

DRB-HICOM

DRB-HICOM Berhad

(203430-W)

(Incorporated in Malaysia)

2014

ANNUAL REPORT





Building A
Global Brand

What's the value in a brand name?

Everything. A brand that is reputable and stands apart from others provides competitive advantage, confirms credibility, adds value to a company and ensures long lasting customer relationships.

As an organisation that has been around for more than three decades, the DRB-HICOM name is one that needs no introduction. It is an organisation that prides itself on always staying ahead of the game, in setting high standards in all its endeavours and constantly challenging the status quo. With a portfolio of more than eighty operating companies in its stable, the Group's diversity elevates it to a brand with unique character and promise.

PROTON, Alam Flora, PUSPAKOM, Pos Malaysia, MODENAS, Bank Muamalat, Glenmarie Properties – these are some of the household names that form a part of the DRB-HICOM Group. From the Automotive and Services sectors to the Property, Asset and Construction sector, DRB-HICOM's operating companies have always had a strong presence in the local market.

Helmed by bold leadership and imbued with core values, strong work ethics and a vision to be number 1, the DRB-HICOM brand is well-positioned to go a step further to become a leading global brand in the future.

OUR VISION

to be number 1 and continuously
excel in all that we do

OUR MISSION

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
-

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Form of Proxy

**WHAT'S
INSIDE**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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 Tuesday, 30 September 2014 at 9.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of Directors and Independent Auditors thereon.
2. To approve the declaration of a single tier final dividend of 4.5 sen per share in respect of the financial year ended 31 March 2014. (Resolution 1)
3. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Article 79 of the Company’s Articles of Association:-
 - (i) “THAT YBhg Dato’ Syed Mohamad bin Syed Murtaza, the Senior Independent Director of the Company, who is retiring by rotation in accordance with Article 79 of the Articles of Association of the Company, be and is hereby re-elected and retained as Senior Independent Director of the Company until the conclusion of the next annual general meeting.” (Resolution 2)
 - (ii) “THAT YBhg Dato’ Ibrahim bin Taib, the Director retiring by rotation in accordance with Article 79 of the Articles of Association of the Company, be and is hereby re-elected to the Board.” (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, the Independent Director, who is retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed and retained as Independent Director of the Company to hold office until the conclusion of the next annual general meeting.” (Resolution 4)
 - (ii) “THAT Mr Ong le Cheong, the Independent Director, who is retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed and retained as Independent Director of the Company to hold office until the conclusion of the next annual general meeting.” (Resolution 5)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the single tier final dividend of 4.5 sen per share in respect of the financial year ended 31 March 2014, if approved by the shareholders at the Annual General Meeting, will be paid on 30 October 2014 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 3 October 2014.

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 1 October 2014 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the depositor's securities account before 4.00 p.m. on 3 October 2014 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
8 September 2014

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.

NOTICE OF ANNUAL GENERAL MEETING

3. Resolutions 2, 4 and 5 Re-Appointment of Director

The Ordinary Resolutions 2, 4 and 5 under Agenda 3(i), 4(i) and 4(ii) are to seek the shareholders' approval to re-appoint and retain the following Independent Directors of the Company:-

- (i) YBhg Dato' Syed Mohamad bin Syed Murtaza who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of close to nine (9) years and is retiring by rotation in accordance with Article 79 of the Articles of Association of the Company.
- (ii) YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, aged 75 and who has served as an Independent Non-Executive Director of the Company for a cumulative term of close to nine (9) years and is retiring pursuant to Section 129 of the Companies Act, 1965.
- (iii) Mr Ong Ie Cheong, aged 73 and who has served as an Independent Non-Executive Director of the Company for a cumulative term of close to nine (9) years and is retiring pursuant to Section 129 of the Companies Act, 1965.

The Ordinary Resolutions 4 and 5 must be passed by a majority of not less than three-fourth of such Members of the Company as being present and entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting ("AGM") of the Company. If passed, it will enable the Directors to hold office until the next AGM of the Company.

The Malaysian Code on Corporate Governance 2012 recommends that Shareholders' approval be sought in the event that the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

In relation thereto, the Board, through the Nomination and Remuneration Committee, has assessed the independence of YBhg Dato' Syed Mohamad bin Syed Murtaza, YBhg Datuk Haji Abdul Rahman bin Mohd Ramli and Mr Ong Ie Cheong who have served as Independent Non-Executive Directors of the Company for a cumulative term of close to nine (9) years, their nine (9) year terms are due on 28 October 2014, which is one (1) month after this AGM.

The Board recommended that YBhg Dato' Syed Mohamad bin Syed Murtaza, YBhg Datuk Haji Abdul Rahman bin Mohd Ramli and Mr Ong Ie Cheong to continue to act as Independent Non-Executive Directors of the Company for the following reasons:-

- (a) They fulfil the criteria as Independent Directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board.
- (b) Their mix of skills and vast experiences in the various industries of the Company and finance related field enable them to provide the Board with a diverse set of experience, expertise, skills and competence.
- (c) They understand the Company's business operations which allow them to participate actively and contribute positively during deliberations or discussions at both the Committees and Board meetings.
- (d) They devote sufficient time and effort and attend all the Committees and Board meetings for informed and balanced decision making.
- (e) They exercise due care as Independent Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company, shareholders as well as stakeholders.

STATEMENT ACCOMPANYING NOTICE OF 24TH ANNUAL GENERAL MEETING

(PURSUANT TO PARA 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

- A. The profiles of the Directors who are standing for re-election as per Agenda 3(i) and 3(ii) of the Notice of 24th AGM are stated on pages 24 to 27 of this Annual Report.
- B. The profiles of the Directors who are standing for re-appointment as per Agenda 4(i) and 4(ii) of the Notice of 24th AGM are stated on pages 28 to 29 of this Annual Report.

CORPORATE PROFILE

It is truly a **team-based model**

HICOM was incorporated in 1980 to lead the country's nationalisation drive and was instrumental in the development of the National Car Project.

DRB-HICOM Berhad ("DRB-HICOM" or the "Group"), one of Malaysia's leading conglomerates was established following a merger between Heavy Industries Corporation of Malaysia Berhad (HICOM) and Diversified Resources Berhad (DRB) in 2000. HICOM was incorporated in 1980 to lead the country's nationalisation drive and was instrumental in the development of the National Car Project while Diversified Resources Berhad (DRB) was the developer of Malaysia's first national motorcycle and Malaysian-made trucks.

After the Group's acquisition by Etika Strategi Sdn. Bhd. in 2005 and led by a new management team, its businesses were rationalised into three core sectors in the following year, namely Automotive; Services; and Property, Asset and Construction.

In 2012, DRB-HICOM acquired PROTON Holdings Berhad, cementing its leadership position as one of the most comprehensive and integrated automotive operations in Malaysia. Its businesses cover the whole automotive

ecosystem, ranging from vehicle design and development, manufacturing of automotive components, vehicle assembly, inspection and distribution, to sales and after-sales service. The Group also assembles and distributes motorcycles, commercial vehicles, defence vehicles and customised vehicles such as ambulances. The marques assembled or distributed by the Group include top global brands such as Audi, Honda, Isuzu, Volkswagen, Mitsubishi, Suzuki and Mercedes-Benz.

In its Services sector, DRB-HICOM holds government concessions through 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 equity interest in Bank Muamalat Malaysia Berhad, adding Islamic banking to its finance-related stakes in two insurance companies and Pos Malaysia Berhad in 2011, providing DRB-HICOM with an extensive logistics network that spans the length and breadth of the country.

With more than 80 operating companies in its stable and a workforce of more than 60,000 employees, DRB-HICOM has today emerged as one of the more exciting companies listed on the Main Board of Bursa Malaysia.

To further reinforce the Group's Services business, DRB-HICOM recently acquired two jewels - Composites Technology Research Malaysia Sdn. Bhd. (CTRM) and Konsortium Logistik Berhad (KLB). CTRM is part of the global composite aero-structures supply chain for major commercial and military aircraft manufacturers world-wide. Among its major commercial clients are Airbus and Boeing for which it designs, develops and manufactures aircraft parts as both a first-tier and second-tier supplier. CTRM is also a design and build partner for the Airbus A380 Fixed Leading Edge Lower Panels (FLELP) and the A400M Horizontal Tail Plane Trailing Edge (HTPTE). It has also participated as a strategic partner in the development of fan cowls for the Boeing B787, Mitsubishi Regional jet, Bombardier C series and, in the near future, the Airbus A350.

Consequent to the acquisition of KLB, the leading haulier in the central and southern region, strategic plans are in place to rationalise and centralise the Group's logistics operations, strengthening it to expand beyond Malaysia's borders into the regional markets.

Under its Property, Asset and Construction business, DRB-HICOM has over the years built a solid reputation as a developer of niche properties, leveraging on its prestigious property brand, Glenmarie, with land bank holdings in key locations. It is represented in the hospitality industry through Holiday Inn Kuala Lumpur Glenmarie, Lake Kenyir Resort, Taman Negara in Terengganu, Vivanta by Taj in Langkawi, as well as a foothold in recreation with the Glenmarie Golf and Country Club.

With more than 80 operating companies in its stable and a workforce of more than 60,000 employees, DRB-HICOM has today emerged as one of the more exciting companies listed on the Main Board of Bursa Malaysia. The Group is currently aggressively pursuing its second five-year plan (FY2012-2016) which is aimed at sustaining its growth momentum. The diversified business portfolio of the Group enables it to capitalise on synergistic opportunities, making it an important contributor to national development and economic growth.



**Efficiency
and
focus are
the keys
to success**



CALENDAR OF EVENTS

18 April 2013

PROTON collaborated with Suruhanjaya Pengangkutan Awam Darat (SPAD) on the '1Malaysia Taxi Program' initiative in line with the Government Transformation Plan (GTP).

25 April 2013

A total of 2,000 employees of DRB-HICOM in Pekan gathered together in welcoming YAB Prime Minister of Malaysia at Majlis Mesra Perdana Menteri held at DRB-HICOM Automotive complex.



6 June 2013

Suzuki Malaysia Automobile officially launched the second-generation Suzuki Swift Sport.

16 June 2013

DRB-HICOM Bowl for Bowl – a fund raising programme for the homeless.

17 August 2013

PROTON unveiled and welcomed the latest model to its stable, the Proton Suprima S by its then Advisor, YAB Tun Dr. Mahathir Mohamad.

17 August 2013

PUSPAKOM signed a Memorandum of Agreement with Department of Environment witnessed by Natural Resources and Environment Minister, YB Datuk Seri G. Palanivel at Putrajaya.

11 December 2013

PROTON delivered the new Perdana to the Prime Minister of Malaysia, YAB Dato’ Sri Najib Tun Abdul Razak, at his office in Putrajaya.

25 January 2014

International College of Automotive (ICAM) honoured a total of 139 graduates during its Inaugural Convocation ceremony held in Pekan, Pahang.



9 September 2013

Signing ceremony for strategic partnership between TATA, USF-HICOM (now DRB-HICOM Commercial Vehicles Sdn. Bhd.) and DRB-HICOM Auto Solutions (DHAS). The agreement will enable DRB-HICOM via its commercial vehicle subsidiary to become the exclusive distributor of selected Tata Motors commercial vehicles while the importation agreement will enable DRB-HICOM via DHAS to become the exclusive importer and logistic service provider for Tata Motor’s CBU and CKD vehicles in Malaysia.

19 September 2013

23rd Annual General Meeting of DRB-HICOM was convened.

20 March 2014

Honda Malaysia sets a new benchmark in quality, affordable sedan with the launch of an All-New 4th Generation City.

27-29 March 2014

EurAsia Cup, a match play golf tournament between the top 10 players from Europe against 10 of Asia’s best. DRB-HICOM was the presenting sponsor in the inaugural EurAsia Cup 2014 which was held at the Glenmarie Golf & Country Club where the score ended in a tie.

FINANCIAL CALENDAR

FINANCIAL YEAR END	31 March 2014	ANNUAL GENERAL MEETING	30 September 2014
ANNOUNCEMENT OF RESULTS	<p>First Quarter 29 August 2013</p> <p>Second Quarter 28 November 2013</p> <p>Third Quarter 27 February 2014</p> <p>Fourth Quarter 29 May 2014</p>	DIVIDENDS For the financial year ended 31 March 2014	<p>Interim Single tier dividend of 1.5 sen per share</p> <p>Announcement Date 27 February 2014</p> <p>Entitlement Date 2 April 2014</p> <p>Payment Date 28 April 2014</p> <p>Final Single tier final dividend of 4.5 sen per share</p> <p>Announcement Date 8 September 2014</p> <p>Entitlement Date 3 October 2014</p> <p>Payment Date 30 October 2014</p>
PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS	8 September 2014		

CORPORATE INFORMATION

AS AT 12 AUGUST 2014

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' Noorizan 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

Norli binti Dollah

Manager, Investor Relations

Tel : (03) 2052 8194

Fax : (03) 2052 8228

E-mail : invest@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 (M) Berhad

CIMB Bank Berhad

Bank Muamalat Malaysia Berhad

PRINCIPAL SOLICITORS

Naqiz & Partners

Hisham Sobri & Kadir

Kadir Andri & Partners

Chooi & Co

Lee Hishamuddin Allen & Gledhill

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 4 September 1992)

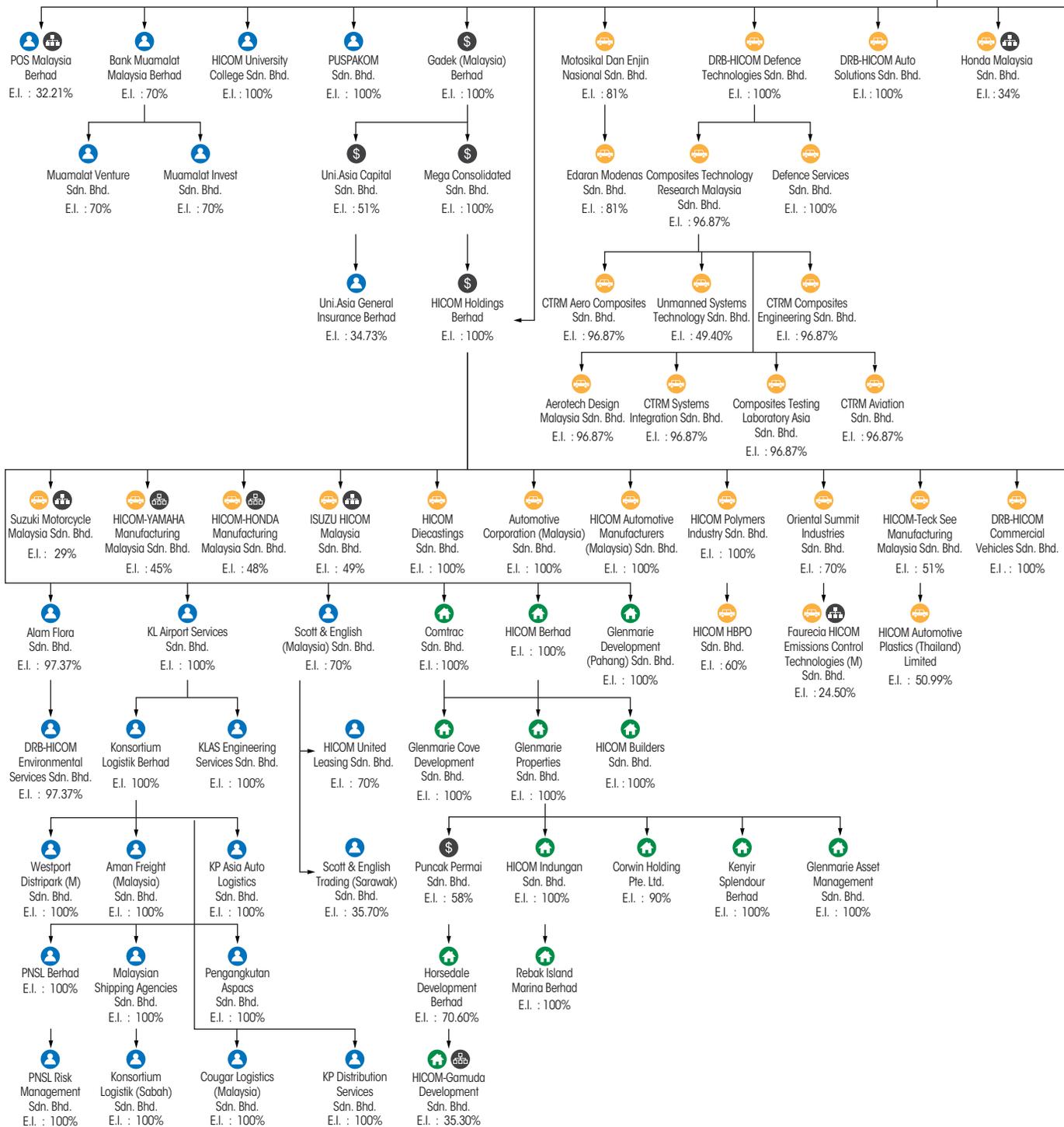
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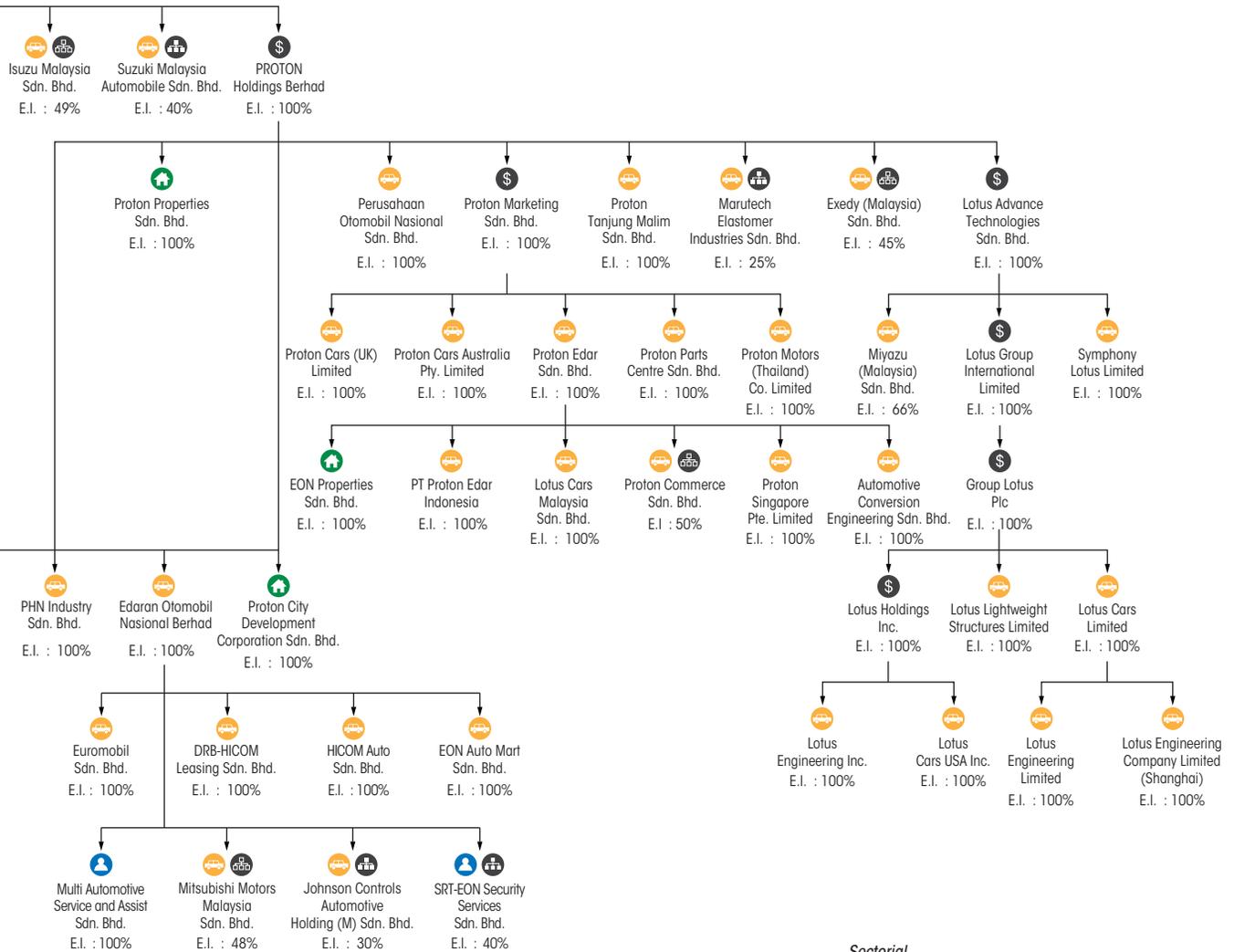
AGM HELPDESK

Tel: (03) 2052 8936/7695

GROUP CORPORATE STRUCTURE

(OPERATING COMPANIES) AS AT 31 MARCH 2014





Sectorial

- Automotive
- Services
- Property, Asset & Construction
- Investment Holding
- Jointly Controlled Entities
- Associated Companies

Note:

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

Kindly refer to Pages 170 to 190 for the full listing of Group Companies

GROUP CORPORATE STRUCTURE BY SECTOR

(MAIN OPERATING COMPANIES) AS AT 31 MARCH 2014

AUTOMOTIVE

100.00%	Automotive Corporation (Malaysia) Sdn. Bhd.	100.00%	Proton Parts Centre Sdn. Bhd.
100.00%	Defence Services Sdn. Bhd.	100.00%	Proton Tanjung Malim Sdn. Bhd.
100.00%	DRB-HICOM Auto Solutions Sdn. Bhd.	100.00%	PT Proton Edar Indonesia
100.00%	DRB-HICOM Defence Technologies Sdn. Bhd.	100.00%	Symphony Lotus Limited
100.00%	DRB-HICOM Leasing Sdn. Bhd.	96.87%	Composites Technology Research Malaysia Sdn. Bhd.
100.00%	Edaran Otomobil Nasional Berhad	96.87%	CTRM Aero Composites Sdn. Bhd.
100.00%	EON Auto Mart Sdn. Bhd.	96.87%	CTRM Aviation Sdn. Bhd.
100.00%	Euromobil Sdn. Bhd.	81.00%	Edaran Modenas Sdn. Bhd.
100.00%	HICOM Auto Sdn. Bhd.	81.00%	Motosikal Dan Enjin Nasional Sdn. Bhd.
100.00%	HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	70.00%	Oriental Summit Industries Sdn. Bhd.
100.00%	DRB-HICOM Commercial Vehicles Sdn. Bhd. (formerly known as USF-HICOM (Malaysia) Sdn. Bhd.)	66.00%	Miyazu (Malaysia) Sdn. Bhd.
100.00%	HICOM Diecastings Sdn. Bhd.	60.00%	HICOM HBPO Sdn. Bhd.
100.00%	HICOM Polymers Industry Sdn. Bhd.	51.00%	HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.
100.00%	Lotus Cars Limited	50.99%	HICOM Automotive Plastics (Thailand) Limited
100.00%	Lotus Cars Malaysia Sdn. Bhd.	49.40%	Unmanned Systems Technology Sdn. Bhd.
100.00%	Lotus Cars USA Inc.	50.00%	Proton Commerce Sdn. Bhd.
100.00%	Lotus Engineering Inc.	49.00%	Isuzu Malaysia Sdn. Bhd.
100.00%	Lotus Engineering Limited	48.00%	HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.
100.00%	Lotus Lightweight Structures Limited	48.00%	Mitsubishi Motors Malaysia Sdn. Bhd.
100.00%	Perusahaan Otomobil Nasional Sdn. Bhd.	45.00%	HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.
100.00%	PHN Industry Sdn. Bhd.	49.00%	ISUZU HICOM Malaysia Sdn. Bhd.
100.00%	PROTON Holdings Berhad	40.00%	Suzuki Malaysia Automobile Sdn. Bhd.
100.00%	Proton Cars Australia Pty. Limited	34.00%	Honda Malaysia Sdn. Bhd.
100.00%	Proton Edar Sdn. Bhd.		

SERVICES

100.00%	Aman Freight (Malaysia) Sdn. Bhd.
100.00%	HICOM University College Sdn. Bhd.
100.00%	KL Airport Services Sdn. Bhd.
100.00%	Konsortium Logistik Berhad
100.00%	KP Asia Auto Logistics Sdn. Bhd.
100.00%	KP Distribution Services Sdn. Bhd.
100.00%	Malaysian Shipping Agencies Sdn. Bhd.
100.00%	PNSL Berhad
100.00%	PUSPAKOM Sdn. Bhd.
100.00%	Westport Stripark (M) Sdn. Bhd.
97.37%	Alam Flora Sdn. Bhd.
70.00%	Bank Muamalat Malaysia Berhad
70.00%	Scott & English (Malaysia) Sdn. Bhd.
34.73%	Uni.Asia General Insurance Berhad
32.21%	POS Malaysia Berhad

■	Subsidiary Companies
■	Jointly Controlled Entities
■	Associated Companies

PROPERTY, ASSET AND CONSTRUCTION

100.00%	Benua Kurnia Sdn. Bhd.
100.00%	Comtrac Sdn. Bhd.
100.00%	Glenmarie Asset Management Sdn. Bhd.
100.00%	Glenmarie Cove Development Sdn. Bhd.
100.00%	Glenmarie Development (Pahang) 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%	Neraca Prisma Sdn. Bhd.
100.00%	Proton City Development Corporation Sdn. Bhd.
100.00%	Rebak Island Marina Berhad
90.00%	Corwin Holding Pte. Ltd.
70.60%	Horsedale Development Berhad
35.30%	HICOM-Gamuda Development Sdn. Bhd.

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

Kindly refer to pages 170-190 for the Group companies.

INVESTOR RELATIONS

As DRB-HICOM enters into a new phase of dynamic growth through recent corporate exercises, the need to disseminate information to stakeholders on a timely manner is becoming increasingly important than before. The Investor Relations (IR) department, together with the support of YBhg. Tan Sri Dato’ Sri Haji Mohd Khamil bin Jamil, Group Managing Director is committed to constantly engage and communicate with the investment community.

DRB-HICOM via the IR department has a continuous stream of planned IR activities throughout the year which includes not only the senior management at DRB-HICOM but also at the Group of Companies level. These IR events include Analyst Briefing, Plant Tour and dedicated meetings with key stakeholders.

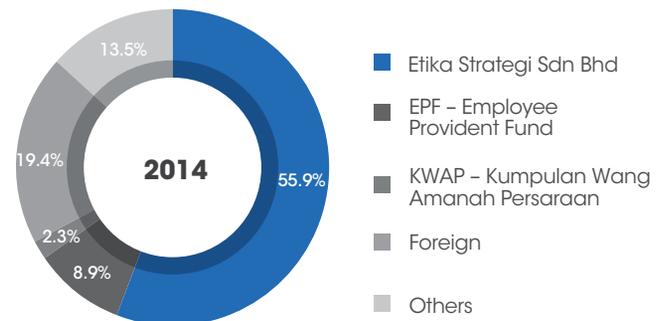
SHAREHOLDER BASE

DRB-HICOM had large shareholder base of 37,593 institutional and retail/private shareholders as at 31 March 2014. Etika Strategi Sdn. Bhd. remains our largest shareholder with 55.9% from the total share capital and 8.9% by Employees Provident Fund (EPF) which together account for 64.8% of the Group. Foreign shareholding stood at 19.4%, a marginal reduction from 20.9% as at 31 March 2013.

SHARE PERFORMANCE

DRB-HICOM share is listed on the Main Board of Bursa Malaysia. For FY2014, DRB-HICOM shares recorded a total turnover of RM1,802.2 million with 676.6 million shares traded as compared to a total turnover of RM2,633.9 million with 1,035.6 million shares traded in FY2013.

