2) proxies are appointed, please indicate below the proportion of your shareholdings to be represented by each proxy. In case of a vote taken by show of hands, the First Named Proxy shall vote on your behalf).

First named proxy _____ %
Second named proxy _____ %
_____ 100%

.....
Signature(s) of shareholder(s) or
Common seal of corporate shareholder

Dated this _____ day of _____, 2013

MEMBERS ENTITLED TO ATTEND

For purpose of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 57A of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 11 September 2013. Only a depositor whose name appears on the General Meeting Record of Depositors as at 11 September 2013 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and vote on such depositor's behalf.

Notes:-

- 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.
- For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- 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.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his holdings to be represented by each proxy.
- 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 (Tel : 03-7849 0777) not less than forty-eight (48) hours before the time set for holding this meeting.
- A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
- A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

Fold this flap for sealing

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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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