SHAREHOLDING STRUCTURE AS AT 31 MARCH 2014



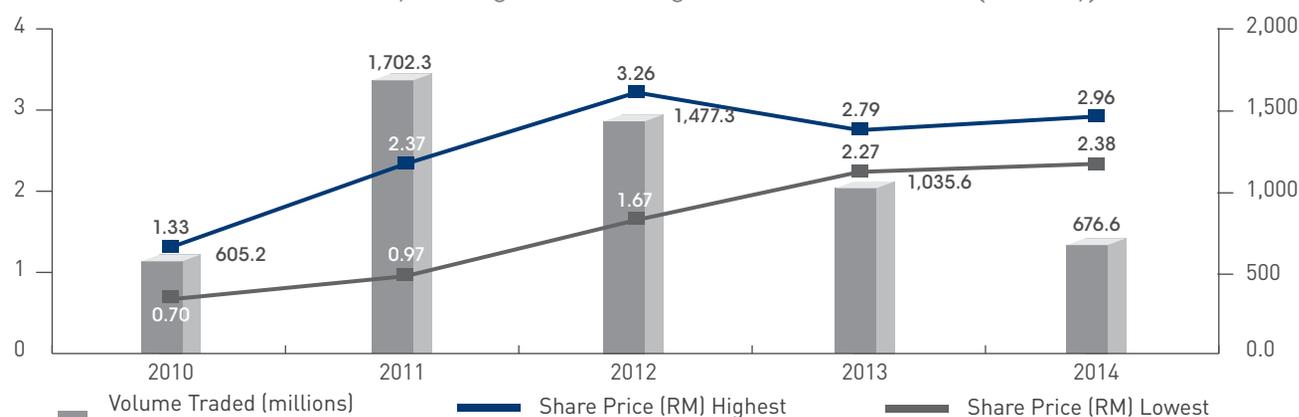
DRB-HICOM SHARE PRICE PERFORMANCE VS. FBM KLCI



INVESTOR RELATIONS

SHARE PRICE & VOLUME TRADED

2010-2014 Yearly Trading Volume & Highest-Lowest Share Price (Intra-day)



INVESTORS ENGAGEMENT

Participation in Corporate Event

Apart from the planned IR activities for stakeholders, DRB-HICOM also participated in Equity Conference held in Kuala Lumpur. DRB-HICOM made its inaugural presence at Invest Malaysia 2013, where domestic and international fund managers from various institutions had the opportunity to meet and engage with senior management through one-on-one and group meetings.

Plant Tour

DRB-HICOM recognises the importance of providing stakeholders with clarity and relevant information on PROTON's plant operation. In November 2013, DRB-HICOM hosted a visit to PROTON Tanjung Malim plant in Perak. The visit was well attended by the analysts and fund managers. They had a briefing session by the Senior Management of PROTON on the overall strategic and product planning approach going forward. The guests were also taken on a plant tour including the production line for PROTON cars.

Property Development Tour

DRB-HICOM also arranged site-visit to property development projects for stakeholders to learn more about the ongoing property project and its progress. The stakeholders visited the township development in Proton City, Tanjung Malim and the niche property development of Laman Glenmarie II in Shah Alam, Selangor.

QUARTERLY RESULTS ANNOUNCEMENT

Events	Date
Fourth Quarter FY2013	30-May-13
First Quarter FY2014	29-Aug-13
Second Quarter FY2014	28-Nov-13
Third Quarter FY2014	27-Feb-14

Presentation slides for the quarterly results were prepared in an investor-friendly manner to provide understanding of DRB-HICOM's businesses. The presentation slides and press releases are also made available to the public via the Group's website at www.drb-hicom.com following the disclosure made to Bursa Malaysia.

One-on-One Meetings, Group Meetings and Teleconferences

Throughout the financial year 2013/2014, IR team engaged with more than 250 existing and potential institutional investors, analysts, fund managers and investment community through one-on-one meetings, group meetings and tele-conferences.

IR Webpage

To promote accessibility of information to all market participants, the Group's website also provides an archive of financial and other corporate information that had been made public. These include quarterly announcement of the financial results of the DRB-HICOM Group, announcements and disclosures made pursuant to the disclosure requirements of Bursa Malaysia Main Market Listing Requirements and other corporate information on DRB-HICOM in addition to the quarterly press releases and annual reports.

The information are easily obtained at www.drb-hicom.com

RETURN TO SHAREHOLDERS

DRB-HICOM is committed in creating value for shareholders. For the financial year ended 31 March 2014, the Board of Directors has proposed a final single-tier dividend of 4.5 sen per share, in addition to the interim single-tier dividend of 1.5 sen per share paid in April 2013.

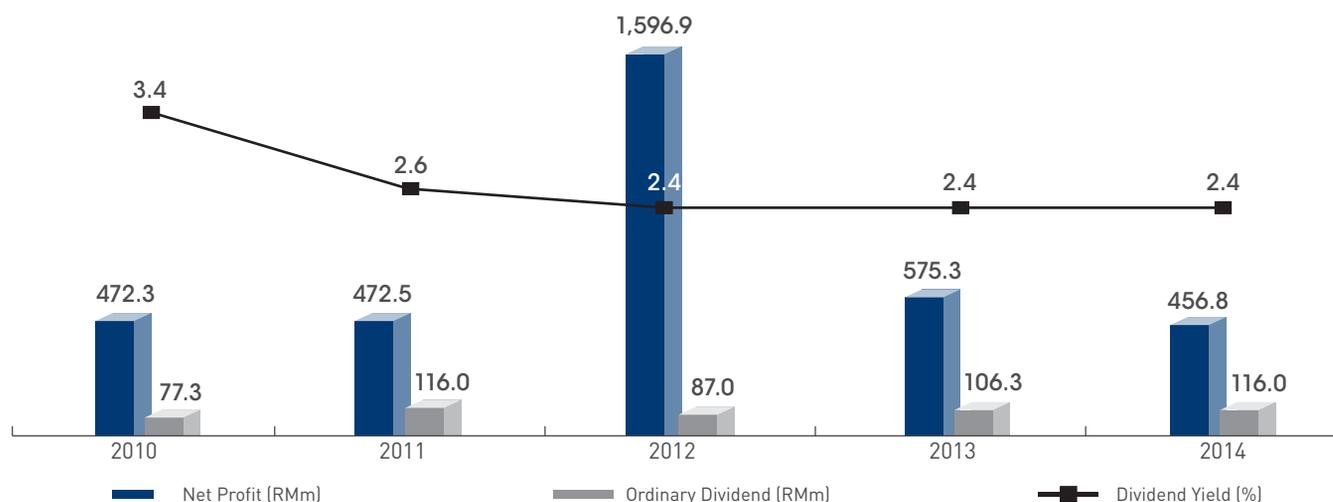
Dividend Policy

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 sustainability grow dividend over time.

*Considering 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 prospect, future capital expenditure, investment plan and financing requirements. The Board will ensure a good balance sheet management with gearing kept at acceptable level."*

RETURN TO SHAREHOLDERS



	2010	2011	2012	2013	2014
Total gross dividend per share (sen)	4.0	6.0	6.0	6.0	6.0
Share price (RM)	1.16	2.30	2.52	2.53	2.47
Dividend Yield (%)	3.4	2.6	2.4	2.4	2.4
No. of shares ('000)	1,933,237	1,933,237	1,933,237	1,933,237	1,933,237

CAPITAL MARKET FEEDBACK

Any constructive feedback and ideas or suggestions can be directed to the Investor Relations Department at:-

Email: invest@drb-hicom.com

Website: www.drb-hicom.com

GROUP 5 YEARS FINANCIAL HIGHLIGHTS

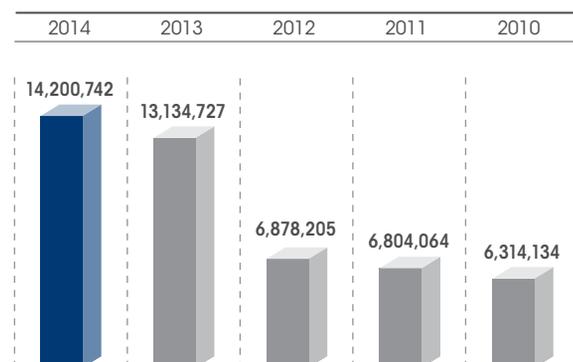
	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Operating Revenue	14,200,742	13,134,727	6,878,205	6,804,064	6,314,134
Profit Before Taxation	796,613	1,037,367	1,821,399	701,524	657,894
Earnings Per Share (sen) (Basic)	23.63	29.76	82.60	24.44	24.43
Dividend Per Share [^] (sen)	6.00	6.00	6.00	6.00	4.00
Total Assets	39,726,930	42,130,493	40,290,425	28,660,292	26,126,380
Shareholders' Equity	7,306,133	7,068,250	6,553,321	5,068,203	4,579,736
Net Assets Per Share* (RM)	3.78	3.66	3.39	2.62	2.37
Total Borrowings	7,127,063	6,462,506	5,345,545	1,309,732	1,489,635
Gross Gearing Ratio (Times)	0.98	0.91	0.82	0.26	0.33

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

* Based on 1,933,237,051 ordinary shares in issue.

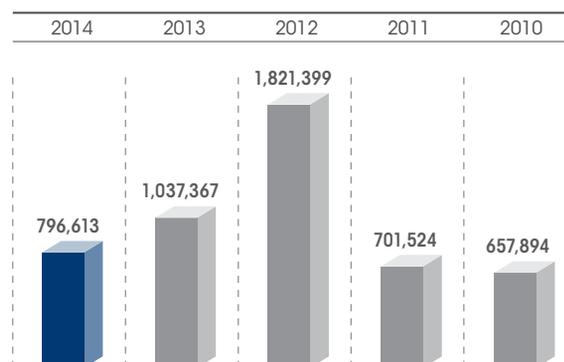
RM'000

OPERATING REVENUE



RM'000

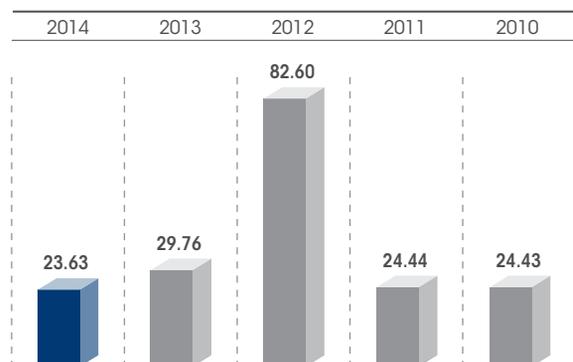
PROFIT BEFORE TAXATION



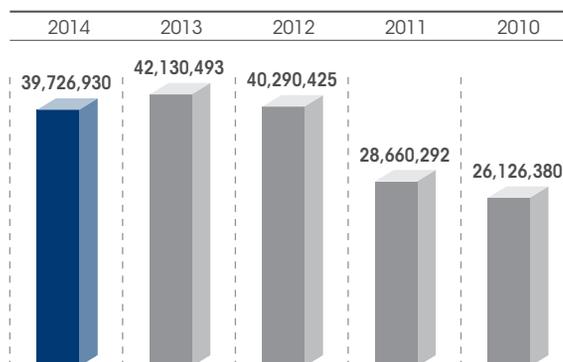
Sen

RM'000

BASIC EARNINGS PER SHARE



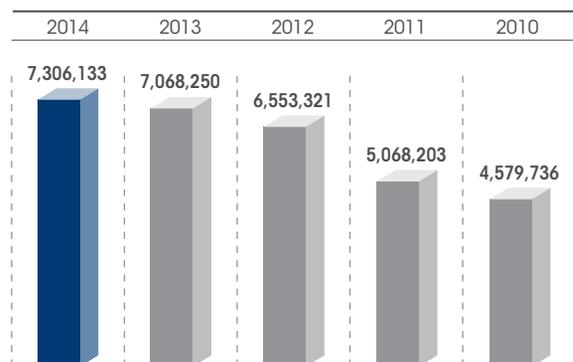
TOTAL ASSETS



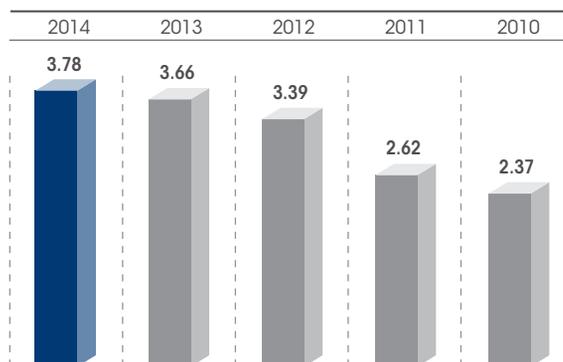
RM'000

RM

SHAREHOLDERS' EQUITY

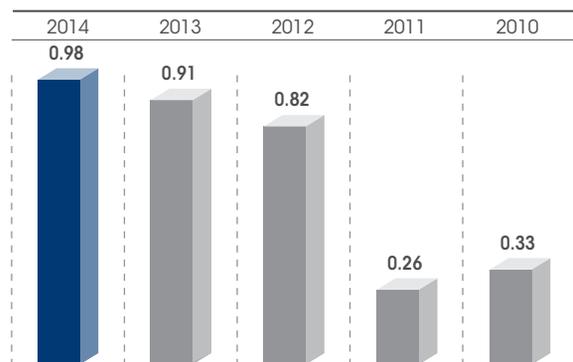


NET ASSETS PER SHARE



Times

GROSS GEARING RATIO



BOARD OF DIRECTORS PROFILE

**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/66 years

**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/58 years

Dato' Syed Mohamad bin Syed Murtaza has more than 40 years' experience in the business, corporate and entrepreneurial sectors. After completing his education at the Penang Free School, he joined Kah Motors and was subsequently appointed to key positions in various business and non-business organisations, both locally and internationally. He has also served multinational companies such as Shell Malaysia and was Chairman of the Penang Port Commission. He is highly experienced in a diverse range of businesses, from automotive and manufacturing to exports, trading, property and oil and gas.

Dato' Syed Mohamad is the Managing Director of Amstrong Auto Parts Sdn. Bhd. He also heads Penang Tourists Centre Berhad, MITTAS Berhad, Motorcycle, Scooter Assembly & Distributor Association of Malaysia and the Usains Group of Companies. He 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 as well as 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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil holds a Bachelor of Laws (Honours) from the University of London. He 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.

He is the Chairman of Pos Malaysia Berhad, Konsortium Logistik Berhad and Composites Technology Research Malaysia Sdn. Bhd. 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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

BOARD OF DIRECTORS PROFILE

**DATO' IBRAHIM BIN TAIB**

Non-Independent Non-Executive Director

Date of Appointment

18 March 2004

Nationality/Age

Malaysian/60 years

**DATO' NOORRIZAN BINTI SHAFIE**

Non-Independent Non-Executive Director

Date of Appointment

28 November 2006

Nationality/Age

Malaysian/58 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, Johor. 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.

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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

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

Dato' Noorizan is currently the Under Secretary, 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' Noorizan 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' Noorizan attended six (6) out of seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

BOARD OF DIRECTORS PROFILE



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/75 years



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/73 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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

BOARD OF DIRECTORS PROFILE



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/66 years



OOI TEIK HUAT

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

Date of Appointment

1 November 2008

Nationality/Age

Malaysian/54 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, Mitsubishi Motors Malaysia Sdn. Bhd., Suzuki Malaysia Automobile Sdn. Bhd. 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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.

Mr Ooi Teik Huat, a member of the Malaysian Institute of Accountants and CPA Australia, 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. He was recently appointed as Director of Padi Beras Nasional Berhad and Mardec Berhad.

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 seven (7) Board Meetings of the Company held in the financial year ended 31 March 2014.



MANAGEMENT TEAM

1. TAN SRI DATO' SRI HAJI MOHD KHAMIL BIN JAMIL (Group Managing Director) 2. DATUK MOHAMED RAZEK BIN MD HUSSAIN (Chief Operating Officer, Services & Properties) 3. AHMAD FUAAD BIN KENALI (Chief Financial Officer) 4. DATO' RADZAIF BIN MOHAMED (Senior Group Director, Automotive Distribution & Manufacturing) 5. DATO' CAROL CHAN CHOY LIN (Group Director, Corporate Affairs/Company Secretary) 6. DATO' KHALID BIN ABDOL RAHMAN (Group Director, Corporate Planning & Business Development) 7. DATO' MOHAMED HAZLAN BIN MOHAMED HUSSAIN (Group Director, Services & Education)



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8. AZLAN BIN SHAHRIN (Group Director, Corporate Strategy & Transformation)
 9. AMALANATHAN THOMAS (Head, Group Financial Services) 10. AMINAH BINTI OTHMAN (Head, Treasury)
 11. SHAIK ABBAS BIN SHAIK IBRAHIM (Head, Group Communications) 12. MOHAMAD BIN HJ. ABU BAKAR (Head, Group Human Capital)
 13. ABDUL JAMIL BIN JOHARI (Head, Group Internal Audit) 14. CHEAH CHEE KONG (Head, Risk Management)
 15. MIMI AISYAH CHYE ABDULLAH (Head, Corporate Planning) 16. SIMON CHAM KIM FATT (Head, Group Information Technology)
 17. KHALID BIN ABU BAKAR (Head, Group Security) 18. NORKIAH BINTI OTHMAN (Head, Group Procurement)

STATEMENT ON CORPORATE GOVERNANCE

Corporate Governance sets out the framework and processes by which companies, through their Board of Directors and Management, manage their business activities. It ensures sound and safe business operations in compliance to 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, protecting and enhancing stakeholders' values and financial performance while promoting the highest standards of integrity, transparency and accountability.

Pursuant to the Malaysian Code on Corporate Governance 2012 ("the CG 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 and recommendations set out in the CG 2012 during the financial year ended 31 March 2014.

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

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 the 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 oversight of risks encompassing, strategies, marketing and financial aspects of the business.

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 ("GMD") and these KPIs are cascaded down to the leadership team and other Management team members at Corporate Office as well as the Chief Executive Officers/Chief Operating Officers of the subsidiary companies.

The Board recognises the importance of business sustainability in conducting the Group's business taking into account the impact on our main stakeholders namely; customers, shareholders, employees, business partners, society and the environment at large. Details of the sustainability activities are set up on pages 114 to 120 of the Annual Report.

The Board also reviews the sustainability of the strategic direction to ensure the Group achieves the targets in line with fast changing business landscape. In addition, the Board reviews the Company's funding requirements and treasury matters on a continuing basis including 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 control 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 cognisance 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 GMD and Management in accordance with the approved limits of authority. The LOA also specifies a formal schedule of matters reserved for the Board's deliberation and approval.

The LOA is reviewed as and when required. At Board Meetings, the GMD 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, 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 controls and action items to ensure that obligations to shareholders and other stakeholders are met.

The review is conducted by the Board Risk Committee ("BRC") supported by the Group Risk Management Committee ("Group RMC"), headed by the GMD. The objective is to provide oversight function to the risk management process of the Group.

STATEMENT ON CORPORATE GOVERNANCE

The Board through the BRC oversees the risk management activities of the Group. The BRC oversees the formulation of relevant 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 on a quarterly basis prior to submission to the Board. Salient features of the risk management methodologies are set out in the section on "Risk Management" from pages 65 to 69.

- iv. Succession planning, including appointing, training, fixing the remuneration 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 the GMD 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 and reported periodically to NRC.

Details of the activities undertaken by NRC for the year ended 31 March 2014 are set out on pages 37 to 41 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 all other 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 information about the Group, including press releases, corporate announcements and quarterly announcements of the Group's results.

The Company had established a Corporate Disclosure Policy 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 on 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.

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, systems and procedures as well as the effectiveness of internal control structures across the Group, whilst legal and regulatory compliance are the responsibilities of the Legal Affairs Department, Corporate Affairs and Corporate Planning Divisions.

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 52 to 55 of this Annual Report.

1.2 Board Charter

Pursuant to the CG 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 GMD.

The Board Charter is a source of reference and primary induction literature, providing insights to prospective Board Members and Senior Management. The Board Charter is available on DRB-HICOM Berhad's corporate website at www.drb-hicom.com.

1.3 Composition and balance

The current Board has eight (8) members, comprising one (1) Executive Director and seven (7) Non-Executive Directors (including the Chairman) of whom five (5) are independent as defined by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia. The independent Directors make up 62% of the Board membership. Hence, the Board more than fulfills the prescribed requirements for one-third of the membership of the Board to be Independent Board Members.

The NRC, pursuant to its recent annual review, is satisfied that the size and composition of the Board are 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 include business, corporate and entrepreneurial sectors, legal, finance, accounting and economics.

The Board members with their diverse academic qualifications, background and experience enable the Board to provide clear and effective leadership to the Group as well as sharing experiences and ideas and make 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 24 to 31.

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No individual or group of individuals dominates the Board's decision making, as the Independent Directors play an important role in providing independent and balanced 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 CG 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 2014.

The five (5) Independent Directors 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 as well as providing scrutiny to the Board's decision making and challenges to the Management. They play an important and pivotal role in corporate accountability and this is reflected by their memberships and attendances at the various Board Committees of the Company.

Moreover, 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 recommendation 3.2 of the CG 2012, 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.

For the financial year ended 31 March 2014, none of the Directors of the Company exceeded the nine (9) years limit. However, for the financial year ending 31 March 2015, three (3) out of the five (5) Independent Directors of the Company namely, YBhg Dato' Syed Mohamad bin Syed Murtaza ("Dato' Syed Mohamad"), YBhg Datuk Haji Abdul Rahman bin Mohd Ramli ("Datuk Haji Abdul Rahman") and Mr Ong le Cheong would have exceeded their cumulative terms of nine (9) years as their nine (9) year terms are due on 28 October 2014.

Based on the recent annual assessment carried on the independence of the Independent Directors and although the length of the Independent Directors' services have yet to reach the nine (9) years tenure at this forthcoming 2014 Annual General Meeting ("AGM") scheduled for 30 September 2014, the Board on the recommendation of the NRC agreed to seek the shareholders' approval at the 2014 AGM to retain the abovenamed Directors as Independent Directors of the Company.

This is in view that the abovenamed Independent Directors have continued to remain objective and independent-minded in their participation in the deliberations and decision making of the Board and Board Committees. Moreover, the Board believes that length of time is not the sole determinant of their credibility and effectiveness as Independent Directors as it does not in any way affect or interfere with their exercise of independent judgment and ability to act in the best interest of the Company and the Group.

All the abovenamed three (3) Independent Non-Executive Directors have provided confirmations of their independence to the NRC.

Except for Dato' Syed Mohamad and Mr Ong le Cheong who are the members of NRC, the NRC and the Board are confident that all the abovenamed three (3) Independent Directors would continue to discharge their duties diligently, independently and objectively notwithstanding their tenure on the Board.

1.4 Roles and responsibilities of the Chairman and the GMD

Dato' Syed Mohamad, the Non-Executive Chairman and who is also the Senior Independent Non-Executive Director, has more than 40 years experience in the business corporate and entrepreneurial sectors. He is responsible for providing clarifications to the shareholders at the Company's general meetings.

He is also responsible for ensuring Board effectiveness and proper 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.

On the other hand, Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, the GMD has the overall responsibility for management of the operating units, organisational effectiveness and 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 GMD ensures appropriate balance of role, responsibility and accountability at the Board level.

1.5 Appointment 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 recognises 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' Noorizan 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 they are encouraged to attend continuous education programmes and seminars to keep abreast with the latest developments in the marketplace as well as 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 reviewed the list of training programmes attended by the Directors during the financial year ended 31 March 2014 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 trainings attended by the Directors and 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 2014 are as summarised below:-

Training Attended	Details of the Training
i. Islamic Financial Services Act, 2013 ("the Act")	The programme enlightened the Directors on the new Financial Services Act, 2013 which provides the regulators with greater powers to counter future risks to financial stability in the financial sectors.
ii. ASEAN CG Scorecard 2013	The programme provided the Directors with the avenues to raise the Corporate Governance standards and practices thus giving rise to greater international visibility to the well-governed ASEAN public listed companies.
iii. Goods and Services Tax	The programme provided insight for the Directors on the implementation of Goods and Services Tax ("GST") following the Government's announcement on the implementation of GST at a rate of 6% effective 1 April 2015.
vi. The Corporate Governance Guide (Towards Boardroom Excellence-2nd Edition)	The seminar aimed to support the Board and Management in their efforts to raise the bar for best practices and disclosure in relation to corporate governance matters.
v. Transfer Pricing	The in-house talk by the External Auditors was to update the Directors on the transfer pricing rule.
vi. Balanced Scorecard	The workshop was designed with an objective to establish a DRB-HICOM Strategy Map and Balanced Scorecard for the Group to further enhance and refine the Group understanding of the concept and application of the Balance Scorecard, its linkage to the Group's business strategies and the design of the Group's KPIs.
vii. Corporate Disclosure for Directors of Listed Issuers	The programme aimed to enhance the Directors' awareness of the current corporate governance trends as well as to promote an open discussion on matters relating to corporate disclosure matters.
viii. Forum - Future of Corporate Reporting	The forum aimed to enhance the Directors' awareness of the current and future corporate reporting with highlights on the best practices for global financial reporting and the concept of "performance auditing" which focuses on real performance of the business.
ix. Money Services Business Act 2011 ("MSBA")	The programme aimed to enhance the Directors' awareness on the regulation and supervision of money changing, remittances and wholesale currency business under a single Act.
x. Anti-Money Laundering and Anti-Terrorism Financing Act 2001 ("AMLATFA")	The programme aimed to enhance the Directors' awareness of the AMLATFA in particular the offences for money laundering and terrorism financing as well as the measures to be taken for prevention of money laundering.

Apart from attending various conferences, seminars and training programmes organised by external/internal organisers during the financial year, the Directors also visited the key operating units of the Group. In addition, the Directors 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.

1.6 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.

1.7 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 GMD 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 Datuk Haji Abdul Rahman and Mr Ong le Cheong, who are above 70 years old and seeking for re-appointment at the forthcoming Annual General Meeting, are well experienced in the related field, and had demonstrated professionalism and expertise as well as independence 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.

1.8 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.

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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 the 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.

1.9 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, funding arrangements, significant expenditures, significant acquisitions and disposals, appointment of Directors/Board Committee members, remuneration for GMD (excluding fees), declaration of interim dividends, related party transactions, major restructuring and other relevant matters affecting the Group's operations.

The Directors are supplied in a timely manner with information in a form and of a quality as appropriate for their perusal in advance of the date of the Board meeting. In addition to financial information, other information deemed suitable such as new statutory and regulatory requirements concerning their duties and responsibilities, risk management updates, customer satisfaction, product and service quality, market share and market trends, manpower and human resource as well as 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 as well as to clarify on any issues raised by the Directors on the matters tabled for the Board's consideration.

During the financial year ended 31 March 2014, seven (7) Board Meetings were held. The details of the attendances of Directors at the Board Meeting for the financial year ended 31 March 2014 are as follows:-

Director	Designation	Attendance
Dato' Syed Mohamad bin Syed Murtaza	Chairman/Senior Independent Non-Executive Director	7/7
Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	GMD	7/7
Dato' Noorizan binti Shafie	Non-Independent Non-Executive Director	6/7
Dato' Ibrahim bin Taib	Non-Independent Non-Executive Director	7/7
Datuk Haji Abdul Rahman bin Mohd Ramli	Independent Non-Executive Director	7/7
Tan Sri Marzuki bin Mohd Noor	Independent Non-Executive Director	7/7
Ong le Cheong	Independent Non-Executive Director	7/7
Ooi Teik Huat	Independent Non-Executive Director	7/7

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).

1.10 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.

1.11 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 CG 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.

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The Board has established three (3) Board Committees namely, Audit Committee, Board Risk Committee as well as Nomination and Remuneration Committee. Details of the current Board Committees of the Company are as follows:-

i. Audit Committee

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

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

The Audit Committee meets not less than four (4) times a year and twice with the internal and external auditors without the presence of the Management. The terms of reference and functions of the Audit Committee are described in the Audit Committee Report set out on pages 57 to 61.

ii. Nomination and Remuneration Committee

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

Members	Attendance
Dato' Syed Mohamad bin Syed Murtaza (<i>Chairman</i>)	2/2
Tan Sri Marzuki bin Mohd Noor	2/2
Ong Ie 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 GMD 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 GMD and Senior Management;
- To review and recommend the entire individual remuneration packages for GMD and each of the Senior Management personnel of grade 11 and above including, where appropriate, bonuses and increments;
- To review with the GMD and the Senior Management, 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 2014 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 including the Directors aged 70 years and above retiring pursuant to Section 129 of the Companies Act, 1965;
- Considered the annual assessment of the independence of the Independent Directors;
- 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;
- 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 GMD and Senior Management personnel of Grade 11 and above for the financial year ended 31 March 2014;

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- Considered and recommended the annual increment for financial year ended 31 March 2014 and bonus for the financial year ended 31 March 2014;
- Considered and recommended the extended maximum salary to the current grade structure; and
- Reviewed and recommended the Job Evaluation Exercise for the employees within the DRB-HICOM Group.

iii. Board Risk Committee

The Board Risk Committee ("BRC") comprises the following Independent Non-Executive Directors:-

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

The BRC meets every quarter 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 on Risk Management and 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.

The activities undertaken by the BRC are described in the Statement on Risk Management and Internal Control set out on pages 65 to 69.

1.12 Other Committees

In addition to the Board Committees, the Company has established at Management level two (2) other main Committees namely, Board of Management (formerly known as Management Committee) and Group Risk Management Committee headed by the GMD to assist the Board in fulfilling its responsibilities.

- i Board of Management (formerly known as Management Committee)

The Board has delegated certain responsibilities to the GMD, who is supported by a Board of Management. The meetings of Board of Management are held every fortnightly with proper agenda to deliberate on the key matters in particular matters pertaining to the Group's businesses, key operating issues, finances, manpower and other strategic matters including proposals/projects based on the LOA of the Group and its Terms of Reference, before submission to the Board for consideration and approval.

The Board of Management is also 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 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 ensuring that appropriate systems are in place and effective actions are taken to mitigate and eliminate such risks to safeguard the shareholders' investments and the Group assets. The Group RMC is chaired by the GMD and comprises representatives from the respective divisions.

The Board through the BRC oversees the risk management activities of the Group. The Group RMC formulates 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 the key risks and action plans to mitigate the risks.

1.13 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 the GMD, the overall remuneration is 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 GMD and Senior Management.

The GMD shall 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.

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Details of Directors' remuneration for the financial year ended 31 March 2014, 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 RM50,000, are set out below:-

Members	GROUP	
	2014 RM	2013 RM
Non-Executive Directors:		
- Fees	897,000	880,333
- Attendance, other allowances & benefits	1,219,300	1,227,300
Executive Director:		
- Salaries, bonuses, allowances and other benefits	5,593,498	8,151,565
Total	7,709,798	10,259,198

Directors' Remuneration*	Executive	Non-Executive	Total
RM100,001 – RM150,000		3	3
RM350,001 – RM400,000		2	2
RM450,001 – RM500,000		1	1
RM500,001 – RM550,000		1	1
RM 5,550,001 – RM5,600,000	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, where applicable.

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 RM785,000 for the financial year ended 31 March 2014.

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 GMD

The basic salary inclusive of statutory employer contributions to the Employees Provident Fund for the GMD 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 adoption of the KPIs which commenced during the financial year ended 31 March 2007 was part of the overall governance to enhance the performance management, financial performance and shareholders' value of the Company. The KPIs were formulated based on two (2) main segments namely; Corporate/Financial and Priorities. For the GMD and the Senior Management, greater emphasis was placed on sustainability of growth which was 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 GMD as appropriate.

f) Terms and Conditions of Employment

The GMD is employed on terms and conditions as approved by the Board.

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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.

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. **Encik Ahmad Fuaad bin Mohd Kenali**
Chief Financial Officer
Tel: (03) 2052 8172; Fax: (03) 2052 8799
E-mail: fuaad@drb-hicom.com
- iv. **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 64 of this Annual Report.

3.2 Related Party Transactions ("RPTs")

The Group has established and adopted the appropriate procedures to ensure that RPTs are entered into 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. RPTs of the Group are reviewed by the Group Internal Audit Division for submission to the Audit Committee and the Board.

3.3 Relationship With External Auditors

The role of the Audit Committee in relation to the external auditors is found in the Report of the Audit Committee on pages 56 to 61. 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 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.

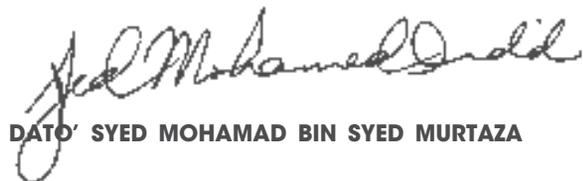
The Audit Committee reviews the proposed re-appointment of the external auditors of the Company and their fees on annual basis to ensure that the independence of the external auditors is not compromised.

For the audit of the financial statements of DRB-HICOM and its subsidiaries for the financial year ended 31 March 2014, 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 21 July 2014.

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 Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"), 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 ("CG 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 internal control system 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 and Audit Committees perform the following activities:-

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;
- Review the risk management strategy for identifying, monitoring and managing significant business risks across the Group and consider the effectiveness of internal controls for identified potential material risk;

- 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 Committee, Nomination and Remuneration Committee as well as Board Risk Committee. Each of the Committees has clearly defined terms of reference.

Audit Committee

The Audit Committee ("AC"), comprising all 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 page 56 to 61 for the Audit Committee Report.

Organisational Structure and 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.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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. The risk management and control systems are subject to continuous review and improvement to ensure that they are sufficiently capable of responding to changes in the risk profiles and remain aligned with the Group's business strategy.

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 the Board Risk Committee 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.

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 page 65 to 69 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, Anti-Fraud and Corporate Disclosure 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 respective Boards to reflect changing business needs in addressing operational deficiencies.

Whistle Blower Policy

The Whistle Blower Policy ("the Policy") outlines the Group's commitment towards enabling employees and other stakeholders 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 MMLR and the Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuer 2012 ("Guidance 2012"). In making the above assurance, the Group Managing Director and the Chief Financial Officer acknowledged 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 MMLR, 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 2014. 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 21 July 2014.

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 2014.

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	5 out of 5
2. YBhg Tan Sri Marzuki bin Mohd Noor <i>Member of the Audit Committee</i>	Independent Non-Executive Director	5 out of 5
3. Mr Ong Ie Cheong <i>Member of the Audit Committee</i>	Independent Non-Executive Director	5 out of 5
4. Mr Ooi Teik Huat <i>Member of the Audit Committee</i>	Independent Non-Executive Director	5 out of 5

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”) hence, the Company more than fulfills the requirement under paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“MMLR”) which requires at least one of the AC members to have the financial expertise requisite.

1.2 Attendance

In terms of attendance at the AC meetings, all the AC members attended all five meetings held during FY2013/14 as shown in the table above. The Management of the Company was invited to brief the AC on the Group’s financial performance and relevant corporate matters and to address 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 the results and reports of internal audits, GIAD also presented the summary of audit activities, internal audit plan as well as audit staff strength. The external auditors were also invited to attend the 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 who is also the secretary to the AC. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the AC to the Board.

2.0 TERMS OF REFERENCE OF AUDIT COMMITTEE

The AC was 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 be elected to chair the meeting.

- 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 invited to attend the 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.

AUDIT COMMITTEE REPORT

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 ("CG 2012") as follows:-

a. Risk Management and Internal Control

Ensure that the Company and Group have 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 Company and 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 the MMLR.

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 the external auditors:-

- i. to review and consider the appointment, resignation or termination of external auditors and their audit fees;
- 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, MMLR, 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; and
- 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 MMLR;
- 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 CG 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 FY2013/14 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 FY2013/14. 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 FY2013/14.

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.

AUDIT COMMITTEE REPORT

3.5 Related Party Transactions (“RPT”)

The AC reviewed the recurrent related party transactions (“RRPTs”) and RPTs of the Group to ensure compliance with Bursa Malaysia’s MMLR 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 trainings attended were mainly 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 Financial Services Act, 2013 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 Group Managing Director administratively. The Head of GIAD periodically reports on the activities performed as well as 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 Financial Year Ended (FYE) 31 March 2014 with the inclusion of the internal audit function of KL Airport Services (“KLAS”) Group of companies was 42 staff as summarised below:-

No.	Entity	Current manpower as at FYE 31 March 2014
1.	DRB-HICOM Berhad	24
2.	PROTON Holdings Berhad	15
3.	KLAS Group of companies	3
Total		42

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 FY2013/14, a total of RM5.69 million was incurred as part of the resource allocation for the Group’s internal audit function, covering mainly manpower and incidental costs such as traveling and training as summarised below:-

No.	Entity	Total cost incurred FYE 31 March 2014 RM
1.	DRB-HICOM Berhad	3,220,716
2.	PROTON Holdings Berhad	2,041,792
3.	KLAS Group of companies	424,709
Total		5,687,217

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 regulations, reliability and integrity of information and adequacy of safeguarding of assets.

During FY2013/14, GIAD executed a total of 229 audits which comprised of scheduled and ad-hoc engagements inclusive of special audits. The audit conducted covered a wide range of auditable units and its related branch operations under DRB-HICOM Berhad, PROTON Holdings Berhad and KLAS Group of companies.

None of the components of the internal audit function were outsourced to external service providers. However, in certain areas where technical expertise is required, assistance from external experts was sought through co-sourcing arrangements.

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

On 31 October 2011, the Securities Commission approved RM1.8 billion of Sukuk Programme issued by DRB-HICOM Berhad. The proceeds raised from the Sukuk were used to finance the acquisition of PROTON Holdings Berhad and also for working capital purposes. As at 31 March 2014, the total utilisation was RM1.8 billion.

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 given by the Company.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING IN NATURE ("RRPTs")

None of the RRPTs entered into by the Group during the financial year ended 31 March 2014, exceeded the thresholds prescribed under Chapter 10.09 of the MMLR which required announcement to be made to Bursa Malaysia and/or shareholders' approval.

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

The particulars of material contract entered into between the Company and its subsidiaries involving the directors' and major shareholders' interest which are still subsisting as at 31 March 2014 or, if not then subsisting, entered into since the end of the previous financial year are as follows:-

Land Status Swap Agreement ("Agreement") between Rebak Island Marina Bhd ("Rebak") and Northern Gateway Free Zone Sdn. Bhd. ("NGFZ") dated 21 December 2011 ("Proposed Land Status Swap") for a cash consideration of RM76 million.

Pursuant to the Agreement, the parties agreed to change the designation of 333 acres of the land owned by Rebak from Malay Reserve ("MR") to non-MR by swapping with the non-MR status of 350 acres of freehold land owned by NGFZ subject to the conditions imposed by Kedah State Government.

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 HICOM Power Sdn Bhd ("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 YBhg Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ("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 Etika Strategi Sdn Bhd ("ESSB"), the holding company, was deemed interested in the Proposed Land Status Swap.

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

YBhg Tan Sri Marzuki Mohd Noor ("TSMMN") is a common Director in DRB-HICOM and NGFZ as well as a member of the Audit Committee of DRB-HICOM. Both TSMKJ and TSMMN had 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

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 March 2014.

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 2014 are as follows:-

	RM'000
Ernst & Young	1,063
Ernst & Young Tax Consultants Sdn. Bhd.	800
Ernst & Young Advisory Services Sdn. Bhd.	930
Ernst & Young LLP	1,887
	4,680

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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 2014 set out on pages 126 to 290, 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.

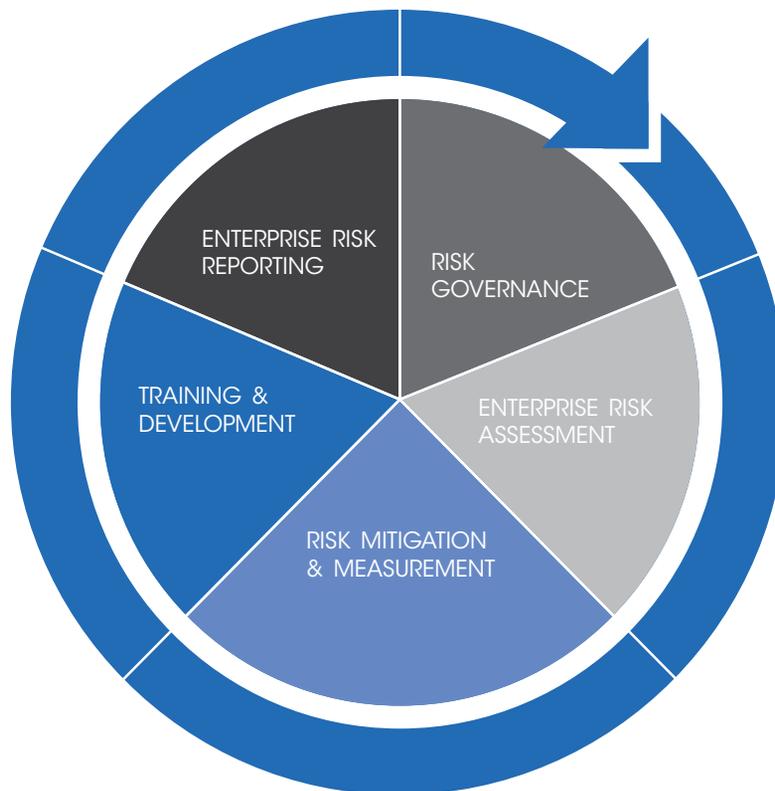
This Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 21 July 2014.

RISK MANAGEMENT

OVERVIEW

In FY2013, 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 the following key components:



DRB-HICOM Berhad Enterprise Risk Management Process

RISK MANAGEMENT

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 Risk Management Policy developed in accordance with the principles and guidelines outline under the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management Integrated Framework (2004) and the International Organisation for Standardisation's Risk Management Principles and Guidelines (ISO 31000:2009). The policy outlines 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 impacts on the Group's core businesses.

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

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

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 three (3) Independent Non-Executive Directors, with the Group Managing Director, Chief Operating Officer, Properties & Services Sector, Chief Financial Officer, Head, Internal Audit Division and Head, Risk Management Division attending as invitees to the Committee.

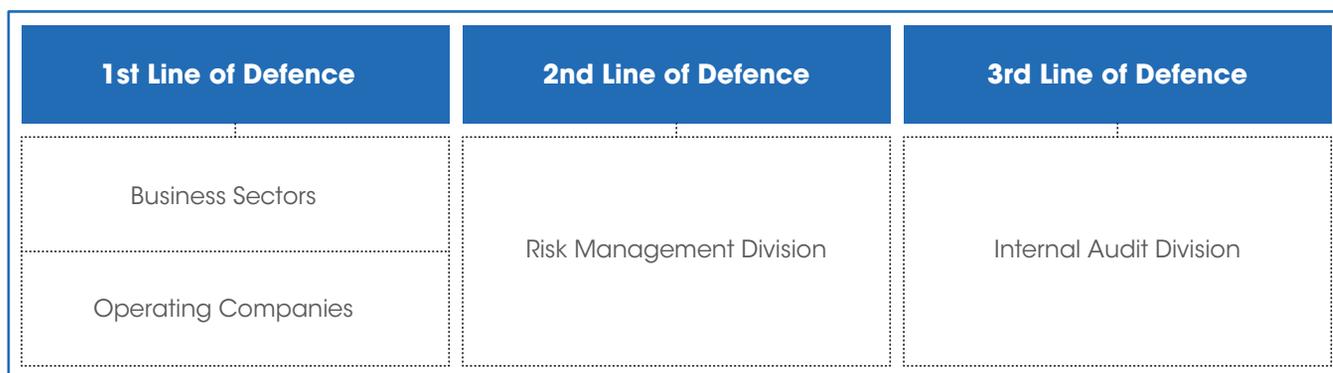
RISK MANAGEMENT COMMITTEE

The BRC of DRB-HICOM Berhad delegates to the Risk Management Committee ("RMC") the responsibility for creating a risk-aware culture and building the necessary knowledge for risk management at every level of management. The RMC shall also be responsible for ensuring the effective implementation of the Group Risk Management Policy, 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 periodic reporting of key risk exposures to the BRC.

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

DRB-HICOM BERHAD’S THREE LINES OF DEFENSE

In providing assurance on the effective implementation of the Enterprise Risk Management program, the Group adopts three distinct lines of defense to safeguard the business interest of the Group as illustrated below:



Sector and Business Units

Each Sector (and each operating company 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.

Internal Audit Division

Internal Audit Division is responsible in providing independent assurance through a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes throughout the entire organisation.

ENTERPRISE RISK ASSESSMENT

Key risks of the Group, at Business Sectors, Operating Units and Corporate Divisions, are critically assessed and validated in accordance to the main categories set out below:

Business and Strategic Risks

Business and strategic risks arises 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.

Project and Investment Risks

Risks relating to investments for new business initiatives are critically identified, assessed, analysed and incorporated into proposal papers for deliberation by the Management of DRB-HICOM Berhad prior to approval.

RISK MANAGEMENT

These endeavours are critical in ensuring proper and adequate safeguards are in place to address and mitigate potential risks that may derail the eventual execution and realisation of investment objectives. The mitigation plans to manage the identified risks are then incorporated into the delivery value chain and closely monitored throughout the project or investment life-cycle.

FOREX and 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 and 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, 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 programs. These risks, comprising 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 programs. These programs define and align the job accountabilities and responsibilities towards meeting the strategic goals and objectives of the Group.

In addition to the above, on-going programs, 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) programs organised by Group Communications Division. Details of these initiatives are noted on Page 114 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 Board of Management (formerly known as 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 programs 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.



Your actions
have to
inspire others
to dream
more, learn
more and
do more



CHAIRMAN'S STATEMENT

Built on Solid Pillars

Within this landscape, swept by global headwinds and wide-sweeping regulatory changes domestically, DRB-HICOM managed to stay steadfast on our course

Building a Global Brand

Dear Shareholder,

The financial year ended 31 March 2014 (FY2014) was one of consolidation and further growth for DRB-HICOM Berhad (DRB-HICOM or the Group), during which we achieved notable progress both financially and operationally, despite a very challenging macro-environment. On behalf of the Board of Directors, it gives me pleasure to present our annual report, highlighting the landscape in which our organisation operates, our strengths, achievements and strategies going forward.

The calendar year 2013 was marked by a gradual but definite shift in gear of the global economic recovery, as the US and Eurozone began finally to emerge from the shackles of a financial meltdown and sovereign debts, respectively. Although a tapering of the quantitative easing (QE) programme in the US led to the outflow of funds from emerging markets, the effects in Malaysia were cushioned by a strong local economy boosted by projects implemented under the Economic Transformation Programme as well as robust local demand.





DATO' SYED MOHAMAD BIN SYED MURTAZA
CHAIRMAN

CHAIRMAN'S STATEMENT

Regional trade coupled with private investment saw Malaysia record a gross development product (GDP) growth of 4.7% which, though lower than the previous year's 5.6%, was still commendable, given that the year also witnessed the General Elections in May which caused a wait-and-see reaction among the general corporate and investment communities, as well as the public. Speculation on a reduction in the price of vehicles resulted in noticeably lower sales in the first half of the year. Added to this, the newly introduced National Automotive Policy (NAP) which seeks to liberalise the industry has wide-ranging implications on the operations of all players, including DRB-HICOM. Meanwhile, Bank Negara Malaysia's (BNM's) policies to curb personal spending and to disincentivise property investment in a bid to bring down property prices have had an effect on the property market.

Within this landscape, swept by global headwinds and wide-sweeping regulatory changes domestically, DRB-HICOM managed to stay steadfast on our course of *Building a Global Brand* by further strengthening our fundamentals in the three core businesses we are engaged in, namely Automotive, Services and Property. In each sector we have focused intently on improving the quality of our products and services as well as enhancing our operational efficiencies to place us in a better stead to expand both domestically and in the international space.

FINANCIAL PERFORMANCE

Despite an increasingly challenging operating environment, DRB-HICOM managed to increase our revenue by 8.1% to reach RM14.2 billion, up from RM13.1 billion in the previous financial year. Of this, 76% was contributed by the Automotive sector, 19% from our Services sector, and the remaining 5% from Property. This income distribution has not changed significantly from the previous financial year, when the Automotive and Services sectors were enhanced by the acquisition of PROTON Holdings Berhad (PROTON) and Pos Malaysia Berhad, respectively.

The Group recorded a profit before tax (PBT) of RM796.6 million as compared to RM1.0 billion in FY2013. Excluding exceptional items, however, the difference in PBT is minimal – at RM601.9 million in FY2014 and RM624.8 million in FY2013.

The financial year witnessed the divestment of certain assets in line with increasing focus on our core businesses. Concurrently, we completed two major acquisitions – namely that of Composites Technology Research Malaysia Sdn. Bhd. (CTRM) and Konsortium Logistik Bhd. (KLB). These acquisitions contributed to increased net assets per share of RM3.78 as opposed to RM3.66 in FY2013 while only marginally increasing our net gearing, from 0.59 in FY2013 to 0.60.

As a result of our financial performance, I am pleased to announce that the Board of Directors is proposing a final single-tier dividend of 4.5 sen for approval of our shareholders at our upcoming Annual General Meeting. This dividend matches our payout in FY2013 and would once again satisfy our policy of disbursing between 20% and 30% of our net operating profit to our shareholders, demonstrating our commitment to upholding our promise to this highly valued group of stakeholders.

BUILDING A GLOBAL BRAND

The Automotive sector, which continues to drive the Group's revenue, has benefited from heavy investments which have led to DRB-HICOM becoming the only original equipment manufacturer (OEM) in the region with a national vehicle brand, PROTON. Not only have we developed our own made-in-Malaysia marque, but we are extremely proud of having successfully taken our home-grown brand into the foreign market.

Our success in the Automotive sector is partly due to our being the only organisation in the country involved in the entire value chain of the industry from research and development and product development – conducted at the Proton Centre of Excellence in Shah Alam, Selangor – to the manufacture of components, the assembly of vehicles, their distribution and after-sales service inclusive of inspection. More than this, we develop and train youth to serve the companies within this sector at the International College of Automotive (ICAM) located within our automotive hub in Pekan, Pahang. This ensures a steady pipeline of talent who have been trained to meet the specific needs of our industry, empowering us over competitors who need to manage the prevalent shortage of talent.

Over the years, we have also boosted our local expertise by entering into strategic collaborations with partners that have the technical knowledge and skills to complement our own. By drawing on the expertise and especially the quality frameworks of our global partners, we have strengthened our own organisational capacities as represented by our systems, processes and people, such that today we are able to compete among the best globally.

While we have established a strong presence in the Automotive sector, we realise that we need to maintain our competitive edge in order to retain our leadership along with impending liberalisation of the industry brought about by the NAP. Towards this end, we are constantly innovating on quality and design while working with consultants and our vendors to rationalise our costs, which will come into greater play once the Goods and Services Tax (GST) is implemented.

At the regional level, we are preparing for implementation of the ASEAN Economic Community (AEC), which will bring down trade and human resources barriers across Southeast Asia, once again necessitating products that are competitive in terms of cost and quality within a much broader playing field. Once the AEC is functional, there will also be a greater movement of human capital within the region. While we have the advantage of a pipeline of talent, we are ensuring that we become a preferred employer by offering the most attractive working environment in order to retain and attract the best personnel.

Within the Services sector, we have been focusing on expanding our businesses to leverage on our expertise and resources. In waste management, for example, we are no longer restricting ourselves to our concessionaire solid waste management but are diversifying into non-concessionaire areas with a specific focus on the provision of 'green' services via our newly established company, DRB-HICOM Environmental Services (DHES). Meanwhile, we are ensuring that our financial services companies fully meet all the requirements of the Financial Services Act (FSA) and Islamic Financial Services Act (IFSA). These two acts, which came into effect on 30 June 2013, consolidate and replace the previous Banking and Financial Institutions Act 1989, Insurance Act 1996, Payment Systems Act 2003 and Exchange Control Act 1953. They serve ultimately to create greater robustness in our financial landscape, which would be to the benefit of all stakeholders involved.

“we are ensuring that our financial services companies fully meet all the requirements of the Financial Services Act (FSA) and Islamic Financial Services Act (IFSA).”

Our Property sector, meanwhile, has performed very well despite BNM's measures to cool the industry and especially speculation of property. Various property launches were held during the financial year, which were well received by the public. More importantly, our strategy to add value to our land bank via development, as well as to unlock the value of our assets through sale, has not been derailed. Not only are we on track in building up several parcels of land in the Klang Valley, Johor and Perak but we also concluded the sale of more than 600 acres in Johor and Kuala Lumpur to Eco World Development Sdn. Bhd. Subsequent to this sale, Eco World has begun developing their property in Johor, which is enhancing the value of our remaining land in the area. A major concern in the property sector is the cost of materials, which will further increase with the soon-to-be-implemented GST, resulting in further price increase. While this could dampen the market, we believe that our Glenmarie brand, which has acquired renown for quality and innovative design, will ensure continued demand for our developments.

In the hospitality segment, our partnership with the Taj Group of Hotels has revitalised the Rebak Island Resort, which has been rebranded Vivanta Rebak Island Langkawi by TAJ. This reflects the world-class quality of service and hospitality guests can expect from our luxury resort, which will no doubt attract larger numbers of guests.

CHAIRMAN'S STATEMENT

DEVELOPING OUR PEOPLE

The Group employs more than 60,000 people – our *Warga* DRB-HICOM – whom we recognise as the driving force behind all our successes. Given the critical importance of our employees, we aim to attract the best talent and to retain them by offering not only very attractive remuneration packages and incentives but also by leveraging on our unique strength as a conglomerate with diversified businesses that allow our people to gain exposure in vastly different industries. Career progression at DRB-HICOM is not linear, but can take divergent pathways – to match the capabilities, potential and interest of our employees.

To empower our employees, we have in place a structured training and development programme, most of which is carried out by our training arm, @theAcademy. This is supplemented by on-the-job training at our global partners' premises throughout the world. Our employees are posted on overseas assignments with our business associates either on a project basis or on work attachments. This exposes them to best practices which they subsequently bring back to our Malaysian operations, enhancing our efforts to become a world-class organisation and, eventually, a global brand.

In addition to developing the potential of our people, we have created a very cohesive work culture here at DRB-HICOM in which everyone's contributions and opinions are valued. We believe in engaging our people in a meaningful way to create a sense of belonging to the organisation as well as to elicit the best output from everyone. Towards this end, we have nurtured strong working relationships across the entire organisation, from the Board to the Management and staff on the ground. We are all united as *Warga* DRB-HICOM, working together to achieve the Group's vision and mission while upholding its values.

The Group employs
more than
60,000
people

CONTRIBUTING TO SOCIETY

As a responsible organisation, DRB-HICOM is committed to giving back to society in ways that are meaningful. Both the Group as well as our subsidiary companies carry out various projects and activities during the financial year to lend a helping hand where necessary and to provide financial assistance to those who are underprivileged or marginalised. During the year, the Group focused on feeding the hungry and homeless, bringing cheer to children in homes, and providing aid to victims of natural disasters such as floods in the East Coast of Peninsular Malaysia. Our efforts are not restricted to the country, as evidenced by the way we rallied support from all our companies to collect funds for Typhoon Haiyan relief efforts, which were channelled to MERCY Malaysia and UNICEF.

We also play our part in preserving the environment and reducing our carbon footprint by employing green technologies in our property developments and investing in energy-efficient engines in vehicles. This is supported by environmentally responsible behaviours at the workplace such as recycling and reducing wastage of natural resources which contribute to the sustainable development of the nation.

Our mission is to help people

live healthier lives

OUTLOOK

The macro-environment can be expected to become even more challenging in FY2015 and beyond along with further changes in the economic landscape not only in Malaysia but the region. Domestically, implementation of the GST will necessitate a review of our entire cost value chain, from procurement to production and delivery for each product and service, in order to keep our prices competitive. As we look to taking the DRB-HICOM brand regional, and then global, we will also have to work towards ensuring our offerings are attractive in the broader market beyond our shores.

The Group has already been preparing for domestic and international expansion via greater cost and operational efficiencies, guided by our 5-Year Business Plans. To date, we have achieved substantial results which are reflected in growing assets and revenue. Asset growth has been achieved both organically as well as through acquisitions, each acquisition followed by a period of house-keeping in our new subsidiaries as they adopt our values and systems of operation. We will continue to expand in this manner, looking at the possible synergies that can be created by target companies to the Group's core businesses to unlock even greater value for our stakeholders.

That, after all, is our ultimate motivation: to enhance the value of the Group thus reward our stakeholders with better returns. This key inspiration will keep us innovating and evolving as we proceed along our journey, emblazoning our brand across the length and breadth of the country and in the global space.

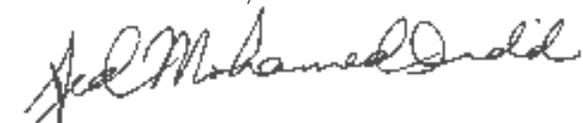
ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to thank all our stakeholders – our customers, business associates, financiers, the Government and relevant authorities – for their individual contributions, all of which have been critical to the Group's many successes to date. I would also like to express my appreciation to all our shareholders for their belief and support in the Group, while assuring them that the Board is keenly conscious of our duty to enhance the Group's value in order to safeguard and grow all investments into DRB-HICOM.

I would also like to acknowledge my fellow Board members for their constant and wise counsel which has contributed immensely in steering the Group forward. Their contributions have been especially valuable in recent years as we have restructured our operations to be more streamlined and focused on our core businesses.

Finally, but most importantly, I would like to convey my heartfelt appreciation to our Management and every single member of our 60,000 *Warga* DRB-HICOM, for their commitment and dedication to the Group, without which we would not be where we are today: on the brink of taking our valued brand to the region and beyond.

Terima kasih. Thank you one and all.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman

GROUP MANAGING DIRECTOR'S
**REVIEW OF
OPERATIONS**

TAN SRI DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
GROUP MANAGING DIRECTOR



Empowered Our Resources

It has been an exciting year for DRB-HICOM, one that has seen some significant changes within our corporate structure in line with the Group's vision and overall direction. During the financial year ended 31 March 2014 (FY2014), we completed two major acquisitions, namely that of Composites Technology Research Malaysia Sdn. Bhd. (CTRM) and Konsortium Logistik Bhd. (KLB), which strengthened our Automotive and Services sectors, respectively. At the same time, we concluded a strategic land sale in Nusajaya, Johor which promises to build the value of our remaining land bank in the area. We are also rationalising our financial offerings with a gradual but concerted shift in focus towards Islamic services.

The Group has been building on our inherent strengths by enhancing our existing resources and businesses while seeking to grow in our core areas - namely the Automotive, Services and Property sectors. We have been identifying opportunities in the economic landscape and making the most of the potential to fill these with our own capabilities as well as enhanced capacity via strategic partnerships with various parties.

Meanwhile, having identified our core businesses, we have been disposing of non-core assets to create a more streamlined and efficient organisation. As a result, we have grown stronger, more productive and effective, with a keener focus on customer delivery. We have been guided in our ongoing organisational as well as operational transformation by our 5-Year Business Plans, our milestone achievements indicating that, despite being a large organisation of more than 60,000 personnel, we have what it takes to respond to changing landscapes, adapt to the prevailing environment and leverage on our strengths to grow even more.

GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS

FINANCIAL PERFORMANCE

During the financial year, all three of the Group's business sectors – namely Automotive, Services and Property – recorded increases in revenue, leading to an 8.1% growth in Group revenue from RM13,134.7 million to RM14,200.7 million. Of the sectors, Automotive was again the main driver of Group revenue, contributing RM10,738.0 million or 76% of the total. However, our Property sector – which brought in revenue of RM759.8 million – saw the highest increase in income of 86% compared to the previous financial year.

Our increase in revenue was particularly noteworthy given the very challenging operating environment for all three business sectors, which included escalating costs. Of particular relevance to the Group was the increase in the minimum wage, which was fully implemented as of 1 January 2014. Given the substantial workforce on our payroll, this meant a significant increase in our operating costs. Computing these factors, and with a marked increase in profit by the Property sector, the Group achieved an overall profit before tax (PBT) for the financial year of RM796.6 million.

STRATEGIC DIRECTION

Given that the Automotive sector contributes about 76% of Group revenue, much focus is concentrated on this segment of our operations. In particular, we have been building up a significant acquisition made in the previous financial year, that of PROTON Holdings Berhad (PROTON), with the vision of it regaining its previous prominence as the No. 1 car maker in Malaysia. In FY2014, we made significant progress towards this end with the appointment of two key figures in PROTON's leadership team. The Group feels immensely honoured and gratified to be able to bring on board the mastermind of our national car manufacturer – Tun Dr Mahathir Mohamad – as its Chairman. We also appointed Dato' Abdul Harith Abdullah as the new CEO. Dato' Harith has been with the Group for the last 30 years and was previously Group Director of the Automotive sector. With these two key leaders at the helm of PROTON, we are confident of strengthened strategic direction resulting in increased sales both domestically and in our targeted foreign markets. More than numbers, we aim to offer products that meet the needs and wants of the different segments within the car-buyer market.

To further strengthen the Automotive sector, we have continued to concentrate on building our capabilities and efficiencies across our operations. A major highlight during the financial year was completion of DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH's) acquisition of CTRM for RM298 million from the Ministry of Finance on 4 November 2013. CTRM has an outstanding order book of RM5.68 billion up to year 2020, its main customers including global leaders in aircraft manufacturing such as Airbus and Boeing. Currently, the company derives about 90% of its revenue from the manufacturing of aircraft composites at its plant in Batu Berendam, Melaka. With this acquisition, we not only acquire a ready-made market within the aircraft sector but also get to leverage on CTRM's expertise in composite materials to develop components for the automotive and defence sectors as well. For example, lightweight body parts could reduce the weight of vehicles by as much as 20%, hence producing greater energy efficiency.

contributes about
76%
of Group revenue

Within the Services sector, we have been focusing on the logistics business, which represents one of the fastest growing sectors not just in Malaysia, but globally. The logistics industry in the country is estimated to grow to RM196 billion in 2015, and to reach RM240 billion by 2020. We are confident we could play a key role in this emerging market, given that we already have first-mile and last-mile presence with KL Airport Services (KLAS) and Pos Malaysia, respectively. KLAS' acquisition of 61.6% equity interest in KLB from Ekuiti Nasional Bhd (Ekuinas) for RM240.97 million is in line with plans to develop the company into a leading centralised integrated logistics services provider in Malaysia, to fill in the current vacuum in integrated logistics services in the country. Combining KLB's warehousing capacity of 1.4 million square feet with Pos Malaysia's more than 700 touch points in the country and KLAS' air connectivity, we stand to offer a complete air-sea-land transportation solution that will include warehousing, distribution and supply chain management.

Both KLAS and Pos Malaysia performed well during the year under review. Through the acquisition of new customer airlines and KLB, KLAS's revenue increased to more than RM300 million. Pos Malaysia, meanwhile, recorded PBT of RM223.4 million, up 16.4% from FY2013 on the back of an historic revenue of RM1.43 billion, driven by enhanced performance across its mail, courier and retail services.

Within the financial sector, in line with our vision to establish a more dominant presence in Islamic services, we have divested our subsidiary Uni.Asia Capital Sdn. Bhd.'s (UAC's) 100% equity in Uni.Asia Life (UAL) to Pramerica BSN Holdings Sdn. Bhd. for RM518 million. We have since, post FYE, received the approval from BNM on the sale of UAC's 68.09% stake in Uni.Asia General (UAG) to Boston-based Liberty Mutual Insurance Group.

Meanwhile, we are focusing on unlocking the value of our 600-hectares land bank, comprising parcels of property in Nusajaya, Johor; Pegoh, Melaka; and in several locations in the Klang Valley. Towards this end, we sealed a deal to dispose of a total of 623 acres in Johor and Kuala Lumpur to prominent property player Eco World Development Sdn. Bhd. for RM604.65 million. This leaves us with 365.02ha in Johor, which we plan to develop into a comprehensive township comprising commercial and residential components with a gross development value (GDV) of RM5 billion. The sale brings us added value as Eco World has strong branding and its presence next to our parcel of land increases the value of our property.

“We are confident we could play a key role in this emerging market, given that we already have first-mile and last-mile presence with KL Airport Services (KLAS) and Pos Malaysia, respectively.”

GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS

MOVING ON

Malaysia's economy is expected to pick up in calendar year 2014 from a relatively muted 2013 along with increased trade, and continued implementation of projects under the Economic Transformation Programme (ETP). The latter will draw in more private sector investment and increase job opportunities, as well as enhance local demand. By most indications, the country's gross development product (GDP) growth will increase to 5.6% from 4.7% in 2013. While a more dynamic economy augurs well for all businesses, competition in each of the industries that the Group is involved with will continue to intensify while the regulatory environment is likely to create its own set of challenges.

"DRB-HICOM has been enhancing our operational efficiencies with a very targeted focus on quality, cost and delivery (QCD) across the board."

In particular the National Automotive Policy will create greater competition among car manufacturers and not limited to dealers but the entire auto industry as it seeks to reduce vehicle prices between 20% and 30% over the next five years as part of a more overarching objective to promote a more sustainable domestic industry that is able to compete regionally.

In anticipation of heightened competition in an increasingly crowded marketplace, DRB-HICOM has been enhancing our operational efficiencies with a very targeted focus on quality, cost and delivery (QCD) across the board. This is reflected in the first as well as our current 5-Year Business Plans, through which have conducted a thorough review of our operations, outlined areas of improvement and fulfilled these by revitalising our systems and the way we approach our business.

Much has been achieved to place us on a stronger footing as we seek to add value both to our customers as well as our other stakeholders, yet our journey of transformation is far from over. If the past years have taught us anything, it is that change is always constant and that we need to be nimble and adaptable not only in our response to rapidly changing landscapes but to also anticipate new trends and realign our strategies as well as business direction in a manner that allows us to capitalise on our unique strengths.

We realise that the road ahead will be peppered with obstacles but we believe that our enhanced fundamentals will lend us the strength, while the commitment of our talented people will lend us the tenacity to overcome any unexpected twists or turns along our onward journey.

ACKNOWLEDGEMENTS

Change is never easy, yet DRB-HICOM has gone through and continues to go through many changes as the organisation transforms itself into a more efficient and effective vehicle to realise our objectives. For not only accepting this period of massive transition, but actually contributing in a very positive way towards its successful completion, I would like to thank every single member of our 60,000-strong *Warga* DRB-HICOM. I would also like to acknowledge fellow members of the management team for their exemplary leadership and commitment to the Group. The management and *Warga* DRB-HICOM are, in turn, guided by the wise counsel of our very able Board of Directors, to whom I would like to convey my heartfelt appreciation.

**our
journey**
of transformation
is far from over

“DRB-HICOM has gone through and continues to go through many changes as the organisation transforms itself into a more efficient and effective vehicle to realise our objectives.”

Finally, I would like to acknowledge our wide range of stakeholders for the trust and support you have bestowed on us, which has contributed immensely to our successes both past and present. This includes our thousands of customers to our business partners, financiers, vendors, the Government Ministries, agencies, statutory bodies and all relevant regulatory bodies and, most of all, our shareholders.

To everyone, once again, thank you.



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



Creative
marketing
helps
strengthen
your brand



AUTOMOTIVE SECTOR

Sales in the automotive industry during the year saw a dip in the second quarter, due to a wait-and-see attitude of potential buyers following the promise of reductions in the price of vehicles in the run-up to the General Elections. Once the dust had settled, however, and buoyed by aggressive market promotions as well as the phasing-in of several main models, vehicle sales began to pick up to record a high total industry volume (TIV) of 655,793 units, a new all-time record. Of this figure, DRB-HICOM contributed 217,305 vehicles or 34.2% of the total market, marking a 0.6% increase from the previous financial year.

Automotive contributed to

76% of the Group's revenue

The Automotive sector remains the mainstay of DRB-HICOM's diversified business, with over 30 companies involved in the entire value chain of the industry, from the manufacture and sales of components and parts to the assembly, distribution and after sales support for a wide range of vehicles from motorcycles to passenger, commercial, defence and customised vehicles such as buses, ambulances, police vehicles, fire trucks and garbage compactors. With the acquisition of Composites Technology Research Malaysia (CTRM) in November 2013, this sector has now diversified into the aerospace business while also strengthening the manufacturing capabilities of our land vehicles with composite material technology.

Automotive contributed to 76% of the Group's revenue in the financial year 2014 (FY2014), with particularly strong performances by Euromobil Sdn. Bhd. and PHN Industry Sdn. Bhd. and contributions from the newly-acquired CTRM.

AUTOMOTIVE DISTRIBUTION

Automotive Distribution encompasses 14 companies within DRB-HICOM's stable that distribute locally manufactured or imported cars, commercial vehicles, trucks and motorcycles. It also includes the logistics and pre-delivery inspection (PDI) of these vehicles. Among the year's milestones were several exciting launches including the new Audi A6 Hybrid 2.0, which became the best-selling Audi model in the country, increasing Audi's total sales by a phenomenal 104% and the technologically superior Proton Suprima S and Proton Perdana. The year also saw the introduction of the first energy-efficient mopeds in the country; and the first made-in-Malaysia Mitsubishi vehicles.

In expanding our distributorship, the Group entered into an agreement with India's largest vehicle manufacturer, Tata Motors, to become an exclusive distributor of Tata commercial vehicles as well as to assemble Tata vehicles in Malaysia.

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

ACM is the sole distributor of light-duty HICOM Perkasa trucks and is also the No.1 dealer in Peninsular Malaysia for Isuzu light, medium and heavy-duty trucks (MHDTs).

ACM achieved total sales of 1,665 units to record revenue of RM216.7 million and gross profit of RM21.6 million. Although there was an overall drop in sales from 1,788 units in FY2013 to 1,665 units in FY2014, sales of pick-up trucks increased from 376 units in FY2013 to 521 units, mainly due to the introduction of a new model.

To maintain its leadership as an Isuzu dealer, ACM aims to further enhance its customer service. It will also offer more comprehensive and competitively priced service maintenance packages with lower total cost of ownership (TCO) for the fleet and government agency business. In the interim, it will concentrate on enhancing its sales volume via more targeted marketing efforts complemented by extensive roadshows.

"The Group entered into an agreement with India's largest vehicle manufacturer, Tata Motors, to become an exclusive distributor of its commercial vehicles as well as to assemble its vehicles in Malaysia."

AUTOMOTIVE SECTOR

64%

increase in
total revenue
from RM396 million

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

DHAS provides logistics and pre-delivery inspection (PDI) services for the import and export of six major marques, namely Audi, BRP, Honda, Isuzu, Mitsubishi, and Volkswagen. It also provides accessories installation for completely built up (CBU) and completely knocked down (CKD) cars at its PDI centres in Pekan, Pahang and Shah Alam, Selangor.

DHAS achieved a 64% increase in total revenue from RM396 million in the previous financial year to RM648 million, however profit before tax (PBT) declined from RM124 million to RM82 million, partly due to increase in staff headcount and the accompanying overhead costs. Going forward, the company intends to grow its PDI and CKD businesses while enhancing its capabilities and capacities to further improve its service delivery. Among the initiatives, DHAS will be implementing a new yard management system at its PDI centres to ensure speedier CBU and CKD clearance at the port.

Edaran Otomobil Nasional Berhad (EON)

As part of the Group restructuring in FY2013, EON disposed its PROTON business to Proton Edar Sdn. Bhd. EON is currently an investment holding company that provides shared support services to its subsidiaries in human capital, finance information technology, and others.

The disposal of the PROTON business had resulted in significantly lower revenue of RM27.4 million for FY2014 compared to RM932.7 million in FY2013.

Euromobil Sdn. Bhd. (Euromobil)

Euromobil, the distributor of Audi, enjoyed a good year following the introduction of new models including the Audi A6 Hybrid 2.0 and four-door variants of the Audi A1 Sportback and Audi A5 Sportback. The company sold a total of 3,047 units in FY2014 – 62.4% or 1,492 units of which were hybrids – marking a 101% increase from FY2013. This helped to increase the brand's share in the luxury car segment to 14%. The Audi A6 Hybrid 2.0, priced at RM280,000 onwards, was named Best Value for Money Luxury Car at the Asian Auto ALLIANZ Auto Industry Awards.

Honda Malaysia Sdn. Bhd. (Honda Malaysia)

FY2014 was significant for Honda Malaysia which underwent several major corporate initiatives, from expansion of its Production Line No. 2 to the launch of new models, such as the Honda Jazz Petrol CKD, Honda Jazz Hybrid CKD, and the all-new Honda Accord.

The new line is able to double the production from 50,000 units per annum to 100,000 units, contributing to a 25% increase in sales volume from 45,981 units in FY2013 to 57,392 units, and a 21% rise in sales revenue to nearly RM4.9 billion.

The new financial year kicked off to a good start with strong demand for the existing models, which are being offered at strategic prices and special incentives. A total of RM180 million in capital investment has been budgeted to upgrade and modernise the present plant and machinery for better operational efficiencies. Together with concerted efforts to expand its dealer network and improve dealers' customer engagement skills and service delivery, the company looks set to achieve its objective of enlarging its customer base. At the same time, its market share is also expected to expand with the introduction of exciting new models in FY2015, which promises to be another exciting year for Honda Malaysia.

HICOM Auto Sdn. Bhd. (HASB)

HASB is a dealer of Volkswagen cars in the country. During the financial year, 454 units were sold, marking a 33% increase from FY2013, and contributing to RM72.9 million in revenue.

Along with an increasing demand for the marque, the company has opened two new branches in Bayan Lepas, Penang and Seremban, Negeri Sembilan, in addition to the flagship branch in Cheras, Kuala Lumpur. To further support fast-expanding sales, HASB continues to strengthen its Volkswagen dealer network by upgrading more branches into 3S centres, providing Sales, Service and Spare parts.

With the launch of the Polo Sedan and Polo Hatchback CKD in FY2014, Volkswagen has entered into a new price segment which should drive further growth. With the recently launched Volkswagen Jetta, the company will have four well-positioned products to compete in key segments of the Malaysian car market.

Isuzu Malaysia Sdn. Bhd. (Isuzu Malaysia)

Isuzu Malaysia imports, assembles, markets and distributes both CKD and CBU models of Isuzu commercial vehicles, namely the light-duty (ELF), medium-duty (Forward), heavy-duty (GIGA) and pick-up trucks (D-Max).

For the second consecutive year, the Isuzu ELF earned the distinction of being the best-selling light-duty truck in Malaysia. Meanwhile, Isuzu Forward has garnered greater market share and gained recognition as the best-selling medium-duty truck in Malaysia.

In 2013, a total of 6,234 units of commercial vehicles were sold, representing 33.5% of the market share. In the pick-up segment, sales of the Isuzu D-Max reached 5,737 units representing 10.7% of the market share.

The introduction of new models and variants of the Isuzu D-Max 3.0L and 700P for both ELF and Forward in 2014 set to further increase the company's revenue in FY2015, and contribute towards regaining its No.1 position in the commercial vehicles sales in Malaysia.

Mitsubishi Motors Malaysia Sdn. Bhd. (MMM)

MMM is the official distributor of Mitsubishi Motors vehicles in Malaysia. For the financial year under review, the company recorded a sales volume of 12,572 units compared to 12,619 units in FY2013. Among the new variants introduced were the face-lift Pajero Sport VGT, Triton VGT GS, ASX CKD and Attrage, the most fuel-efficient eco-sedan in the market.

The launch of the Mitsubishi ASX in January 2014 marked a milestone as the model is the first Mitsubishi vehicle to be assembled by Mitsubishi Motors Malaysia. Among the other achievements, the Triton was accorded highest ranking in the J.D. Power 2013 Malaysia Initial Quality Study (IQS) in the pick-up segment. The study examined the quality of vehicles during the first 90 days of ownership. With the new additions to its line-up, MMM now offers the Mirage compact hatchback, Attrage compact sedan, Lancer GTE sedan, ASX Compact SUV, Triton Pick-up trucks, Pajero Sport SUV, Pajero Exceed SUV and the 100% electric i-MiEV car.

Motosikal Dan Enjin Nasional Sdn. Bhd. (MODENAS)

MODENAS achieved a significant milestone following the introduction of its first below 150cc electronic fuel injection bikes, namely the 118EFI, in June 2013. This model was successfully promoted via the '*Kempen Penghargaan Berganda MODENAS*' from August to December 2013. For FY2014, Modenas recorded sales of 43,115 units of various models with a total revenue of RM167 million.

As part of its transformation to become the No.1 motorcycle brand by 2020, MODENAS is diversifying its business by engaging in contract component machining and engine assembly with Kawasaki Heavy Industries (KHI).

AUTOMOTIVE SECTOR

PROTON Holdings Berhad (PROTON)

While continuing to internalise the Group's corporate culture and integrate its values, vision and mission, PROTON has continued to strengthen its business by expanding its product portfolio, ensuring that new launches meet the needs of different market segments.

During the financial year, it introduced the Saga SV and Persona SV to cater to the lower-end and mid-range market; Proton Suprima S, one of its most technologically advanced and well-equipped offerings, targeted at a more sophisticated clientele; and the manual Satria Neo Standard as well as Suprima Super Premium for consumers who enjoy more 'spirited driving', it also produced the limited edition (LE) Proton PREVÉ and Inspira. While collaborating with a leading global OEM to produce the new Proton Perdana for government officers.

Another commendable initiative was the "Projek Teksi 1 Malaysia" (TEKS1M) providing the taxi community with "PROTON Exoras" factory fitted with natural gas vehicle (NGV) kits. Adding further value, PROTON worked together with the authorities as well as financial institutions to extend favourable financial aid to taxi drivers to be able to afford the vehicle. The TEKS1M project foresees over 40,000 budget and executive taxis across Peninsular Malaysia migrating to Proton Exora over the next 10 years.

These new launches contributed to PROTON maintaining its position as the second most popular car brand in the country, occupying 21.2% of the market. The company's enhanced performance, meanwhile, led to an increase in revenue to RM7.1 billion for the financial year ended March 2014.

Realising its potential to do even better, PROTON will continue to implement initiatives under its comprehensive transformation plan that focuses on taking the brand further afield in the global market. Within Malaysia, the company will reinforce its dealership network to increase the brand's visibility while increasing productivity via operational efficiencies at its plants, especially in the core manufacturing areas of stamping, engine and transmission (ETM) and vehicle assembly. Continuous efforts will be made to provide consistent quality and assurance in products and services to regain customer support and confidence, which will ultimately enhance the PROTON brand.

Suzuki Malaysia Automobile Sdn. Bhd. (SMA)

SMA excited the market with two new models during the financial year, namely the Swift Sport and Jimny. It also initiated a local enhancement of the Swift, the Swift RR Limited Edition, with a total production of only 200 units. The limited edition received overwhelming response and was sold out within two months.

Due to stiff competition, especially among new CKD models, sales decreased from 6,837 units in FY2013 to 5,229 units. Nevertheless, Swift CKD remained the best-selling model in the company, contributing 81% of total company sales. The Suzuki brand retained its market value as reflected in its third-place ranking in the 2013 J.D. Power Sales Satisfaction Index (SSI).

Various strategies are in place to capture greater market share in FY2015 and beyond, including the launch of more models and variants of existing models; aggressive digital marketing; and a strategic dealer network expansion programme targeting 35 dealers by the end of FY2015. Efforts are being made to increase the quality of sales representatives at the dealer showrooms. The third Suzuki Service Camp (Suzuki@Work) was conducted to maintain after-sales service consistency and customer satisfaction, and the company continued to conduct its annual nationwide survey on market trends and post-purchase satisfaction.

DRB-HICOM Commercial Vehicles Sdn. Bhd. (DHCV)

DHCV (formerly known as USF-HICOM (Malaysia) Sdn. Bhd.) is the authorised importer and distributor of 4x4 vehicles, multi-purpose vehicles (MPVs) and commercial vehicles for marques like Honda, Mitsubishi and Mahindra, among others. It is also the exclusive assembler and distributor of the unique three-wheel CAN-AM SPYDER Roadster.

Sales for the year was affected by lower demand for the luxury SPYDER bike as well as the transfer of both the SPYDER and Mahindra businesses to EON effective 1 November and 22 August 2013, respectively. This was countered by DHCV entering into agreements with Tata Motors Limited, India's largest automobile company and the world's fourth largest truck and bus manufacturer, to become the exclusive distributor of Tata Motors' commercial vehicles as well as to expand its vehicle assembly business and distribution network in Malaysia.

With this collaboration, DHCV will focus on marketing Tata Motors' high quality vehicles which are expected to be well received in the local market. A new Tata 3S centre is under construction in Selayang, Selangor and is expected to be completed by Q4 2014. The centre, designed to provide sales and after-sales support, will house 12 service bays and one engine overhaul room, catering for the full range of vehicles from pickups to prime movers. Meanwhile, the Tata commercial vehicles assembly plant is under construction at the DEFTECH facility in Pekan, Pahang and is expected to be completed and ready for mass production by end December 2014. Sales of selected Tata CBU models will commence in Q4 2014.

DEFENCE

Through DRB-HICOM Defence Technologies Sdn. Bhd. (DEFTECH), DRB-HICOM plays an integral role in the development, manufacture and supply of armoured and logistics vehicles for military and homeland security. Traditionally focused on land and sea defence units, the Group is now venturing into both the defence and civilian aerospace sector via the acquisition of Composites Technology Research Malaysia Sdn. Bhd. (CTRM), which was completed on 4 November 2014.

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

DEFTECH has mapped out a strategy to develop an indigenous land combat system while establishing a presence in the development of airborne surveillance, control and combat systems via collaborations thereby entrenching its leadership in the assembly of commercial vehicles.

“DEFTECH has been working very closely with the Government of Malaysia on the acquisition of the Airborne Early Warning and Control (AEWC) system and Maritime Patrol Aircraft (MPA).”

Under the Armoured Vehicle 8X8 (AV8) programme, DEFTECH is to develop and supply 257 AV8 units comprising 12 variants to the Ministry of Defence. It completed a number of sealed patterns and components for the assembly line, and is on track to deliver 12 units of the first variant of the Infantry Fighting Vehicle by the end of 2014. The public was introduced to this variant when it was showcased at the National Day Parade in Kuala Lumpur. To ensure the success of this project, DEFTECH has invested about RM100 million to upgrade its facilities in Pekan, Pahang and in Nilai, Negeri Sembilan under its first phase re-development program.

To strengthen both its land and aviation segments, DEFTECH has entered into three key strategic collaborations during the year. It will be producing right-hand, four-wheel drive High Mobility Multipurpose Wheeled Vehicles (HUMVEEs) with AM General LLC, USA; it is working on an H-1 Helicopter Programme with Bell Helicopters; and exploring the possibility of developing multi-role combat aircraft and other aerospace related opportunities with Boeing.

DEFTECH's expertise has led to successful international business development, and in September 2013 it delivered nine Troop Transporter trucks to Timor Leste with the projection of more transporters and other military vehicles to follow. Meanwhile, its subsidiary Defence Services Sdn. Bhd. (DSSB) is aggressively seeking opportunities to undertake the maintenance, repair and overhaul of armoured military vehicles regionally.

In the commercial business, DEFTECH is working closely with Alam Flora and Oriental Summit Industries Sdn. Bhd. (OSI) on the provision of compactors. During the year, it delivered 144 waste management vehicles to Alam Flora as per scheduled.

AUTOMOTIVE SECTOR

CTRM

is part of the
global composite
aero-structures

Composites Technology Research Malaysia Sdn. Bhd. (CTRM)

CTRM was incorporated on 20 November 1990 under the Ministry of Finance to develop the aerospace and composites industries in Malaysia. Within the space of 14 years, it has become involved in the entire value chain of composites manufacture, from R&D to engineering and design, assembly and the production of structures and defence-related equipment including tactical unmanned aerial vehicles. CTRM is part of the global composite aero-structures supply chain for major commercial and military aircraft manufacturers world-wide.

Among its major commercial clients are Airbus and Boeing for which it designs, develops and manufactures aircraft parts as both a first-tier and second-tier supplier. CTRM is a design and build partner for the Airbus A380 Fixed Leading Edge Lower Panels (FLELP) and the A400M Horizontal Tail Plane Trailing Edge (HTPTE). It has also participated as a strategic partner in the development of fan cowls for the Boeing B787, Mitsubishi Regional jet, Bombardier C series and, in the near future, the Airbus A350.

Following its acquisition by DEFTECH, CTRM changed its financial year end from 31 December to 31 March, in line with DEFTECH's financial year. For the 15-month period from January 2013 till March 2014, it recorded revenue of RM652.7 million as opposed to RM352.6 million in the financial year 2012.

The company expects its financial position to strengthen substantially over the next five years as it supplies components for the popular single aisle Airbus A320 and Boeing B737 aircraft while also taking part in the latest Airbus A380, A400M, A350 and Boeing 787 programmes. Production for the Eurocopter EC 130 and Airbus A350 fan cowl programmes are also expected to begin in 2015.

Operationally, CTRM is enhancing its capacity and efficiencies while driving down costs to remain competitive.

MANUFACTURING AND ENGINEERING

DRB-HICOM's manufacturing and engineering capabilities encompass the manufacture of automotive components and the assembly of vehicles as well as motorcycle engines.

To maintain their competitive edge, companies within this sector are constantly engaged in product and process innovation. During the year, HICOM Diecastings Sdn. Bhd. (HDSB) collaborated with Forschungsgesellschaft fuer Verbrennungskraftmaschinen und Thermodynamik mbH, Austria (FVT) to develop motorcycle engines. It also introduced Advanced Thixotropic Metallurgy (ATM) and gravity diecasting. PHN Industry Sdn. Bhd. acquired new roll forming technology for Ultra High Strength Steel (UHSS) to be used in automotive body structure. HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. (HTS) enhanced its service offering with trivalent chrome products; and Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd. (FHECT) commenced a new emission control technology which is already being employed in Volkswagen units.

HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. (HAMM)

HAMM manufactures Mercedes-Benz C, E and S class, Fuso and Actros for Mercedes-Benz Malaysia Sdn. Bhd.; the Suzuki Swift for Suzuki Malaysia Automobile Sdn. Bhd.; and the Passat, Polo Notchback, Polo Hatchback and Jetta for Volkswagen.

During the financial year under review, the company produced a total of 16,616 units and recorded total revenue of RM533.57 million.

To enhance operations, and in line with DRB-HICOM's human capital development strategy, personnel were trained on the assembly of the new Mercedes-Benz S-Class Hybrid 2014. Significant advances were also made at the Volkswagen CKD operations. Framer and laser technology that meet Volkswagen' stringent quality standards were introduced at the body shop, while the new joint venture company, HICOM HBPO (HHBPO) has begun to manufacture and supply front-end modules.

Given the popularity of its foreign marques, HAMM is optimistic of improving its performance in FY2015, which will be further boosted by Start of Production (SOP) of the Volkswagen Jetta GP and Mercedes-Benz new E Class Bluetec Hybrid in November 2014, the Mercedes-Benz C Class W205 in January 2015, and Tata Ultra and Tata SFC in January 2015. The company will also continue to secure contracts for the manufacture of more marques of international repute to ensure its plant capacity is fully utilised.

“During the financial year under review, the company produced a total of 16,616 units and recorded total revenue of RM533.57 million.”

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

HHMM has been manufacturing and assembling and assemble Honda motorcycle components and engines since 1985. Honda maintained its pole position in the motorcycle segment in Malaysia by recording sales of 195,746 units, making up 34% of the market share in the financial year 2014. HHMM registered RM219 million in revenue, inclusive of RM7 million from parts sales; and PBT of RM18 million despite discontinuing its best-selling model, the EX5 100cc, which was phased out on 1 January 2014 in compliance with Euro 2 standards.

The company's performance is expected to improve with the introduction of three new models to stimulate the market in place of the EX5100cc, namely the new Wave 110cc, Wave Dash and EX5 110cc. Moving forward, the company will explore the possibility of exporting components to Honda affiliates to utilise the excess plant capacity. At the same time, it will look into various initiatives to further streamline operations and cut costs.

HICOM Diecastings Sdn. Bhd. (HDSB)

HDSB is the main casting supplier in the region specialising in engine components such as cover cylinder heads, cover timing chains, oil pumps, water pump covers, fuel pipes, steering housing and brackets for automotive and non-automotive OEMs and motorcycle engine assemblers. Its customers include PROTON, Perodua, ZF Steering (M) and Honda in Malaysia, Mazda and NSK in Japan, Magna Powertrain in Canada, and PT ADM in Indonesia. The company is backed by renowned technology providers such as Ryobi Ltd, Japan, and DongSeo Machine and Tools from Korea through technical assistance collaborations.

During the financial year, HDSB achieved revenue of RM97.8 million contributed mainly by higher sales to Perodua and export to White Rogers, IMO Pump and Planmeca OY. As part of its ongoing business diversification, HDSB is venturing into motorcycle engine development and will focus more intently on increasing its presence in the export market to ensure continuous growth and sustainability.

AUTOMOTIVE SECTOR

HTS

began supplying
CKD modules

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

HTS continues to forge ahead as the country's largest OEM plastic automotive vendor with core products ranging from instrument panels, door trims, bumper fascias, door brackets to class-A surface painted and chrome plated products. Its customers range from PROTON and Perodua to Honda, Toyota, Nissan and Volkswagen, to name a few.

During the financial year, HTS began supplying CKD modules for the Volkswagen Polo Hatchback, Polo Sedan and the new Proton Suprima as well as Honda City. It began to supply modules and parts to Mitsubishi Malaysia, a new OEM which is to assemble localised CKD Mitsubishi ASX sports utility vehicles (SUVs). Although the plant in Rayong, Thailand was impacted by political unrest as well as withdrawal of a rebate to first-time car buyers, business was cushioned by the start of production of painted spoilers for Honda Access via Tier-1 vendor CBC Forma. This increased export sales to Japanese OEMs as per its strategy while enhancing its portfolio with new value-added products. The company has identified opportunities for joint ventures in new technologies to support its long-term business objectives.

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

HYMM manufactures and assembles Yamaha motorcycle parts and engines. The company supplied 156,730 units of engine, bringing in revenue of RM217.9 million which was RM8.5 million higher than the previous financial year. The new Lagenda T115 fuel injection system which replace the Lagenda T115 carburetor system has proven to be successful, notching average sales of 4,500 units per month.

ISUZU HICOM Malaysia Sdn. Bhd. (IHM)

IHM manufactures ISUZU light-duty, heavy-duty and pick-up trucks. For the fourth consecutive year, the ISUZU N-Series earned the distinction of being the best-selling light-duty truck in Malaysia. In FY2014, IHM launched new models and variants of the ISUZU 700P F-Series and N-Series trucks. A total of 6,234 commercial vehicles were sold, achieving 33.5% market share. In the pick-up segment, 5,737 units of the ISUZU D-Max were sold, comprising 10.7% of the market share. For the financial year under review, IHM recorded total sales revenue of RM911.98 million, marking an 88% increase from the previous financial year. This included RM1.01 million from the export of parts.

Oriental Summit Industries Sdn. Bhd. (OSI)

OSI manufactures chassis components such as front lower arms, rear axle suspension and lever parking brakes for key OEMs such as PROTON, Perodua, Volvo and Toyota. The company's production processes encompass stamping, welding, ED painting and assembly. OSI has in-house expertise to perform product and tooling design, and is capable of product validation testing. The company is supported via Technical Assistance Agreements with leading technology providers such as Namicoh Co. Ltd, Futaba Industrial Co. Ltd, Akashi Kikai Industrial Co. Ltd and Hiruta Kogyo Co. Ltd. In addition, through its subsidiary Faurecia-HICOM Emissions Control Technologies (M) Sdn. Bhd. (FHECT), the company has diversified into emissions control technologies via a joint venture, Faurecia Emissions Control Technologies.

OSI achieved RM188.96 million in revenue in FY2014 on the back of existing and new business secured from various OEMs. It also secured truck mounted equipment (TME) business from Alam Flora, and the supply of office furniture to steelcase, both of which represent new channels of income generation.

PHN Industry Sdn. Bhd. (PHN)

PHN is a 1st Tier metal stamping vendor to PROTON, Perodua and Honda. It offers a wide range of services, encompass the entire value chain from the design to mass production of automotive dies. In FY2014, it started mass production for the Honda Accord 2GA, Saga Super Value, Persona Super Value, and re-productions of the Neo, Suprima, Perodua Alza SE and NCAP and Volkswagen Polo. It is also involved in developing the Honda Jazz 2WF and Honda 2XP (SUV), which are targeted for launch in mid-2014 and early 2015 respectively. Currently, PHN is contributing to the localisation of Volkswagen and Suzuki, with dedicated teams for the product and process development.

PHN recorded sales of RM317.4 million, mainly from jigs and dies development for PROTON, Honda and Perodua, and achieved a pre-tax profit of RM20.9 million. It plans to strengthen its core competencies while creating new businesses from major car makers such as Honda, Volkswagen and Perodua, as well as from other companies within the DRB-HICOM Group such as Alam Flora and KLAS while also exploring the export market. PHN also intends to add value via R&D to non-body and non-automotive parts such as batteries and satellite dishes. In addition, it will look into the possibility of opening new business offices internationally.

MOVING FORWARD

Along with an increasingly robust economy, the country's TIV is projected to grow between 4%-5% in the calendar year 2014. We expect revenue from our Automotive sector to increase not only in tandem with the growth in the industry, but also with an expanded market share, driven by increased sales from PROTON followed by Honda, Mitsubishi, Isuzu, Suzuki and Audi.

We also anticipate more intense competition, exacerbated by the National Automotive Policy (NAP) introduced in January 2014, under which the Government has projected a reduction in the price of vehicles by between 20% and 30% by year 2017. While further increasing cost efficiencies to meet the new price regime, we will need to re-align our strategies to focus more on locally-manufactured energy-efficient vehicles (EEVs) to develop Malaysia into a regional EEV hub. Despite the challenges ahead, we are confident of maintaining an edge over other players given our leadership position and the fact that we are the only corporation in the country to be involved in the entire automotive ecosystem.

We are also assessing the implications of the Goods and Services Tax (GST) on our portfolio of businesses and are preparing for the advent of a more liberalised industry along with implementation of the ASEAN Community in 2015. Our objective is both to draw greater talent across borders to enhance our human resources, while exporting our quality products, leveraging on our position as the only full-fledged automotive original equipment manufacturer (OEM) in the region.

“We expect revenue from our Automotive sector to increase not only in tandem with growth of the industry, but also with a growing market share driven by increased sales from PROTON followed by Honda, Mitsubishi, Isuzu, Suzuki and Audi.”



Establishing trust and credibility in your brand helps you maintain a competitive edge



Alamflora

Appreciating LIFE

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DRB-HICOM

SERVICES SECTOR

Growing our business in tandem with greater focus on productivity as well as efficiency to develop seamless

airside connectivity

DRB-HICOM has a diversified Services Sector that encompasses the Group's concession businesses – comprising solid waste management, vehicle inspection and airport services – as well as financial services companies.

Since 2012, this sector has also included the nation's postal services. While focusing on operational efficiency and quality service, the sector further expanded during the financial year under review with the acquisition of new business that promises to enhance the Group's earnings and profit margin. Last year, Services earned RM2.7 billion, accounting for 19% of DRB-HICOM's total revenue and 58% of its profit before tax (PBT).

CONCESSIONAIRES

KL Airport Services Sdn. Bhd. (KLAS)

As the global economy began to strengthen, so did the aviation industry, which saw passenger traffic increase by 7.1% among airlines in the Asia-Pacific region. Although the cargo sector was comparatively more subdued, notching growth of 1.4% globally, signs of improvement towards the second half of the calendar year 2013 pointed to more robust performance in 2014 during which growth is expected to increase to 4.0%. A generally resilient air travel industry is conducive to KLAS, which provides ground and ramp handling, cargo, catering, aircraft maintenance and engineering services to commercial airlines operating into and through Malaysian airports.

KLAS continues to work closely with Malaysia Airports Holding Berhad (MAHB) to attract more airlines into the country. Its efforts resulted in a considerably enhanced portfolio of business with new contracts from Malindo Air, Air France, Turkish Airlines, Jetstar Asia, Philippines Airlines, Express Air, Hong Kong Express and Hong Kong Airlines. In total, KLAS handled 16,521 flights to Kuala Lumpur and 157,095 tons of cargo while providing 2,812,293 in-flight meals; while in Penang, it managed 5,398 flights and 23,455 tons of cargo.

A major milestone during the year was the acquisition of Konsortium Logistik Berhad (KLB), a logistics company with which KLAS plans to rationalise and centralise the Group's logistics operations, and strengthen it to expand beyond Malaysia's borders and into the regional market.

Continued focus on operational efficiencies and enhanced service delivery led to KLAS exceeding the industry standards in various parameters. It recorded only one mishandled baggage per 1,000 passengers as opposed to two per 1,000 passengers as per the industry benchmark; one case per month of mishandled cargo as opposed to the standard of three per month; and it achieved a very noteworthy 99.7% on-time departure against the standard of 98.5%. Its high standards of service was recognised, as reflected in the company receiving 82 letters from satisfied airline and corporate customers.

Moving into FY2015, KLAS will leverage on Group synergies to further expand its business. One area that has been identified for growth is cargo handling. To capitalise on an expected increase in cargo traffic within the region, the company is improving its facilities to offer more enhanced capabilities and is looking forward to collaborating with internationally recognised ground handlers. Additionally, KLAS will seek to create new aviation and non-ground handling related revenue streams.

KLAS
will leverage on
Group synergies in
order to further
expand its business

Alam Flora Sdn. Bhd. (Alam Flora)

Alam Flora was incorporated as a special purpose company to undertake the privatisation of solid waste management (SWM) and cleansing services. On 1 September 2011, it entered into a Concession Agreement (CA) with the Government of Malaysia which was represented by Jabatan Pengurusan Sisa Pepejal dan Pembersihan Awam (PPSPPA), to manage the collection of solid waste and public cleansing services within its contracted concession areas, namely the Federal Territories of Kuala Lumpur, Putrajaya and the state of Pahang for a period of 22 years.

Alam Flora is currently responsible for the SWM and public cleansing services in 13 out of 32 local authorities in its concession areas. During the year, it has made considerable headway to take over SWM and public cleansing activities in the state of Kelantan while there are concurrent efforts being made in the state of Terengganu. Once Alam Flora captured these East Coast states, Alam Flora will be the biggest private SWM and public cleansing company in Malaysia.

Simultaneously, Alam Flora is also growing its non-concession business, namely collection of solid waste in industrial, commercial and institutional sectors, collection of renovation and construction waste, management and operation of landfill and transfer station, cleaning of buildings and offices, recycling and the collection of metal scrap. As a result, DRB-HICOM Environmental Services ("DHES"), a wholly owned subsidiary of Alam Flora, was introduced towards the end of 2013 to manage the non-concession business accordingly.

The Group posted revenue of RM565.10 million for the financial year 2014 and recorded a 58% increase in profit before zakat and taxation ("PBZT") of RM56.54 million.

SERVICES SECTOR

PUSPAKOM Sdn. Bhd. (PUSPAKOM)

PUSPAKOM is the only vehicle inspection company appointed by the Government to undertake all mandatory inspection of commercial and public motor vehicles. It was granted a concession to inspect commercial vehicles in August 1994, and today conducts about 3.2 million inspections a year at more than 50 branches in Peninsular and East Malaysia. In addition to its concession business, the company inspects hire purchase and imported vehicles. PUSPAKOM also derives revenue from the voluntary inspection of private vehicles, mainly passenger cars.

Over the last five years, inspection of commercial vehicles has consistently contributed to the growth in the Company's revenue, averaging at 60% of the total number of inspections, primarily driven by an increase in number of new commercial vehicles registered. In the year 2014, the Company registered a 2.1% increase in the number of new commercial vehicles inspected to 97,000 units from 95,000 units in the previous year. This contributed to a 1.9% increase in the Company's revenue to RM143.8 million compared to RM141.1 million previously. Commercial vehicle inspection under the concession business comprised 83% of the Company's total revenue. The main revenue earner of the concession business was mandatory routine inspection at 56%, while hire purchase inspection made up 59% of the non-concession business.

"In FY2014, there was a 4.7% increase in number of new commercial vehicles registered from 75,564 units to 79,136 units."

Although total industry volume (TIV) is expected to drop from an average of 5% from 2009 to 2013 to an average of 2% over the next five years up to 2018, PUSPAKOM is gearing up to expand its business by leveraging on the National Automotive Policy's focus on road safety and creating a new income stream from the voluntary inspection of passenger cars aged more than five years. It will also enhance its Premier Services, through which vehicles are inspected at customers' premises. This business offers a win-win situation for both customers, who benefit from the convenience of saved time and effort, and PUSPAKOM, which derives a higher profit margin from the added-value service. Over the next five years, PUSPAKOM aims to acquire new mobile units to expand its existing fleet of Premier Services.

PUSPAKOM will continue to increase the use of IT to automate more of its operations so as to increase efficiencies. In addition, it will intensify efforts to increase its capacity as well upgrade its facilities and infrastructure. Its objective is to be able to handle more business while offering greater comfort and convenience to its customers at all branches.

FINANCIAL SERVICES

Bank Muamalat Malaysia Berhad (Bank Muamalat)

Despite high volatility in financial markets in general across the world in 2013, the Malaysian economy was boosted by resilient domestic demand to record gross domestic product (GDP) growth of 4.7%. Although this was lower than GDP growth of 5.6% in 2012, the banking sector remained healthy, backed by strong capitalisation and ample liquidity even as the low rate environment meant persistent pressure on margins.

For the financial year ended 2014, Bank Muamalat recorded a PBT of RM208 million on the back of revenue which surpassed the RM1 billion mark, underpinned by stable growth in financing and fee-based income. This was further supported by gains from the disposal of its investment property.

Throughout the year, the bank engaged actively in the Oh Yeah! campaign aimed at expanding its individual depositor base as well as improving the concentration risk of its funding profile. The effort translated into the acquisition of nearly 120,000 new individual accounts, with a 31.5% year-on-year growth in total savings deposit to close the year at RM1.3 billion.

Equally significant, gross financing grew to RM12.2 billion fuelled by 16% and 9% growth in consumer and wholesale financing over the preceding year respectively. As at end March 2014, consumer financing contributed 67% of the overall financing portfolio while total assets of the bank closed at RM20.1 billion. Following the financial close, the bank's core capital ratio and risk weighted capital ratio remained robust at 14% and 18% respectively.

As part of the bank's efforts to enhance productivity and improve the quality of its service delivery, it initiated a core banking transformation, the Muamalat Banking Solution Programme, in December 2012. This involves replacing the current core banking systems and support applications with an integrated and comprehensive Shariah-compliant system which will streamline business operations and offer a single customer view thus enhancing the bank's customer service delivery while also improving its product time to market.

The transformation is expected to be completed by the third quarter of 2014, following which the bank will be on a stronger footing to forge ahead in realising its vision of becoming the preferred Islamic financial services provider in Malaysia. With strengthened fundamentals, moreover, Bank Muamalat will be better positioned to enter into joint ventures with Islamic banks in the region to take its brand and business further afield.

31.5%
year-on-year growth
in total savings deposit
to close the year
at RM1.3 billion

Uni.Asia General Insurance Berhad (UAG)

UAG continued to make inroads into the retail insurance market place, its diversified distribution channels including its agency network contributing significantly to the company's sales growth. In the financial year under review, UAG achieved a gross premium of RM529.8 million, up 12.2% from RM471.9 million in the previous financial year, and outstripping the industry's growth of 6.4%. PBT was equally encouraging at RM84.0 million, while the company's strengthening capital adequacy ratio far exceeded the regulatory requirements.

Moving forward, UAG aims to achieve a double-digit improvement from its current performance. The company will continue to leverage on the strength of its human resources and distribution capability to deliver better financial results in FY2015 and the years to follow.

SERVICES SECTOR

OTHER BUSINESSES

Pos Malaysia Berhad (Pos Malaysia)

Over the years, Pos Malaysia has been diversifying its business to address the decline in traditional mail as a result of widespread adoption of electronic communication. This has seen it branch into courier services, financial services and, more recently, into supply chain solutions leveraging on its broad network of approximately 1,100 contact points comprising postal outlets as well as mobile units and postal agents.

The financial year under review marks the second year of a 5-year SCORE transformation programme that was activated in FY2013 to restructure and streamline Pos Malaysia's operations in order to increase efficiencies while reducing costs. Income from new businesses, coupled with growth in existing businesses, led to a 12.4% increase in revenue to a historic high of RM1.43 billion, reflecting improvements across the board in the areas of mail, courier and retail. Meanwhile, PBT totalled RM223.4 million, up 16.4% from the FY2013 while profit after tax grew 4.2% to RM157.7 million, driven mainly by productivity gains.

Various initiatives were implemented in its core activities of mail, courier, retail and related businesses during the year to increase productivity and efficiency. These included a new track-and-trace solution for PosDaftar and GPS tracking units with an in-built Fleet Management Information System for postmen; increased mobile postal service in Sabah and Sarawak; and expansion of both ArRahnu and insurance services, including takaful, at various Pos Malaysia and Pos ArRahnu outlets.

Looking ahead, Pos Malaysia will remain focused on enhancing its top line growth, while ramping up efforts to boost operational efficiency, improve service quality and offer a more extensive range of innovative and customer-centric products.

1,100
contact points

HICOM University College Sdn. Bhd. (HUCSB)

HUCSB owns and manages the International College of Automotive (ICAM), incorporated in January 2010 to cater to the needs of the Group's human capital as well as nurture young talents in various areas within the automotive sector at the diploma and degree levels.

ICAM achieved its milestone in January 2014, when it unveiled its new RM350 million state-of-the-art facilities located at the Group's automotive hub in Pekan, located within the Peramu Jaya Industrial Complex.

With the tagline "By the Industry, For the Industry", ICAM offers programmes that cover the entire automotive ecosystem from components manufacturing to the assembly of vehicles, their distribution and aftermarket service. The centre, which is also involved in research and development, is poised to become a hub of human capital development for the automotive industry not only in Malaysia but also the region.

ICAM celebrated another milestone when it held its inaugural convocation on 25 January 2014, at which 139 students from its first two cohorts graduated upon the successful completion of their three-year Diploma programmes. The graduates were from six Diploma programmes in the areas of engineering and technology as well as business and management. All the graduates have subsequently either gained employment in companies within the Group or pursued their education by enrolling into ICAM's twinning Bachelor's programme in Manufacturing Systems Engineering which started in September 2013 with Liverpool John Moores University, UK.

Sprawling across 16.9 hectares, ICAM's new campus is being constructed in phases. Phase 1, which has been completed, comprises the Chancellery Hall, Administration Block, Student Activity Centre (MENSA), Engineering and Technology Block A, and the Business and Management Block. ICAM started operating at the new campus in January 2014.

Phase 2, comprising the Engineering and Technology Block B, and the Innovation & Research Centre, is expected to be completed in 2015. On full completion of the facilities in 2015, the College will be able to accommodate 7,000 students. The College is also providing two blocks of residential facilities for its students.

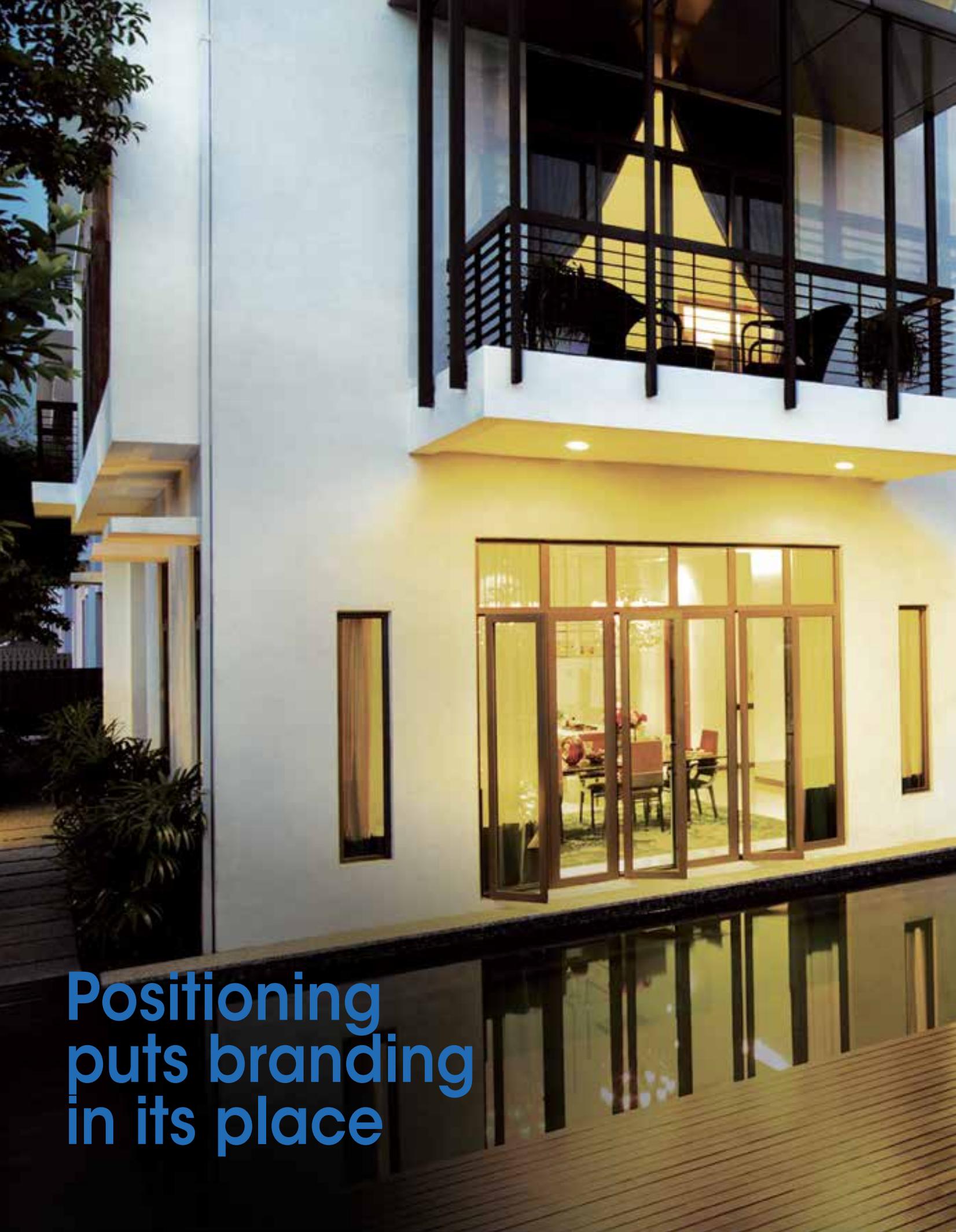
"ICAM celebrated another milestone when it held its inaugural convocation on 25 January 2014, at which 139 students from its first two cohorts graduated upon the successful completion of their three-year Diploma programmes."

MOVING FORWARD

All three concession businesses performed well during the financial year under review, and are expected to continue to make steady progress in FY2015 in tandem with greater focus on productivity as well as efficiency. KLAS' acquisition of KLB will create a new and significant revenue stream from the provision of an integrated end-to-end logistics platform. Potential expansion of Alam Flora's concession business and the setting up of DHES to spearhead its non-concession business will boost its revenue and bottom line. Meanwhile, concerted efforts to digitise operations at PUSPAKOM as well as to enhance the customer experience will contribute towards a more energised and efficient organisation.

Within the financial services, the Group is rationalising our operations in order to create greater synergies from our businesses.

Pos Malaysia is making good progress under its 5-year transformation programme, which will strengthen its position to deliver communications, logistics, financial services and supply chain solutions at the highest level of reliability and integrity.



**Positioning
puts branding
in its place**



PROPERTY, ASSET & CONSTRUCTION SECTOR

Successful launches of

various properties

The Property, Asset & Construction (PAC) Sector has always contributed significantly to the Group's performance, and the financial year 2014 was no different. PAC's revenue of RM759.8 million made up about 5% of DRB-HICOM's total, while its PBT of RM196.8 million comprised 24% of the Group's total. Key milestones during the financial year included the disposal of land, in addition to adding value to our stable of properties currently under development.

Despite a slew of measures by Bank Negara Malaysia to curb personal spending and property speculation, the property market remained active in 2013 and early 2014, with no sign of any let-up on the increase in prices. At the same time, new launches have been accompanied by high take-up rates, especially among the Group's developments. During the year, Property recorded revenue of RM645.5 million, marking a 118% increase from RM295.8 million in the last financial year, mainly due to the sale of land parcels. Asset contributed RM46.7 million in revenue while the Construction sub-sector brought in RM14.0 million in revenue.

PROPERTY

This sub-sector encompasses the development of property and sale of land from the Group's 600-hectare land bank in Johor, Melaka, Kuala Lumpur city centre and Puchong, Selangor. Focused on bringing to market quality and distinctive property products geared to meet demand for emerging lifestyle trends, the Group has enjoyed continuously high take-up rates of residential units that have been introduced. At the same time, home-buyers have benefitted from significant capital appreciation of their properties within the relatively short span of one to two years.

The financial year was marked by a number of strategic land sales, which included the disposal of 614 acres in Glenmarie Iskandar, Johor under Neraca Prisma Sdn. Bhd. (NPSB) and Benua Kurnia Sdn. Bhd. (BKSB). In addition, HICOM Indungan Sdn. Bhd., a subsidiary of Glenmarie Properties Sdn. Bhd. (GPSB), entered into an agreement with HONDA (Malaysia) Sdn. Bhd. in December 2013 on the sale of 65 acres of industrial land in HICOM Pegoh Park, Melaka. This adds value to our remaining land bank in the area, which will be developed in due course.

Glenmarie Properties Sdn. Bhd. (GPSB)

GPSB, which represents the Group's flagship property development arm, has been responsible for the design and development of the entire Glenmarie stable of properties. This includes some of the most exclusive gated residential addresses in the Klang Valley. The company is currently completing the Glenmarie Gardens, Laman Glenmarie and Glenmarie Cove projects in Shah Alam and Klang, each with its own distinctive concept and appeal. It is also in the midst of developing the 365.02ha Glenmarie Heights township in Johor, a 15-year undertaking with a gross development value (GDV) of RM5 billion.

Glenmarie Gardens comprises luxury bungalows with smart home and green features, sky gardens and leg pools sprawled across 26 acres of prime freehold estate that includes a golf & country club. Laman Glenmarie boasts 385 two- and three-storey link houses in Section U1A with a GDV of RM387.79 million; while Glenmarie Cove is the country's first low-density, gated and guarded riverfront development comprising bungalows and semi-detached homes in Klang, boasting a GDV of RM1.37 billion. During the financial year, 16 bungalows under Phase 1 and 23 bungalows under Phase 2 of Glenmarie Gardens were completed in March 2013 and September 2013 respectively.

GPSB also launched 83 units of two-storey freehold super-link houses under Laman Glenmarie's Phase 2B in October 2013. The houses in this phase, which has a gross development value (GDV) of RM92 million, are priced at between RM1 million and RM1.5 million and are expected to be completed by October 2015. Phases 1A and 1B, launched in 2011, were completed in December 2013 and are sold out. Phase 2A, featuring 84 two-storey super-link houses, was launched in May 2012 and has seen a 90% take-up rate as at March 2014.

The final offering of Phase 2B, featuring 32 units of three-storey super-link houses with a GDV of 53.2 million, was launched in June 2014 with all units fully booked.

At Glenmarie Cove, 20 exclusive two-storey semi-detached houses were launched in November 2013. Each unit is priced from RM1.3 million onwards and the entire phase, with a GDV of RM28 million, is due to be completed in September 2015. Among the upcoming launches at Glenmarie Cove are 24 units of two and three-storey shop houses as well as 26 units of two-storey bungalows.

The first release in Glenmarie Heights is targeted for the fourth quarter of 2014, comprising Phases 1A and 1B of two-storey terrace houses. The Group is confident of this project as it is very strategically located within the Economic Zone E Senai-Skudai of Iskandar Malaysia, which is a mere 10-minute drive to Johor Bahru and Singapore via the Eastern Dispersal Link. The exclusive property is, moreover, situated next to the mature Mount Austin area.

Proton City Development Corporation Sdn. Bhd. (PCDC)

PCDC is a joint venture between DRB-HICOM and Perusahaan Otomobil Nasional (PONS) set up expressly to develop Proton City, a 4,000-acre township in Tanjung Malim, Perak that has been planned to integrate residential, commercial and industrial components to offer its residents the ultimate ease and convenience of modern living. During the year under review, PCDC launched 104 two-storey cluster houses in August 2013 with a sales take-up rate of 61%, while also delivering 32 single-storey semi-detached houses in September 2013.

ASSET AND FACILITY MANAGEMENT

Glenmarie Asset Management Sdn. Bhd. (GAM)

GAM is a one-stop centre providing integrated facility management (IFM) services, specialising in comprehensive maintenance and performing technical audits on buildings for the Group. It also provides security, general cleaning services and consultancy on energy management and green technologies.

PROPERTY, ASSET & CONSTRUCTION SECTOR

Glenmarie Golf & Country Club (GGCC)

GGCC, in Glenmarie, regularly hosts significant golfing tournaments and during the financial year was the venue for the inaugural EurAsia Cup between Asia and Europe in March 2014, the Tan Sri Muhyiddin Golf Challenge in December 2013, Asian Senior Master in June 2013 and 100 Plus Malaysia Junior Open in November 2013. Revenue from membership and events led to revenue of RM22 million.

Both the golf course and clubhouse facilities at GGCC have been upgraded to provide pristine playing conditions and enhanced facilities befitting a world-renowned club. This upgrade has certainly, positioned GGCC as one of the most prestigious golf clubs in the country.

Holiday Inn Kuala Lumpur Glenmarie (HIKLG)

Tourist arrivals to the country grew by 2.8% to 25.7 million compared to 25.0 million in 2012. A healthy tourism industry, coupled with best practices in sales and marketing, a revenue management system borrowed from the Intercontinental Hotel Group (IHG) and a strong guest loyalty programme contributed to steady performance of HIKLG, which measured an average occupancy rate of 73% in FY2014. Reflecting high standards across the board, HIKLG won in four categories at the Hospitality Asia Platinum Awards (HAPA) 2013-2015 Malaysia series, namely: the HAPA 5 Star Hotel, HAPA Front Office Excellence, HAPA Housekeeping Excellence and HAPA Night Spot of the Year – Outstanding Concept. HIKLG was also voted as a best employer in Malaysia by Aon Hewitt's Best Employer Malaysia 2013/2014 Award.

“The Group has the advantage of a strong Glenmarie brand, which is now well-recognised and associated with quality products and after-sales service.”

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

In January 2014, Rebak Island Resort was rebranded as Vivanta Rebak Island Langkawi by TAJ, another luxury brand of TAJ, known for its exquisite resorts and hotels. The exercise saw significant changes that bring the resort on par with the Taj brand, including intensive staff training by experts from the Taj, new designer uniforms, branded collaterals, some soft refurbishing in core areas of the resort, new branded signage and stylised menus. This has contributed to an average occupancy rate of 75% and a 32% growth in revenue. Moreover, focus on the ultimate guest experience had led to the resort winning the 2014 Travellers' Choice by premier travel advisory website Trip Advisor.

Lake Kenyir Resort

The resort, also known as the Home of the Hornbills, comprises 135 of traditional Malay timber chalets. The resort is a sanctuary for nature lovers and consistently attracts a high number of guests during the festive seasons and school holidays. Intensive development programmes are being undertaken by the Tasik Kenyir local authority and Terengganu's Economic Planning Unit to promote Tasik Kenyir via an integrated tourism plan with attractions such as the Kenyir Festival, held from 29 April until 29 May 2014, and the opening of an Elephant Village.

The Verge, Singapore

The Verge, a modern shopping mall located along Serangoon Road, Singapore achieved 93% occupancy as of March 2014, an encouraging figure given that construction works have been ongoing at a nearby MRT since October 2010. In anticipation of greater connectivity and shopper convenience once the MRT line is completed in 2015, the management is rebalancing the tenancy mix at the mall as it focuses on transforming The Verge into a higher yielding asset.

CONSTRUCTION

All construction activity by the Group is undertaken by HICOM Builders Sdn. Bhd. (HBSB), which completed a total of 11 projects inclusive of its own property development project, Mutiara Tropicana Phase 2. The company closed the financial year with a book order of RM99.2 million while recording revenue of RM104.1 million, more than double the figure achieved in the previous year.

Among other major projects completed during the year were the Chancellery Hall at the International College of Automotive (ICAM) in Pekan, Pahang; extension of Proton's body shop in Tanjung Malim, Perak; construction of 25-acre parking facilities and a Pre-Delivery Inspection Centre (PDI) for DRB-HICOM Auto Solutions Sdn. Bhd. (DHAS) at the Port Klang Free Zone (PKFZ), Klang; and the design and build of an Audi showroom in Juru, Penang.

In addition, HBSB is currently building 104 cluster houses for Proton City Development Corporation Sdn. Bhd. (PCDC) in PCDC Parcel 18 in Tanjung Malim; as well as a student hostel and the Faculty of Innovation & Engineering at ICAM - with a combined contract value of RM62 million.

HBSB is looking to strengthen its project management capabilities to explore greater opportunities from outside the Group. Given its experience and expertise, it aims to almost double its revenue in the next financial year.

11
projects
 inclusive of its
 own property
 development project

MOVING FORWARD

Despite a tightening of personal loans and an expected increase in property prices as a result of implementation of the Goods and Services Tax (GST) in 2015, the Group is confident that the property market will continue to be vibrant in FY2015. The Group itself has the added advantage of a strong Glenmarie brand, which is now well-recognised and associated with quality products and after-sales service. Continuing to be market-responsive and cater to demand, with a strong focus on quality, the Group expects its properties to be well-received and to continue to appreciate significantly in terms of market value.



Without a sense
of caring, there
can be no sense
of community



HUMAN CAPITAL DEVELOPMENT

As one of the largest conglomerates in the country, DRB-HICOM has more than 60,000 employees from different backgrounds and ethnicities across our 178 subsidiaries and 90 operating companies, lending immense value of their diverse skills, knowledge and abilities to drive the Group forward.

While the Group is guided by a robust leadership that defines our corporate goals and strategies, these are implemented and articulated by our team of people who have demonstrated time and again their dedication and commitment to the Group's overall vision and values.

VALUING OUR PEOPLE

DRB-HICOM's strength lies in its people. Our values proposition is evident in the shared values of the group which emphasises on the following:

- Transparency; Integrity; Excellence; Decorum; Innovation; Teamwork & Quality.

With these values DRB-HICOM drives its people to propel the group's diversity into energy and synergy towards the achievements of the group's common goals. The high performance culture coupled with professional attributes will ensure greater success as the company continues on its growth path.

Talent development plays a pivotal role in building the peoples' strength ensuring the company growth is sustainable. Leadership development is also a critical and integral part of the Talent Development process. We have introduced the Executive Coaching Program for our leaders to focus on respective individual development needs. The company will uncompromisingly continue to invest in this area.

At DRB-HICOM, we recognise that our people are our most important asset. Ultimately, individuals whom we embrace as warga DRB-HICOM (the DRB-HICOM family) drive our business to new heights with their skills, talent and passion.

Recognising the immense and critical contributions of warga DRB-HICOM, the Group has always been committed to empowering our people by realising their true potential. In this regard, we are fortunate to have a diverse range of businesses across different industries, which provide almost endless opportunities to our employees to broaden their knowledge and skills in ways that they could not possibly do in smaller, more conventional corporate environments. Just as they grow their careers from one company to another either within or across sectors, we benefit from their vast accumulation of knowledge and expertise.

More importantly, we benefit from the synergies that are created from thousands of employees with enriched knowledge and experience working collaboratively towards achieving our common goals.

Learning & Development

Over and above the knowledge that our people gain from their job exposure, we have in place a formal structure that ensures the continuous learning and professional development of every employee, which we believe goes a long way towards sustaining a high level of performance. Our commitment to employee development has been intensifying over the years, and in 2012 we established @theAcademy which serves to provide for the learning needs of our staff Group-wide. Each employee is provided with a Learning Passport which gets stamped after the completion of every module undertaken by the individual. The management of @theAcademy, meanwhile, is responsible for keeping track of skills gaps within the Group and offering programs that will fill these, in addition to basic trainings.

During the year, the learning center conducted 80 courses for 47 companies under the four pillars of personal, functional, leadership and business acumen. In addition, @theAcademy also provides in-house consultancy to operating companies within the Group on how to improve the soft skills of their employees thus improve service standards across our businesses.

Specifically for our Automotive Division, the Group established the International College of Automotive (ICAM) in 2010. Today ICAM prides itself as being the only automotive college in the region that has been established 'By the Industry, For the Industry', providing opportunities to DRB-HICOM employees and Malaysian youth at large to up-skill and broaden their understanding of the automotive value chain through structured learning and recognised Diploma programs. ICAM now is in the final stages of being accorded University status, following which the institution will also offer degree programs, which will provide even more opportunities for DRB-HICOM employees, local and foreign students. This is to enhance their competencies and academic qualification up to Master's and eventually at Doctorate levels. As part of the overall talent development programme, senior leaders and subject matter experts within DRB-HICOM Group are encouraged to teach and mentor at ICAM as Adjunct Professors.

Growing Talent

We leverage on the technological capabilities of the global brands with which we have established strategic alliances by ensuring that human capital development is included in our agreements through the cross-pollination of knowledge and experience. Via these partnerships, our employees are given the opportunity to acquire new skills and be exposed to hi-tech equipment, methodologies and processes through short-term assignments in Germany, Austria, Portugal, Mexico and India. We also have engineers working on various projects in Turkey, South Africa and France. In addition, a number of DRB-HICOM staff are currently stationed in the UK on attachments with Lotus Group Plc, where they are being exposed to the systems and technologies employed in the manufacturing of Lotus cars. Literally at DRB-HICOM, "Where opportunities for growth have no bounds".

Talent Management

In strengthening the leadership line-up, DRB-HICOM introduced a 12-months Executive Coaching Program under which we are developing the leadership potential of 14 key leaders to prepare them for greater roles and responsibility within the Group. In parallel, the Group is also embarking on a Talent Management Programme to ensure a steady pipeline of talent for critical positions across all sectors in the Group capable of managing different stages of growth at each of our operating companies.

Ethics and Decorum

DRB-HICOM takes serious effort to create a distinct corporate culture that helps to unite employees across all our companies and subsidiaries. This corporate philosophy is underlined by seven shared values that define what we stand for and what we expect of our people. These values as stated earlier are constantly reinforced at team-building sessions and other employee engagement initiatives. These values also guide us during the initial stages of the hiring process, when we look for the following traits: honesty, integrity, transparency, respect, IQ and EQ, and the ability to work in teams.

To reinforce our commitment to the ethical conduct of every representative of the Group, we have a Code of Business Ethics and Business Practice which provide clear guidelines on acceptable and unacceptable behaviour in our dealings with all stakeholders.

Human Resources Management System

To promote the Group's cohesion in managing information of over 60,000 employees across sectors, DRB-HICOM had launched a new Human Resource Management System (HRMS) in FY2013/14, which is being implemented in stages. The system provides employees with access to personal information and enables them to manage their own employee benefits, while providing the management with a more coordinated and seamless management of human capital data and analytics.

Safety, Health and the Environment

DRB-HICOM acknowledges our duty to ensure a safe and conducive work environment for all employees and other stakeholders. We are committed to ensuring the highest levels of safety, health and environment (SHE) in all our operations and have a comprehensive framework that supports our SHE efforts via guidelines and procedures. Programmes on SHE including safety audits are carried out regularly to create a better understanding and awareness of SHE among the workforce. Employees are trained to take an active part in managing SHE risks, ensuring a safe, healthy and conducive work environment, thereby contributing to the overall productivity and performance of the Group.

Human Capital Engagement

In our continuous effort in knowledge sharing and leveraging best practices among the employees within the Group, DRB-HICOM has embarked into several initiatives aimed at strong knowledge sharing platform to support our diversified business requirements. Some of our success milestones that we have accomplished: Leadership Forum, Divisional monthly Newsletter, Human Capital Alert, email announcement on Company's events from Group Communications Division and Divisional Summit.

Our Group Human Capital organised a Human Capital Summit in March 2014 at @the Academy to gather all the Human Capital Heads of Operating Companies with an objective of sharing knowledge and Human Capital best practices to further strengthen and synergise the collaboration and integration between Group Human Capital and all Human Capital of Operating Companies. Our strategy and action plans were mapped out towards making DRB-HICOM as one of the top 100 employers in Malaysia.

While we emphasise the importance for our employees to be well-versed in the Group's current development and achievement status, we also recognise the importance of bringing excitement and fun elements for our employees to participate in. We have introduced sports activities and other Company events with the spirit to bring the warga DRB-HICOM together organised by Kelab Sukan DRB-HICOM, Charity Program, Safety & Health Week 2014, Environmental Awareness Program and many more events such as the EurAsia Cup 2014.

DRB-HICOM has also engaged with local authorities such as Polis DiRaja Malaysia (PDRM), Malaysian Anti-Corruption Commission (MACC), and Royal Custom Department in Pistol Shooting Competition to enhance our rapport with the Government enforcement bodies and local authorities.

We believe that a healthy and satisfied workforce is a productive workforce, hence we strive to create the most conducive work environment that meets the expectations of our employees, allows them to realise their true potential, nurtures a sense of belonging and engenders a feeling of satisfaction from the knowledge that their every accomplishment contributes to the Group's growth. This, in turn, translates into making a tangible difference to the nation's development and even to the betterment of the world.

CORPORATE RESPONSIBILITY

Conscious of our role within society

In today's crowded and increasingly competitive marketplace, stakeholder perception of an organisation contributes significantly to its performance. There has been greater efforts by all corporations to increase their level of transparency and governance in ensuring more responsible, ethical and equitable behaviour with regard to all stakeholders and in particular, their shareholders.

CR has become critical to greater business efficiency and productivity and is adding to our value.

Corporate Responsibility (CR) at DRB-HICOM, however, goes beyond maintaining a robust governance structure. As a consumer-driven organisation, DRB-HICOM is conscious of its role within society. We recognise there is much we can do to uplift the lives of the marginalised and disempowered, and we make a conscious effort to do so in a multitude of ways. More than engage in community outreach initiatives, we play a significant role in enriching the markets in which we have a presence - by introducing new and advanced technologies, enhancing the quality of products and services offered, and even through nurturing a steady pipeline of talent to keep industry progressing. In order to maintain operational efficiencies and to maintain our edge through innovation, we also focus intently on nurturing our own people and inspiring them to perform to the best of their abilities in order to help the Group realise its potential.

Finally, we believe it is imperative for all organisations today to take into account the impact on our environment and to minimise our carbon footprint as far as possible in order to sustain life as we know it for future generations.

Over the years, we have embedded elements of CR - such as the greening of products and services - into key processes and procedures such that they are now integral to and drive our operations. In addition to enhancing our reputation, CR has become critical to greater business efficiency and productivity and is adding to our value as an organisation as well as the sustainability of our operations.

We believe it is important for our stakeholders to understand and appreciate our CR efforts and are highlighting our initiatives over the next few pages under four main segments - community, marketplace, workplace and environment.

REACHING OUT TO THE COMMUNITY

The Group undertakes various programmes to lend a helping hand to the marginalised and underprivileged, from school-going children to the homeless, refugees, those in need of medical aid and victims of natural disasters. We also support national initiatives such as promoting a safe road culture to enhance the general well-being of the *rakyat*.

School Adoption Programme

Both the Group and our subsidiary companies carry out programmes to promote the attainment of good education among underprivileged children, as we believe that the acquisition of skills and knowledge is among the strongest enablers in lifting the marginalised out of poverty and narrowing the socio-economic divide.

Pos Malaysia runs a School Adoption Programme starting with two schools in Penang. Upon completion of its programme with these schools in 2011, it adopted two more schools – Sekolah Kebangsaan Tanjung Agas in Pekan, Pahang and Sekolah Kebangsaan Pekan Pagoh in Muar, Johor, where it aims to enhance students' academic performance as well as nurture more rounded characters. Activities organised include motivational camps and educational trips. The company has even donated desktop computers to the schools.

Suzuki Malaysia Automobile has been supporting the Sekolah Kebangsaan (Orang Asli) Sungai Judah since 2012. As part of its adoption programme, the company has been upgrading the school's IT facilities and providing televisions for interactive learning. In February 2014, the company donated an APV vehicle to the school to help meet its transportation needs.

Among our efforts to promote schooling, on 16 January 2014, DRB-HICOM donated various school necessities to 358 students from SK Tambulaong, SK Kinasaraban and SK Kionsom in Sabah. SK Tambulaong received full set of school uniforms, shoes and socks for each child, while SK Kinasaraban were given reference books, dictionaries and story books. Meanwhile for SK Kionsom, DRB-HICOM built brand new school infrastructure which includes a dining area, waiting area and a reading corner for the students. PUSPAKOM contributed RM7,596 to assist SJKT Ladang Voules Johor in May with a photostat machine, toner, cartridge and a year's supply of A4 paper, while PROTON contributed a new photocopier machine to SK Pekan, Pagoh in Johor Bahru in October 2013.

Bank Muamalat undertook several initiatives to facilitate underprivileged children into receiving a good education. On 7 December 2013, the bank through its Tabung Mawaddah presented a school van to Maahad Tahfiz

Al-Quran Wal Qiraat (MTAW) in Pulai Chondong, Kelantan to transport children to school and back. On 15 March 2014, through its *Masih Ada Yang Sayang* (MAYs) programme, also supported by Tabung Mawaddah, Bank Muamalat donated RM10,000 to SK Semerah Padi in Kuching, Sarawak while also contributing various school necessities to students from less privileged backgrounds.

Feeding the Hungry

In conjunction with World Hunger Day, DRB-HICOM organised a fundraising bowling tournament to provide a 'bowl of rice' to the needy. The initiative, saw the participation of *warga* DRB-HICOM from across the Group raise RM60,000, which was subsequently distributed equally among PERTIWI, Kenchara Soup Kitchen and 1 Charity.

Not to be outdone, PROTON organised a fund-raising initiative from 20-27 May 2013 to provide food for the homeless around the Klang Valley. Volunteers from the company made chocolate cakes, candy, chocolate chip cookies and coconut jelly which they then sold at designated areas within the Shah Alam plant and Centre of Excellence. PROTON subsequently intensified its efforts to feed the hungry by delivering food to the homeless in the Klang Valley on a monthly basis from July to December 2013.

Aid to Victims of Natural Disasters

Floods in the East Coast of Peninsular Malaysia have become an annual occurrence, displacing hundreds of families, destroying livelihoods and property. Every year, the Group and our companies rally together to provide aid to the affected families. In 2013, victims in Pahang and Terengganu received food, clothes and other basic necessities. Independently, PROTON visited flood relief centres in Kampung Belukar, Kampung Kurnia, Kampung Razali, Kampung Cendering, Masjid Permatang Badak, Taman Inderapura, Kampung Sg. Isap and SMK Gudang Rasau from 6-8 December 2013 to distribute rice, beverage, instant noodles, sardines and sugar. This was followed by a task force from Bank Muamalat descending on a village at Batu 3 Sg Isap, Pahang on 30 and 31 December to distribute mattresses, pillows, bed sheets, blankets, towels, plastic items, cupboards, stoves, mosquito coils and clothes to the flood victims, while also helping to clean one of the damaged houses. DRB-HICOM together with *AJK Bertindak Komplek Automotif Pekan* set up a relief centre at International College of Automotive (ICAM) and also a secretariat to assist *Warga* DRB-HICOM Pekan and its surrounding area. DRB-HICOM mobilised its team to deliver food and daily necessities to a few areas in Kuantan and Pekan. Daily soup kitchen was in operation at HICOM Automotive Manufacturers (Malaysia) Sdn Bhd (HAMM) Canteen for the flood victims.

CORPORATE RESPONSIBILITY

The year-end also saw Typhoon Haiyan tear across the Philippines, displacing an estimated 9.5 million people and destroying 70%-80% of structures in its path in the coastal provinces of Leyte and Samar. In response, our Group of companies collected funds which were then channelled to MERCY Malaysia and UNICEF to help in restoration efforts in the country.

Refugee Care

Another significant foreign mission during the financial year was the provision of aid to Syrians seeking refuge at the Jordanian border. Bank Muamalat, through Tabung Mawaddah, collaborated with Muslim Care Malaysia to provide the refugees with daily essentials worth approximately RM100,000 while also donating RM50,000 towards the construction of a bakery in Ghotoh, Damascus, Syria.

Adoption of Orphanages

Pos Malaysia adopted two orphanages in Kuala Lumpur with the objective of nurturing the personal development of the children and motivating them to perform well in school. It donated computers and school uniforms to the homes, Rumah Limpahan Kasih, Puchong and Rumah Sentuhan Budi at Jalan Ipoh, Kuala Lumpur, while improving their facilities. In addition to organising motivational camps for the children, Pos Malaysia staff also carried out buka puasa events with the children.

Helping the Underprivileged

Various initiatives are continuously being undertaken to provide aid to the pockets of communities in Malaysia that are underprivileged. Such efforts are intensified during the month of Ramadan when the spirit of caring is more pronounced. In conjunction with Hari Raya Aidilfitri celebrations, the Management organised a half-day shopping spree at Kompleks Sogo on 31 July 2013 for 30 underprivileged children from Rumah Bakti Nur Syaheera, Cheras. The children, aged between four to 17 years were chaperoned by 15 *Warga* DRB-HICOM to help them pick their new clothes.

On 27 July 2013, PROTON organised a Ramadan programme at Surau Teluk Gedung in Pulau Pangkor, Perak during which, the company pledged donations and zakat for the refurbishment of the surau as well as assistance to 78 single mothers and 20 orphans on the island. About a month later, members of PROTON's management visited Rumah Seri Kenangan in Johor Bahru to celebrate Hari Raya Aidilfitri, and presented a Proton Exora as well as household items to 268 senior citizens residing there.

On a separate occasion, in November 2013, PROTON staff visited Rumah Seri Kenangan, an old folks home in Johor Bahru, Johor and Taiping, Perak. At the home in Johor Bahru, PROTON staff celebrated Aidilfitri with the old folks and contributed a Proton Exora as well as household items such as detergents, food items and goodie bags. In Taiping, PROTON presented the home with an LCD TV, washing machines and some other essentials.

During the financial year, bikers at Bank Muamalat formed the Rokeb Muamalat Bikers club, supported by Tabung Mawaddah, to focus on corporate social responsibility programmes. Prior to the launch of ROKEB, the bikers had travelled to Sungai Petani and Johor to donate basic foodstuff to the hardcore poor. Via its MAYs programme, supported by Tabung Muwaddah, the bank on 6 March 2013 renovated the Pusat Jagaan Nuri Setapak in Kuala Lumpur and donated RM50,000 towards the home's upkeep in addition to necessities.

Providing Medical Assistance

Our spirit of caring extends to those in need of medical aid. In March 2014, Wakaf Selangor Muamalat donated dialysis machines worth RM80,000 to the Pusat Hemodialisis Islam Makmur in Kuantan, Pahang. Meanwhile in conjunction with World Blood Donation Day, PUSPAKOM organised a blood donation drive at Wisma DRB-HICOM on 12 June 2013 where 112 *Warga* DRB-HICOM donated a total of 90 pints of blood. PUSPAKOM presented RM10,000 to Sedarah Malaysia. While DRB-HICOM also contributed RM10,000 to Persatuan Dialisis Kurnia to provide financial assistance to the Centre.

Road Safety

In line with its core business, PUSPAKOM has a tradition of promoting road safety. During the year under review, the company joined forces with authorities such as Jabatan Pengangkutan Jalan Selangor and Agensi Anti Dadah Kebangsaan in delivering vehicle safety messages to the general public. The company participated in the "*Kempen Keselamatan Jalanraya Peringkat Kebangsaan Sempena Perayaan Hari Raya Aidilfitri*" on 23 August 2013 in Putrajaya. PUSPAKOM also offered free vehicle inspections for the general public in a safety campaign that ran from 19-30 January 2014.

CONTRIBUTING TO THE MARKETPLACE

Within the marketplace, DRB-HICOM continuously adds value to the local automotive industry by engaging in research and development to develop our own technologies which contribute to the success of the national marque, PROTON. We also nurture talent for the industry via our training arms ICAM and the CTRM Academy. In addition, we continue to place emphasis on satisfying our various stakeholders, with quality products and robust engagement programmes that enable us to better understand and meet their needs and expectations. Finally, through the Glenmarie Golf and Country Club, we help to promote Malaysia as an international golfing destination. It was home to the first ever EurAsia Cup tournament, that attracted some of the top players from Europe.

International College of Automotive (ICAM)

ICAM, established by the Group in 2010, is committed to producing workplace ready skilled professionals to drive the automotive sector while upgrading the skills and knowledge of Group employees. Through ICAM, the Group is playing an active role in supporting the government's aspiration of creating a knowledgeable and skilled workforce as prescribed in the New Economic Model.

Still under development, the college celebrated a milestone in January 2014 when its new RM350 million state-of-the-art facilities at the Pekan Automotive hub was completed. The college held its first convocation that saw a total of 139 graduates receiving their scrolls. The college currently offers nine diploma programmes, of which five are in Engineering and Technology and the other four related to Business and Management. As an indication of the value of the training received, all the students have been gainfully employed in companies within the Group while some have opted to pursue their education further by enrolling into ICAM's Twinning Bachelor in Manufacturing Systems Engineering programme with Liverpool John Moores University, in the United Kingdom.

CTRM Academy

During the financial year, the Group acquired Composites Technology Research Malaysia (CTRM), which produces composites materials for the aviation industry. Over and above its production processes, CTRM has an academy, established in 2012, aimed at producing highly capable and skilled manpower for the high-technology composites aerospace industry. Among its programmes, the academy offers an Apprentice Programme for Sijil Pelajaran Malaysia (SPM) leavers; Malaysian Skills Certificates (SKM) at Levels 1 and 2; and a Blue Collar programme for MARA students. It also collaborates with polytechnics and other institutions to offer Diplomas to technical students.

PROTON R&D Centre

PROTON has an R&D Centre in Shah Alam equipped with a state-of-the-art styling studio, homologation & testing lab, semi high-speed test tract, a prototype centre, a powertrain lab, virtual reality studio, an electric vehicle development centre and a noise lab. It employs more than 600 research engineers and has been responsible for new product development, vehicle engineering, homologation and testing and powertrain development.

Customer Relationship

The Group believes in building a strong relationship with our customers as part of our efforts to deliver quality service. Towards this end, all our companies employ a comprehensive Customer Relationship Management (CRM) system through which various activities are organised to engage with customers and obtain feedback on products and services. Each company is responsible for carrying out its own CRM programmes which include customer appreciation events. In October, for example, Suzuki Malaysia Automobile arranged a road trip from Kuala Lumpur to Tambun, Perak for owners of the Suzuki Swift in conjunction with a preview of the Limited Edition Swift RR. A good number of customers and members of the media took part in this fun trip which included a treasure hunt, team-building exercise and movie night.

Excellence in Product Design

DRB-HICOM places great emphasis on innovation, which is one of our corporate shared values, in order to deliver products of the highest quality to our customers. We have been responsible for a number of notable firsts in the country, such as the first made-in-Malaysia motorcycle and truck. During the financial year under review, we produced the first green mopeds to be manufactured locally. Since acquiring PROTON, the Group is also innovating on the design of new PROTON models to meet the varied demands of different sectors of the Malaysian car-owning public. In the property sector, the Group has consistently offered high-quality products in keeping with changing trends, as evidenced by a high take-up rate of launches.

The culture of innovation at DRB-HICOM is supported by continuous improvement activities such as the Quality Improvement Team (QIT), Innovative Creative Circle (ICC) and the Employee Suggestion Scheme, all of which form part of the HICOM Management System, the Group's unique management framework which incorporates best practices and methodologies from around the world, such as the 5S Programme, Kaizen, Autonomous Maintenance (AM) and Value Stream Mapping (VSM).

CORPORATE RESPONSIBILITY

Appreciating Vendors

In 1988, PROTON became the first corporation in the country to launch a vendor development programme (VDP) to promote local small and medium-sized enterprises (SMEs). Today, its VDP continues to be one of the most successful programmes that support growth of local skills and expertise. In addition to boosting the automotive SME sector, PROTON recognises the performance of its vendors via a Vendor Dinner and Awards Night. During the financial year under the review, this was held on 2 October 2013. At the dinner, outstanding vendors were awarded for performance in four categories – Best Quality, Best Delivery, Best Cost and Best Engineering.

Media Relations

The media play a significant role in creating brand value for any company, hence it is important to establish and maintain close ties with members of the media and to ensure the accurate dissemination of messages about the Group. DRB-HICOM has always shared quality time and effort to engage with the media, especially when there is important information to be shared with the public, such as our quarterly and annual financial results. Our subsidiaries, meanwhile, run their own programmes all year round to build ties with the media.

EurAsia Cup

DRB-HICOM was the presenting partner for the first ever EurAsia Cup, a golf tournament styled after the Ryder Cup and Presidents Cup, held on 27-29 March 2014 at the Glenmarie Golf and Country Club. Sanctioned by the Asian Tour and The European Tour, the EurAsia Cup saw 10 of the finest golfers from Asia and Europe pit their skills against each other over three days of exhilarating competition. While promoting Malaysia as a golfing destination, the match play tournament also strengthened DRB-HICOM's brand name internationally.

In conjunction with the tournament, a junior golf clinic was organised with the Selangor Golf Association on 27 March. Malaysia's own Nicholas Fung was present, and provided some insight and tips to the junior golfers.

INVESTING IN A VIBRANT WORKPLACE

Just as we believe in supporting the well-being of our stakeholders, we are aware of our duty to provide our staff with a conducive work environment while encouraging greater team spirit and a feeling of belonging to the DRB-HICOM Group. Our ultimate aim is to attract and retain the best talents by becoming a preferred employer.

Looking after Employees' Health & Wellbeing

Our employees' safety and wellbeing are critical priorities for the Group, and have in place a formal Safety, Health and Environment (SHE) framework and policies which are implemented by our SHE Department. The department is responsible not only for ensuring the work environment is safe, but also that our employees are aware of procedures that enhance their safety, both at work and away. Accordingly, the department regularly holds safety and wellness programmes to keep our *Warga* DRB-HICOM in the best possible health. On 25 September 2013, it organised a SHE Exhibition and blood donation drive at Wisma DRB-HICOM in collaboration with the Department of Environment, Department of Occupational Safety and Health, Pusat Darah Negara and Bomba.

A month later, the Group organised a Breast Cancer Awareness Programme at Wisma DRB-HICOM at which the National Cancer Society of Malaysia gave talks on breast and other forms of cancer, stressing the importance of healthy living and early detection. In return, the Group donated RM10,691 to the cancer organisation, of which RM10,000 was from the Group itself and the remaining RM691 was from proceeds of the sale of peanut butter and cupcakes. Supporting this initiative, PUSPAKOM declared 25 October 2013 as Pink Friday where employees were encouraged to dress in pink in a show of solidarity with cancer patients. The company also contributed a total RM3,690 to the National Cancer Council Malaysia (MAKNA).

Meanwhile, Bank Muamalat organised a Health Awareness Month nationwide starting from 5 June 2013, during which staff were invited to participate in a weight loss competition themed Gaining By Losing.

Team-building

Team-building is taken seriously at DRB-HICOM to ensure a sense of unity and belonging among every one of our 60,000 employees. This is essential to motivate staff to work together and create synergies as they strive to achieve the Group's goals. Teamwork is in fact one of the Group's core values and is encouraged via different sporting activities. Various activities are organised to engage employees across the Group, such as the DRB-HICOM Open House and the ICAM Go-Karting Championship. Individually, each company runs its own team-building initiative, such as PROTON's participation in a friendly football tournament organised on 18 May 2013 by the Subadron Football Academy at the Casting Plant Football Field in Glenmarie Shah Alam.

Rewarding Children of Employees

Every year, the Group rewards children of employees who perform well in the national school examinations at a ceremony called the *Majlis Penyampaian Anugerah Kecemerlangan*. On 10 May 2014, 492 children who had obtained a minimum of 7A's in the Penilaian Menengah Rendah (PMR), 7A's in the Sijil Pelajaran Menengah (SPM) or 3 A's in the Sijil Tinggi Persekolahan Menengah (STPM) examinations were presented with a total of RM600 for STPM, RM500 for SPM and RM400 for PMR. Each child also received an additional RM200, RM150 and RM100 for additional A's in their STPM, SPM and PMR respectively.

PRESERVING OUR ENVIRONMENT

In the light of climatic change and the pressing need to reverse global warming, DRB-HICOM has implemented various initiatives to reduce our carbon footprint, both in terms of producing green products, as well as in becoming more energy efficient in all our work systems and processes. In addition, we contribute towards the preservation of the country's flora and fauna by supporting the efforts of various related organisations.

The Group and our subsidiary companies adhere to environment-friendly practices in the workplace, for example the 3Rs concept of reducing, reusing and recycling materials, and saving energy by switching off printers, lights and airconditioners during the lunch break. In most of our companies, the reuse of tools and equipment is integral to strategies to reduce cost and increase efficiencies. We also minimise the use of paper and focus on landscaping our premises to increase the green surrounding our properties. Where applicable, we employ scheduled waste management activities as well.

At Oriental Summit Industries (OSI), there is a dedicated recycling bin for employees to discard recyclables according to their category. The company employs proper disposal mechanisms for its scheduled waste, monitors emissions from its chimney and perimeter outlets as well as its water discharge from the waste water treatment plant, while ensuring its noise pollution is within acceptable environmental levels.

Green Properties

All our properties are carefully designed to incorporate energy-efficient elements such as maximum use of natural lighting and extensive landscaping which not only reduces the concentration of CO₂ in the environment but also helps cool the surrounding areas, reducing the need for energy-intensive cooling. In 2013, Glenmarie Asset Management, which maintains the Group's properties and conducts technical audits, began to offer Energy Management Services inclusive of energy audits, retrofitting and consultancy on greening of work spaces. These services are extended to all properties within the DRB-HICOM stable as well as to third parties.

At the same time, some of our properties have been audited by third parties for their adherence to best environmental practices. Vivanta by Taj - Rebak Island Langkawi, for example, was certified with a silver award during the financial year under review by Australia-based environmental consultancy, Earth Check for various environmental initiatives. These included waste segregation, minimising the use of air-conditioners, using energy-efficient lights, cleansing waste water before discharging it into the sea, and encouraging staff to car-pool, among others.

CORPORATE RESPONSIBILITY

Green Services

Approximately 30,000 tonnes of waste are produced by Malaysian households every day, of which only 5% is recycled, the rest adding to growing landfills around the country. To fill the huge gap in recycling services, in FY2014, Alam Flora set up a special purpose vehicle – DRB-HICOM Environmental Services (DHES) – which focuses specifically on green waste management services. Other than recycling, DHES will look into converting biowaste into fuel such as biogas, and provide consultancy services to households and corporations wanting to engage in more responsible waste management.

Creating Greater Environmental Awareness

While employing green practices within our own offices and premises, DRB-HICOM supports efforts by the authorities to inculcate a greater sense of environmental stewardship among the general public. Given its direct role in waste management, Alam Flora has traditionally played an active role in supporting environmental programmes in the country. In October, employees of the company participated in a *Sambutan Minggu Alam Sekitar Malaysia* run in Taman Metropolitan Kepong, Kuala Lumpur to create awareness of the importance of reducing, recycling and reusing; and in November, Alam Flora participated in a Health Awareness Carnival held at the Kompleks Perbadanan Putrajaya where its booth provided basic information on how the 3Rs help to preserve the environment.

Educational Mangrove Trip

Pos Malaysia organised a trip for 80 children of its staff to the 40,000ha Matang Mangrove Forest in Kuala Sepetang, Perak, widely acknowledged as the most sustainably managed mangrove ecosystem in the world. The trip was to enable the youth to appreciate the importance of conserving Malaysia's mangroves.

Supporting Conservation Efforts

The zoo plays an important role in creating awareness of the diversity of animal species which indirectly creates an interest in preserving the natural ecosystems that support these animal populations. In addition, zoos contribute towards the preservation of endangered species. DRB-HICOM and our companies support the efforts of Zoo Negara because of the educational and conservation functions that it performs.

On 21 September 2013, HICOM-Teck See Manufacturing (HTS) initiated a Zoo Negara Discovery Programme highlighting the zoo's conservation efforts among its employees. Staff from HTS were given the opportunity to assist the zoo keeper to clean up various animal enclosures, prepare meals for the animals and spruce up the zoo grounds.

In conjunction with World Habitat Day, PUSPAKOM collaborated with the Malaysian Zoological Society to volunteer 400 hours of its staff at Zoo Negara. A total of 25 staff participated in this event, spending their weekends throughout the month of October helping out at the zoo.

Pos Malaysia contributed funds to the Department of Marine Park Malaysia and the Department of Fisheries Malaysia to assist in the preservation of turtles in Pulau Redang, Terengganu.

ACROSS THE GROUP

While the programmes outlined within this section capture some of the more prominent CR initiatives undertaken by the DRB-HICOM Group, they are by no means exhaustive. The pervasive sense of CR throughout our organisation means our Group of companies are continuously contributing to the betterment of society as well as to enhance the well-being of all its stakeholders.

Almost all our automotive companies, for example, sponsor the educational aspirations of students at ICAM while supporting ICAM's development by providing support in the form of equipment. Our companies also freely donate to orphanages, old folks homes, mosques and other worthy institutions, and spread the spirit of caring and sharing with the less fortunate during festive occasions. At the workplace, every calendar year sees a number of staff activities being undertaken to maintain cohesion and create a sense of ownership of roles and responsibilities. As we take our environmental stewardship seriously, we also share responsible behaviours with our staff who willingly participate in recycling, energy conservation and other green campaigns both at work and within the external environment. Above all, our Group of companies are committed to maintaining a safe work environment and invest in various initiatives to keep our valued *warga* DRB-HICOM safe at all times.

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DIRECTORS' REPORT

The Directors of DRB-HICOM Berhad are pleased to submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

PRINCIPAL ACTIVITIES

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

There has been no significant change in these activities during the financial year except for the activities arising from the acquisitions of new subsidiary companies, Composites Technology Research Malaysia Sdn. Bhd. and Konsortium Logistik Berhad as disclosed in Note 61.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	644,921	446,337
Attributable to:		
Owners of the Company	456,819	446,337
Non-controlling interest	188,102	-
	644,921	446,337

DIVIDENDS

Dividends paid by the Company since 31 March 2013 were as follows:

	RM'000
In respect of the financial year ended 31 March 2013:	
Final gross dividend of 0.5 sen per share, less taxation of 25% and tax exempt dividend of 4.0 sen per share, paid on 18 October 2013	84,579
In respect of the financial year ended 31 March 2014:	
Single tier interim dividend of 1.5 sen per share paid on 28 April 2014	28,999
Total dividends paid	113,578

The Directors now recommend the payment of a single tier final dividend of 4.5 sen per share amounting to RM86,995,667 in respect of the financial year ended 31 March 2014, 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' Noorizan binti Shafie	
Dato' Ibrahim bin Taib	
Datuk Haji Abdul Rahman bin Mohd Ramli	
Tan Sri Marzuki bin Mohd Noor	
Ong Ie Cheong	
Ooi Teik Huat	

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			As at 31 March 2014
	As at 1 April 2013	Acquired	Disposed	
<u>Holding Company</u>				
<u>Direct interest</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' REPORT

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than emoluments disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

NOMINATION AND REMUNERATION COMMITTEE

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

The Nomination and Remuneration Committee consists of the following Directors:

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and 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 their values as shown in the accounting records of the Group and of the Company in the ordinary course of business 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;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (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 affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

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 bargain purchase arising from acquisition of a subsidiary company and gain on disposal of a subsidiary company as disclosed in the consolidated statement of comprehensive income; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made.

HOLDING COMPANY

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

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 July 2014.



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 2014

	Note	Group		Company	
		2014 RM'000	2013 (Restated) RM'000	2014 RM'000	2013 RM'000
Revenue	4	14,200,742	13,134,727	707,882	649,574
Cost of sales	5	(11,534,003)	(10,484,354)	-	-
Gross profit		2,666,739	2,650,373	707,882	649,574
Other income					
- gain on bargain purchase arising from acquisition of a subsidiary company	53(i)(f)	111,677	-	-	-
- gain on disposal of a subsidiary company	54(i)(a)	83,069	-	-	-
- gain on disposal of a business		-	412,552	-	-
- others		524,815	465,999	5,810	7,693
Selling and distribution costs		(483,974)	(465,612)	-	-
Administrative expenses		(1,683,269)	(1,686,544)	(29,443)	(30,970)
Other expenses		(231,671)	(164,376)	(4,741)	(13,131)
Finance costs	9	(368,585)	(337,603)	(188,149)	(232,242)
Share of results of jointly controlled entities (net of tax)	19(d)	35,485	40,204	-	-
Share of results of associated companies (net of tax)	20(h)	142,327	122,374	-	-
Profit before taxation	6	796,613	1,037,367	491,359	380,924
Taxation	10	(151,692)	(338,429)	(45,022)	(16,608)
Net profit for the financial year		644,921	698,938	446,337	364,316

Other comprehensive (loss)/income

Items that will not be reclassified

to profit or loss:

Gain/(loss) on valuation of post-employment benefit obligations

6,221 (29,797) - -

Fair value adjustment on investment property

2,315 - - -

Items that will be reclassified subsequently

to profit or loss:

Net (loss)/gain on fair value changes of investment securities: available-for-sale

(8,796) 23,487 - -

Currency translation differences of foreign subsidiary companies

(112,018) 14,969 - -

Share of other comprehensive income/ (loss) of an associated company

77 (636) - -

	Note	Group		Company	
		2014 RM'000	2013 (Restated) RM'000	2014 RM'000	2013 RM'000
<u>Reclassification adjustments:</u>					
Transfer of reserve of an associated company to profit or loss upon disposal		2,217	-	-	-
(Loss)/gain on fair value changes of securities: available-for-sale					
- Transfer to profit or loss upon disposal		(8,958)	5,528	-	5,528
Other comprehensive (loss)/income for the financial year (net of tax)		(118,942)	13,551	-	5,528
Total comprehensive income for the financial year		525,979	712,489	446,337	369,844
<u>Net profit for the financial year attributable to:</u>					
Owners of the Company		456,819	575,305		
Non-controlling interest		188,102	123,633		
		644,921	698,938		
<u>Total comprehensive income for the financial year attributable to:</u>					
Owners of the Company		346,506	582,910		
Non-controlling interest		179,473	129,579		
		525,979	712,489		
Basic earnings per share (sen)	12	23.63	29.76		

The notes set out on pages 139 to 290 form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		2014	2013 (Restated)	2012 (Restated as at 1 April 2012)
	Note	RM'000	RM'000	RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	13	5,561,456	4,983,782	4,956,988
Concession assets	14	242,139	253,888	377,552
Prepaid lease properties	15	37,709	11,772	16,067
Investment properties	16	540,505	551,514	553,121
Land held for property development	17(a)	733,306	1,051,772	1,045,230
Jointly controlled entities	19	413,371	429,448	455,033
Associated companies	20	1,226,189	1,184,012	1,117,721
Intangible assets	21	1,145,450	809,082	868,046
Deferred tax assets	22	219,773	282,283	485,348
Investment securities:				
financial assets at fair value through profit or loss	23(a)			
- Banking		98,710	84,373	-
Investment securities: available-for-sale	23(b)			
- Banking		5,608,740	5,106,283	4,734,273
- Non-banking		131,031	1,007,236	1,038,911
Investment securities: held-to-maturity	23(c)			
- Banking		-	575	46,547
- Non-banking		45,569	459,841	496,244
Trade and other receivables	29	378,359	12,289	44,608
Other assets	24	633	320	320
Banking related assets				
- Financing of customers	25	8,410,371	8,056,313	7,092,217
- Statutory deposits with Bank Negara Malaysia	26	648,721	612,721	527,721
		25,442,032	24,897,504	23,855,947

		2014	2013 (Restated)	2012 (Restated as at 1 April 2012)
	Note	RM'000	RM'000	RM'000
CURRENT ASSETS				
Assets held for sale	27	5,799	5,665	21,299
Inventories	28	2,038,213	1,990,412	1,519,108
Property development costs	17(b)	257,711	235,643	232,872
Trade and other receivables	29	3,749,070	4,202,026	3,128,384
Reinsurance assets	43	211,478	222,361	238,832
Tax recoverable		81,093	103,657	66,264
Investment securities:				
financial assets at fair value through profit or loss	23(a)			
- Non-banking		-	361,522	391,886
Investment securities: available-for-sale	23(b)			
- Banking		456,507	1,360,708	1,404,751
- Non-banking		982	32,608	45,961
Investment securities: held-to-maturity	23(c)			
- Banking		-	-	28,786
- Non-banking		41,263	31,545	62,272
Banking related assets				
- Cash and short-term funds	32	1,087,047	3,341,694	4,501,556
- Financing of customers	25	3,287,185	2,052,700	1,741,990
Short term deposits	30	2,356,570	2,536,565	2,407,406
Cash and bank balances	31	691,184	747,551	632,912
Derivative assets	33	20,796	8,332	10,199
		14,284,898	17,232,989	16,434,478
TOTAL ASSETS		39,726,930	42,130,493	40,290,425

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Note	2014 RM'000	2013 (Restated) RM'000	2012 (Restated as at 1 April 2012) RM'000
EQUITY AND LIABILITIES				
Share capital	34	1,719,601	1,719,601	1,719,601
Reserves		5,586,532	5,348,649	4,833,720
Equity attributable to owners of the Company		7,306,133	7,068,250	6,553,321
Non-controlling interest		1,199,852	1,254,030	1,215,649
TOTAL EQUITY		8,505,985	8,322,280	7,768,970
NON-CURRENT LIABILITIES				
Life insurance contract liabilities	35	-	1,743,628	1,624,745
Deferred income	36	103,660	91,454	96,655
Long term borrowings	37	5,359,595	3,667,866	3,475,561
Provision for liabilities and charges	38	1,807	1,023	824
Provision for concession assets	39	43,742	19,250	149,594
Post-employment benefit obligations	40	33,099	45,981	17,531
Deferred tax liabilities	22	61,166	102,336	101,979
Banking related liabilities				
- Deposits from customers	41	45,976	31,505	24,207
- Recourse obligation on financing sold to Cagamas	42	-	-	61,679
		5,649,045	5,703,043	5,552,775
CURRENT LIABILITIES				
General and life insurance contract liabilities	43	691,616	715,061	673,196
Deferred income	36	58,445	38,567	32,756
Trade and other payables	44	5,285,752	5,447,843	5,957,209
Provision for liabilities and charges	38	182,843	155,525	159,309
Provision for concession assets	39	27,281	89,809	181,968
Post-employment benefit obligations	40	-	60	14
Bank borrowings	45			
- Bank overdrafts		14,806	15,143	9,768
- Others		1,764,843	2,794,047	1,882,187
Current tax liabilities		43,868	57,551	62,272
Banking related liabilities				
- Deposits from customers	41	17,260,467	18,541,613	17,652,397
- Deposits and placements of banks and other financial institutions	46	101,074	10,774	11,896
- Bills and acceptances payable	47	105,004	132,750	310,324
- Recourse obligation on financing sold to Cagamas	42	-	61,679	3,231
Derivative liabilities	33	6,902	22,999	32,153
Dividend payable		28,999	21,749	-
		25,571,900	28,105,170	26,968,680
TOTAL LIABILITIES		31,220,945	33,808,213	32,521,455
TOTAL EQUITY AND LIABILITIES		39,726,930	42,130,493	40,290,425

The notes set out on pages 139 to 290 form an integral part of the financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	896	1,228
Investment properties	16	151,400	152,580
Subsidiary companies	18	7,465,374	7,326,874
Jointly controlled entities	19	9,800	9,800
Associated companies	20	676,970	676,970
		8,304,440	8,167,452
CURRENT ASSETS			
Trade and other receivables	29	997,271	987,352
Tax recoverable		40,192	50,227
Short term deposits	30	221,780	104,621
Cash and bank balances	31	2,807	5,813
		1,262,050	1,148,013
TOTAL ASSETS		9,566,490	9,315,465
EQUITY AND LIABILITIES			
Share capital	34	1,719,601	1,719,601
Reserves		4,259,569	3,926,810
TOTAL EQUITY		5,979,170	5,646,411
NON-CURRENT LIABILITIES			
Long term borrowings	37	2,584,302	2,787,443
Deferred tax liabilities	22	2,769	3,870
		2,587,071	2,791,313
CURRENT LIABILITIES			
Trade and other payables	44	614,010	229,878
Bank borrowings – Others	45	357,240	626,114
Dividend payable		28,999	21,749
		1,000,249	877,741
TOTAL LIABILITIES		3,587,320	3,669,054
TOTAL EQUITY AND LIABILITIES		9,566,490	9,315,465

The notes set out on pages 139 to 290 form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares			Non-distributable				Equity attributable to owners of the Company			Non-controlling Interest	Total		
	Number of shares (Note 34)	Nominal value (Note 34)	Share Premium (Note 48)	Merger Reserve (Note 49)	Currency Translation Differences	Available-for-sale Reserve	Other Reserves (Note 50)	Retained Earnings	RM'000	RM'000			RM'000	RM'000
At 1 April 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			
Prior years' adjustments	-	-	-	-	-	-	(32,296)	-	(32,296)	266	(32,030)			
Restated	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	208,693	4,191,941	7,068,250	1,254,030	8,322,280			
Total comprehensive (loss)/income for the financial year	-	-	-	-	(111,670)	(9,473)	10,830	456,819	346,506	179,473	525,979			
Transactions with owners														
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	4,955	4,955	(4,737)	218			
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	(3,788)	(3,788)			
Effect of reclassification of former jointly controlled entities to subsidiary companies	-	-	-	-	-	-	-	-	-	13,496	13,496			
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	58,500	58,500			
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	-	15,755	15,755			
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	52,309	(52,309)	-	-	-			
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(312,877)	(312,877)			
Final dividend in respect of financial year ended 31 March 2013	-	-	-	-	-	-	-	(84,579)	(84,579)	-	(84,579)			
Interim dividend in respect of financial year ended 31 March 2014	-	-	-	-	-	-	-	(28,999)	(28,999)	-	(28,999)			
At 31 March 2014	1,933,237	1,719,601	20,701	911,016	(89,405)	(15,440)	271,832	4,487,828	7,306,133	1,199,852	8,505,985			

	Issued and fully paid ordinary shares			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 48) RM'000	Merger Reserve (Note 49) RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves (Note 50) RM'000	Retained Earnings RM'000	Non-controlling Interest RM'000	Equity attributable to owners of the Company 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	1,131,613	6,161,650	1,131,613	7,293,263
Prior years' adjustments*	-	-	-	-	-	5,005	-	82,462	84,036	87,467	84,036	171,503
Adjustment to provisional negative goodwill**	-	-	-	-	-	-	-	306,437	-	306,437	-	306,437
Prior years' adjustments	-	-	-	-	-	-	(2,233)	-	-	(2,233)	-	(2,233)
Restated	1,933,237	1,719,601	20,701	911,016	7,996	(30,002)	180,468	3,743,541	1,215,649	6,553,321	1,215,649	7,768,970
Total comprehensive income for the financial year	-	-	-	-	14,269	24,035	(30,699)	575,305	129,579	582,910	129,579	712,489
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in shareholdings in subsidiary companies	53	-	-	-	-	-	5	11,760	(74,229)	11,765	(74,229)	(62,464)
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	1,200	-	1,200	1,200
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	-	700	-	700	700
Transfer of a subsidiary company's other reserves	-	-	-	-	-	-	58,919	(58,919)	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(18,869)	-	(18,869)	(18,869)
Final dividend in respect of financial year ended 31 March 2012	11	-	-	-	-	-	-	(57,997)	-	(57,997)	-	(57,997)
Interim dividend in respect of financial year ended 31 March 2013	11	-	-	-	-	-	-	(21,749)	-	(21,749)	-	(21,749)
At 31 March 2013	1,933,237	1,719,601	20,701	911,016	22,265	(5,967)	208,693	4,191,941	1,254,030	7,068,250	1,254,030	8,322,280

* In respect of the changes in Bank Negara Malaysia Guidelines for Life Insurers on unallocated surplus and reserve of non-participating funds held by a Life insurance subsidiary company.

** In respect of the gain on bargain purchase arising from the acquisition of PROTON Holdings Berhad upon the completion of Purchase Price Allocation exercise within the stipulated period in accordance with FRS 3 Business Combinations.

The notes set out on pages 139 to 290 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 48) RM'000	Merger Reserve (Note 49) RM'000	Available-for-sale Reserve RM'000	Retained Earnings (Note 52) RM'000		
2014									
At 1 April 2013		1,933,237	1,719,601	20,701	2,318,321	-	1,587,788	5,646,411	
Total comprehensive income for the financial year		-	-	-	-	-	446,337	446,337	
<u>Transactions with owners</u>									
Final dividend in respect of financial year ended 31 March 2013	11	-	-	-	-	-	(84,579)	(84,579)	
Interim dividend in respect of financial year ended 31 March 2014	11	-	-	-	-	-	(28,999)	(28,999)	
At 31 March 2014		1,933,237	1,719,601	20,701	2,318,321	-	1,920,547	5,979,170	
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	
<u>Transactions with owners</u>									
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	

The notes set out on pages 139 to 290 form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Group		Company	
	2014	2013 (Restated)	2014	2013
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	644,921	698,938	446,337	364,316
Adjustments for non-cash items:				
Allowance for/(write back of) investment securities and financing of customers (net)	16,254	(19,598)	-	-
Amortisation of				
- concession assets	11,417	8,858	-	-
- intangible assets	160,228	154,616	-	-
- prepaid lease properties	486	446	-	-
Depreciation of property, plant and equipment	570,284	607,265	354	346
Doubtful debts (net of write backs)	31,985	46,393	-	-
Finance costs	368,585	337,603	188,149	232,242
Impairment loss of (net of reversal)				
- intangible assets	35,032	46,736	-	-
- investment in an associated company	7,293	-	-	3
- property, plant and equipment	3,138	2,576	-	-
Inventories written off/down (net of write backs)	851	13,704	-	-
Loss/(gain) on fair value adjustments of investment securities: financial assets at fair value through profit or loss	358	(516)	-	-
Loss on disposal of intangible assets	17	-	-	-
Provision for concession assets	23,443	16,906	-	-
Provision for liabilities and charges (net)	80,449	52,538	-	-
Taxation	151,692	338,429	45,022	16,608
Write off of property, plant and equipment	6,761	3,140	-	-
Amortisation of deferred income	(3,499)	(7,818)	-	-
Dividend income (gross)	(277)	(3,369)	(691,630)	(631,779)
(Gain)/loss on disposal of				
- a business	-	(412,552)	-	-
- a subsidiary company	(83,069)	-	-	-
- associated companies	(3,832)	(1,643)	-	-
- assets held for sale	(599)	(15)	-	-
- concession assets	(930)	(1,122)	-	-
- investment properties	(16)	-	-	-
- investment securities: available-for-sale	(12,590)	(22,397)	-	5,528
- investment securities: financial assets at fair value through profit or loss	(7,604)	(574)	-	-
- investment securities: held-to-maturity	-	(13,494)	-	-
- property, plant and equipment	(15,692)	(55,071)	-	-
(Gain)/loss on fair value adjustments of investment properties	(15,007)	1,750	3,841	6,701
Gain on bargain purchase arising from acquisition of a subsidiary company	(111,677)	-	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	(Restated) RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Continued)				
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities	(773)	-	-	-
Interest income	(101,400)	(95,323)	(7,532)	(10,127)
Marked to market gain on derivatives (net)	(28,561)	(7,287)	-	-
(Reversal of impairment loss)/impairment loss of investment securities: available-for-sale (net)	(1,148)	11,768	-	-
Reversal of provision for major overhauls	-	(78,861)	-	-
Unrealised foreign exchange differences (net)	(37,851)	18,123	-	-
Share of results of jointly controlled entities (net of tax)	(35,485)	(40,204)	-	-
Share of results of associated companies (net of tax)	(142,327)	(122,374)	-	-
Cash inflow/(outflow) before working capital changes	1,510,857	1,477,571	(15,459)	(16,162)
Amounts due from customers on contracts	(4,066)	(253,329)	-	-
General and life insurance contract liabilities	(84,583)	163,392	-	-
Inter-company balances	(34,467)	116,608	(43,357)	15,378
Inventories	173,016	(473,218)	-	-
Property development costs	250,544	(19,600)	-	-
Trade and other receivables	362,606	(482,324)	5,192	20,480
Trade and other payables	(434,982)	1,064,453	(9,342)	(54,116)
Financing of customers	(1,610,554)	(1,274,806)	-	-
Statutory deposits with Bank Negara Malaysia	(36,000)	(85,000)	-	-
Deposits from customers	(1,266,675)	896,514	-	-
Deposits and placements of banks and other financial institutions	90,300	(1,122)	-	-
Bills and acceptances payable	(27,746)	(177,574)	-	-
Recourse obligation on financing sold to Cagamas	(61,679)	(3,231)	-	-
Net cash (outflow)/inflow from operations	(1,173,429)	948,334	(62,966)	(34,420)
Interest received	96,049	90,363	4,915	5,206
Dividend received from				
- subsidiary companies	-	-	526,859	510,334
- jointly controlled entities	24,009	68,237	2,450	5,880
- associated companies	65,124	56,895	50,300	55,709
- other investments	277	3,369	-	-
Finance costs paid	(292,378)	(293,293)	(176,897)	(206,250)
Taxation paid (net of refunds)	(80,880)	(195,244)	49,932	7,308
Provision for liabilities and charges paid	(132,965)	(90,528)	-	-
Deferred income received	45,780	29,794	-	-
Deferred capital grants utilised	(13,768)	(147)	-	-
Post-employment benefit obligations paid	(24,638)	(9,055)	-	-
Provision for concession assets paid	(62,195)	(124,555)	-	-
Net cash (outflow)/inflow from operating activities	(1,549,014)	484,170	394,593	343,767

	Group		Company	
	2014	2013	2014	2013
	RM'000	(Restated) RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of an associated company	-	(1,000)	-	-
Acquisition of investment securities by insurance subsidiary companies	(496,993)	(515,724)	-	-
Acquisition of investment securities by a banking subsidiary company	(7,748,235)	(6,925,426)	-	-
Acquisition of additional shares in subsidiary companies	(3,375)	(71,494)	(138,500)	(20,680)
Additional investment in an associated company	(1,400)	-	-	-
Cost incurred on land held for property development	(2,285)	(3,113)	-	-
Net cash outflow from acquisition of subsidiary companies	(440,592)	(1,520,735)	-	(1,520,735)
Net cash inflow from disposal of a subsidiary company	29,205	-	-	-
Proceeds from disposal of associated companies	35,407	6,190	-	-
Proceeds from disposal/maturity of investment securities by insurance subsidiary companies	480,024	678,075	-	-
Proceeds from disposal of investment securities by a banking subsidiary company	6,334,414	3,638,360	-	-
Proceeds from disposal of investment securities	-	16,079	-	16,079
Proceeds from disposal of property, plant and equipment/concession assets/investment properties	27,486	76,480	-	-
Purchase of property, plant and equipment/concession assets/investment properties/intangible assets	(958,594)	(893,957)	(1,528)	(2,761)
Redemption of preference shares by a jointly controlled entity	5,000	-	-	-
Redemption of available-for-sale securities by a banking subsidiary company	1,824,425	3,028,970	-	-
Subscription of ordinary shares in a subsidiary company by non-controlling interest	58,500	1,200	-	-
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	700	-	-
Net cash outflow from investing activities	(857,013)	(2,485,395)	(140,028)	(1,528,097)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to non-controlling interest	(312,877)	(18,869)	-	-
Dividends paid to shareholders	(106,328)	(57,997)	(106,328)	(57,997)
Fixed deposits held as security/maintained as sinking fund	(204,354)	(308,614)	-	-
Proceeds from bank borrowings	5,750,773	3,535,650	-	1,045,853
Repayment of borrowings/hire purchase and finance leases	(5,392,617)	(2,381,263)	(477,213)	(591,293)
Loans from subsidiary companies (net of repayment)	-	-	443,129	279,731
Net cash (outflow)/inflow from financing activities	(265,403)	768,907	(140,412)	676,294

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	Group		Company	
		2014 RM'000	2013 (Restated) RM'000	2014 RM'000	2013 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,671,430)	(1,232,318)	114,153	(508,036)
Effects of foreign currency translation		(28,269)	(3,394)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		5,978,035	7,213,747	110,434	618,470
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		3,278,336	5,978,035	224,587	110,434
(a) Cash and cash equivalents at end of the financial year comprise the following:					
Short term deposits		2,356,570	2,536,565	221,780	104,621
Cash and bank balances		691,184	747,551	2,807	5,813
Cash and short-term funds of a banking subsidiary company		1,087,047	3,341,694	-	-
Bank overdrafts		(14,806)	(15,143)	-	-
		4,119,995	6,610,667	224,587	110,434
Less: Fixed deposits held as security/ sinking fund	30(b)	(822,510)	(618,156)	-	-
Less: Bank balance in respect of Automotive Development Fund		(19,149)	(14,476)	-	-
		3,278,336	5,978,035	224,587	110,434
(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/ investment properties by means of hire purchase, finance lease and payable		22,545	57,078	1,155	4,096

The notes set out on pages 139 to 290 form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

1 PRINCIPAL ACTIVITIES

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

There has been no significant change in these activities during the financial year except for the activities arising from the acquisitions of new subsidiary companies, Composites Technology Research Malaysia Sdn. Bhd. and Konsortium Logistik Berhad as disclosed in Note 61.

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 2013 have been restated with the adjustments described in Notes 2.2(i) and (ii). As required by FRS 101 *Presentation of Financial Statements*, a statement of financial position as at the beginning of the preceding year (1 April 2012) is disclosed.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and effects arising from adoption of new/revised and amendments to FRSs

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

The new/revised accounting standards and amendments to published standards issued by Malaysian Accounting Standards Board ("MASB") that are applicable to the Group and to the Company and effective for the current financial year are as follows:

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)]

Other than the following affecting the Group, the adoption of the above standards and amendments did not result in material impact to the financial statements of the Group and of the Company.

(a) 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.

The Group has carried out an assessment on adoption of FRS 11 and has concluded that there is no change in the classification of investments in jointly controlled entities with the exception of Exedy (Malaysia) Sdn. Bhd. ("Exedy"), an associated company of PROTON Holdings Berhad. Exedy has been reclassified from investment in an associated company to investment in a jointly controlled entity (joint venture) as joint decisions are required to be made by all the shareholders in respect of its operational and financial matters.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and effects arising from adoption of new/revised and amendments to FRSS (Continued)

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

(b) FRS 119 *Employee Benefits (2011)*

The revised FRS 119 requires the recognition of changes in defined benefit obligations and changes in fair value of plan assets when they occur, and hence eliminates the 'corridor method' permitted under the previous version of FRS 119 and accelerates 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 has been applied retrospectively.

The above effects of the changes in accounting policies are as follows.

	As previously stated RM'000	Effect of change in accounting policy - 2.2(i)(a) RM'000	Effect of change in accounting policy - 2.2(i)(b) RM'000	As restated RM'000
As at 31 March 2013				
Consolidated Statement of Financial Position				
<u>Non-current assets</u>				
Jointly controlled entities	409,207	20,241	-	429,448
Associated companies	1,204,253	(20,241)	-	1,184,012
<u>Non-current liabilities</u>				
Post-employment benefit obligations	13,951	-	32,030	45,981
Consolidated Statement of Changes in Equity				
Other reserves	240,989	-	(32,296)	208,693
Non-controlling interest	1,253,764	-	266	1,254,030
For the financial year ended 31 March 2013				
Consolidated Statement of Comprehensive Income				
Share of results of jointly controlled entities (net of tax)	39,087	1,117	-	40,204
Share of results associated companies (net of tax)	123,491	(1,117)	-	122,374
<u>Other comprehensive loss</u>				
Loss on valuation of post- employment benefit obligations	-	-	(29,797)	(29,797)

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The above effects of the changes in accounting policies are as follows.

	As previously stated RM'000	Effect of change in accounting policy - 2.2(i)(a) RM'000	Effect of change in accounting policy - 2.2(i)(b) RM'000	As restated RM'000
As at 1 April 2012				
Consolidated Statement of Financial Position				
<u>Non-current assets</u>				
Jointly controlled entities	434,557	20,476	-	455,033
Associated companies	1,138,197	(20,476)	-	1,117,721
<u>Non-current liabilities</u>				
Post-employment benefit obligations	15,298	-	2,233	17,531
Consolidated Statement of Changes in Equity				
Other reserves	182,701	-	(2,233)	180,468

(ii) Malaysian Financial Reporting Standards ("MFRS")

The Malaysian Accounting Standards Board, on 7 August 2013, has extended the transitional period for transitioning entities for another year (annual periods beginning on or after 1 January 2015). The extension was given due to the delay of the issuance of the new Revenue Standard. The Group as a transitioning entity, will have to adopt the MFRS Framework for annual periods beginning on or after 1 January 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Impact of new MASB pronouncements

The Group and the Company has not adopted the following amendments to published standards and Issues Committee ("IC") Interpretations that are applicable to the Group and to the Company beginning on or after 1 April 2014.

Amendments to FRS 10	Consolidated Financial Statements: Investment Entities
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to FRS 127	Separate Financial Statements: Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities
Amendments to FRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Annual improvements to FRSs 2010 – 2012 Cycle	
Annual improvements to FRSs 2011 – 2013 Cycle	

The adoption and application of the above amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

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.

The Group adopted FRS 10 *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- (i) Control exists when the Group has existing rights that give it the current ability to direct the activities that significantly affect investee's returns, the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- (ii) Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- (iii) The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Basis of consolidation (Continued)

The change in accounting policy has been applied retrospectively in accordance with the FRS 10. The adoption of FRS 10 has no significant impact to the financial statement of the Group.

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 activities that significantly affect the returns of the arrangement. The decisions require the unanimous consent of the parties sharing control.

The Group adopted FRS 11 *Joint Arrangements* in the current financial year. Under FRS 11, investments in joint arrangements are classified as joint ventures or joint operations depending on the contractual rights and obligation of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures which are accounted for using the equity method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Jointly controlled entities (Continued)

The change in accounting policy has been applied retrospectively in accordance with FRS 11. The effect of adopting FRS 11 has been disclosed in Note 2.2 (i)(a) on pages 141 and 142.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

(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 which 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets

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

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

(iii) Available-for-sale financial assets (Continued)

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 is 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.

Financings 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.12 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 capital work-in-progress 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Property, plant and equipment and depreciation (Continued)

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
Aircrafts	3 – 5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Goodwill (Continued)

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.

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) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Intangible assets other than goodwill (Continued)

(iv) 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.

(v) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 measureable 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Reinsurance (Continued)

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.

2.22 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Income taxes (Continued)

(ii) Deferred tax (Continued)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date. Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

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

2.24 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.

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

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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 below:

(i) Actuarial liabilities

Comprise 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 subsidiary company 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 BNM Guideline, 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.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays 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 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Employee benefits (Continued)

(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.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

In accordance with the revised FRS119 *Employee Benefits (2011)*, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its post-employment defined benefit plans.

Remeasurements of the net defined benefit obligations, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the changes in asset ceiling (excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest income or expense on the net defined obligations for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period, taking into account any changes in the net defined benefit obligations during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Net interest income or expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The change in accounting policy has been applied retrospectively. The effect from the adoption of this revised standard to the Group is disclosed in Note 2.2 (i)(b) on pages 141 and 142.

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. Acquisition costs or ceding income which are not recoverable, or not payable in the event of a termination of the policy to which they relate, are not deferred but are recognised in the period in which they occur.

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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 General insurance underwriting results (Continued)

Acquisition costs and deferred acquisition costs ("DAC") (Continued)

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.

2.33 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.35 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(e) Fee and other income recognition for a banking subsidiary company

Financing arrangement, management and participation fees, underwriting commissions, guarantee fees and brokerage fees are recognised as income based on accrual on time apportionment method. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

(f) Provision of total logistics services and inventory solutions

• Shipping agency fees

Income is recognised on completion of shipping operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.36 Revenue recognition (Continued)

(ii) Rendering of services (Continued)

(f) Provision of total logistics services and inventory solutions (Continued)

- Cargo commission and forwarding related income

Income from transportation of goods is recognised upon delivery of goods at the receiving point.

- Warehousing and distribution income

Income from the provisions of handling and related activities is recognised upon the performance of services.

- Haulage income

Income from haulage and related activities is recognised upon performance of services, net of discounts.

- Insurance agency commission income

Commission income is recognised on the date of acceptance of insurance policies sold.

(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 effective profit rate, to the extent that it is probable that the profit can be recovered.

(d) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(ii) Foreign currency transactions

Transactions in foreign currencies during the financial year are converted into functional currency at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities in foreign currency are translated into Ringgit Malaysia at rates of exchange approximating those ruling on the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange date when fair value was determined. Exchange gains and losses are dealt with in the statement of comprehensive income.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.40 Fair value measurements

From 1 April 2013, the Group had adopted FRS 13 *Fair Value Measurement* which prescribed that fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group measures fair values 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.

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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 2014 therein are shown below:

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
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 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	81.00	Manufacture, assemble and distribute motorcycles, related spare parts and accessories	31 March
Bank Muamalat Malaysia Berhad	70.00	70.00	Islamic banking business and related financial services	31 March
* HICOM Power Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Trucks Sdn. Bhd.	100.00	100.00	Dormant	31 March
* DRB-HICOM Export Corporation Sdn. Bhd.	75.50	75.50	Dormant	31 March
* Intrakota Komposit Sdn. Bhd.	70.00	70.00	Dormant	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Gadek (Malaysia) Berhad:				
Mega Consolidated Sdn. Bhd.	100.00	100.00	Investment holding	31 March
* Uni.Asia Capital Sdn. Bhd.	51.00	51.00	Investment holding	31 March
* Ladang Gadek Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Ladang Kupang Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Uni.Asia Capital Sdn. Bhd.:				
§* Uni.Asia Life Assurance Berhad	-	51.00	Underwriting of life insurance business including investment-linked business	31 March
* Uni.Asia General Insurance Berhad	34.73	34.73	Underwriting of all classes of general insurance business	31 March
Subsidiary companies of 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
§@* Composites Technology Research Malaysia Sdn. Bhd.	96.87	-	Development and production of aircraft composites components and investment holding	31 March
Subsidiary companies of PUSPAKOM:				
Puspakom Teknik Sdn. Bhd.	100.00	100.00	Dormant	31 March
Flora Areana Sdn. Bhd.	100.00	100.00	Dormant	31 March

NOTES TO THE FINANCIAL STATEMENTS

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of MODENAS:				
Edaran Modenas Sdn. Bhd.	81.00	81.00	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 Islamic 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 Composites Technology Research Malaysia Sdn. Bhd.:				
* CTRM Aero Composites Sdn. Bhd.	96.87	-	Manufacture of aerospace and non-aerospace composite components	31 March
* CTRM Aviation Sdn. Bhd.	96.87	-	Leasing of aircrafts and maintenance support service	31 March
* CTRM Composites Engineering Sdn. Bhd.	96.87	-	Design and manufacture of non-aerospace composite components	31 March
* CTRM Systems Integration Sdn. Bhd.	96.87	-	Design, research and development of aircraft avionics and the production and marketing of market mission systems equipment and services	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Composites Technology Research Malaysia Sdn. Bhd.: (Continued)				
\$* Composites Testing Laboratory Asia Sdn. Bhd.	96.87	-	Composites laboratory testing services	31 March
\$* Aerotech Design Malaysia Sdn. Bhd.	96.87	-	Multi-disciplined design house for aerospace and non-aerospace	31 March
\$* Unmanned Systems Technology Sdn. Bhd.	49.40	-	Design, research and development, production and marketing of unmanned aircraft systems	31 March
\$* CTRM Excelnet Engineering Sdn. Bhd.	84.08	-	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
@ Edaran Otomobil Nasional Berhad ("EON")	100.00	100.00	Marketing and servicing of motor vehicles and investment holding	31 March
* Comtrac Sdn. Bhd.	100.00	100.00	Provision of construction services	31 March
Glenmarie Development (Pahang) Sdn. Bhd.	100.00	100.00	Building and leasing property	31 March
Glenmarie Puchong Sdn. Bhd.	100.00	100.00	Property development	31 March
HICOM Berhad	100.00	100.00	Management of projects, rental of properties and investment holding	31 March
@ HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.	100.00	100.00	Manufacturing and assembling of motor vehicles and other road transport vehicles	31 March
HICOM Diecastings Sdn. Bhd.	100.00	100.00	Manufacturing and supplying diecast parts for motorcycles, automobiles and other applications	31 March

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
HICOM Polymers Industry Sdn. Bhd.	100.00	100.00	Trading of mobile receptacles	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
Proton City Development Corporation Sdn. Bhd.	100.00	100.00	Property development	31 March
§ PHN Industry Sdn. Bhd.	100.00	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	97.37	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
HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.	51.00	51.00	Manufacture and sale of thermo plastic and thermo setting products	31 March
* Bukit Kledek Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Engineering Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Technical and Engineering Services Sdn. Bhd.	100.00	100.00	Dormant	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
* HICOM Vertex Sdn. Bhd.	100.00	100.00	Dormant	31 March
* NSE Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Scott & English Electronics Holdings Sdn. Bhd.	70.00	70.00	Dormant	31 March
* HICOM Petro-Pipes Sdn. Bhd.	51.00	51.00	Dormant	31 March
Subsidiary companies of PROTON:				
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
Proton Marketing Sdn. Bhd.	100.00	100.00	Investment holding	31 March
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
Subsidiary companies of Lotus Advance Technologies Sdn. Bhd.:				
^f Lotus Group International Limited	100.00	100.00	Investment holding	31 March
^{sg} Symphony Lotus Limited	100.00	-	Importation and distribution of motor vehicles and related spare parts and investment holding	31 March
Proton Engineering Research Technology Sdn. Bhd.	100.00	100.00	Dormant	31 March
^s Miyazu (Malaysia) Sdn. Bhd.	66.00	66.00	Development, manufacturing and sale of products and services relating to dies, moulds and jigs	31 March

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of Symphony Lotus Limited:				
^{\$k} Beijing Lotus Cars Sales Co., Ltd.	100.00	-	Importation and distribution of motor vehicles and related spare parts	31 December
Subsidiary company of Proton Hartanah Sdn. Bhd.:				
Proton Properties Sdn. Bhd.	100.00	100.00	Property development and related activities	31 March
Subsidiary companies of Proton Marketing Sdn. Bhd.:				
^f Proton Cars (UK) Limited	100.00	100.00	Distribution of motor vehicles	31 March
^g 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
ⁿ Proton Motors (Thailand) Co. Limited	100.00	100.00	Importation and distribution of motor vehicles and related spare parts	31 March
ⁱ Proton Motor Pars Co. (Private Joint Stock)	100.00	100.00	Dormant	31 March
^{\$} HICOM-Potenza Sports Cars Sdn. Bhd.	100.00	90.00	Dormant	31 March
^{\$*c} Proton Cars Benelux NV. SA	-	100.00	Dissolved during the financial year	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Perusahaan Otomobil Nasional Sdn. Bhd.:				
^d Proton Automobiles (China) Limited	100.00	100.00	Dormant	31 March
^h PT Proton Cikarang Indonesia	100.00	100.00	Dormant	31 March
Subsidiary company of Lotus Group International Limited:				
^f Group Lotus Plc	100.00	100.00	Investment holding	31 March
Subsidiary companies of Group Lotus Plc:				
^f Lotus Cars Limited	100.00	100.00	Manufacture of motor vehicles and engineering consultancy services	31 March
^o Lotus Holdings Inc.	100.00	100.00	Investment holding	31 March
^f Lotus Body Engineering Limited	100.00	100.00	Investment holding	31 March
^f Lotus Motorsports Limited	100.00	100.00	Dormant	31 March
Subsidiary companies of Lotus Cars Limited				
^k Lotus Engineering Company Limited (Shanghai)	100.00	100.00	Engineering consultancy services	31 December
^f Lotus Engineering Limited	100.00	100.00	Engineering consultancy services	31 March
^f Lotus Youngman UK Automotive Company Limited	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
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Lotus Holdings Inc.:				
^o Lotus Engineering Inc.	100.00	100.00	Engineering consultancy services	31 March
^o Lotus Cars USA Inc.	100.00	100.00	Sales and servicing of motor vehicles	31 March
Subsidiary company of Lotus Body Engineering Limited:				
^f Lotus Lightweight Structures Holdings Limited	100.00	100.00	Investment holding	31 March
Subsidiary company of Lotus Lightweight Structures Holdings Limited:				
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 Proton Cars Australia Pty. Limited:				
^o Lotus Cars Australia Pty. Limited	100.00	100.00	Dormant	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Proton Edar Sdn. Bhd.:				
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
[§] Lotus Cars Malaysia Sdn. Bhd.	100.00	-	Sales of motor vehicles, related spare parts and accessories	31 March
^l Proton Singapore Pte. Limited	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
^h PT Proton Edar Indonesia	100.00	100.00	Sales of motor vehicles, related spare parts and accessories	31 March
Subsidiary company of Automotive Corporation Holdings Sdn. Bhd.:				
* Automotive Corporation (Malaysia) Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and related spare parts and accessories	31 March
Subsidiary company of USF-HICOM Holdings Sdn. Bhd.:				
* DRB-HICOM Commercial Vehicles Sdn. Bhd. (formerly known as USF-HICOM (Malaysia) Sdn. Bhd.)	100.00	100.00	Sale of motor vehicles and related spare parts and accessories	31 March
Subsidiary company of DRB-HICOM Commercial Vehicles Sdn. Bhd.:				
* HICOM Premier Malaysia 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
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of HICOM Premier Malaysia Sdn. Bhd.:				
* Euro Truck & Bus (Malaysia) Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Comtrac Sdn. Bhd.:				
* Comtrac Builders Sdn. Bhd.	100.00	100.00	Supply, installation and construction of precast building works	31 March
* Comtrac Trading Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Comtrac Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Comtrac Premises Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Isti-Emas Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Comtrac Glenview Sdn. Bhd.	51.00	51.00	Investment holding and property development	31 March
* Comtrac-Sabkar Development Sdn. Bhd.	51.00	51.00	Dormant	31 March
Subsidiary company of Comtrac Glenview Sdn. Bhd.:				
* Glenview Management Corporation Sdn. Bhd.	51.00	51.00	Dormant	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of EON:				
DRB-HICOM Leasing Sdn. Bhd.	100.00	100.00	Leasing of vehicles and fleet management services	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
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
HICOM Auto Sdn. Bhd.	100.00	100.00	Sale and marketing of motor vehicles, related spare parts and accessories	31 March
[§] Multi Automotive Service and Assist Sdn. Bhd.	100.00	70.00	Provision 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
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 HICOM Berhad:				
Glenmarie Cove Development Sdn. Bhd.	100.00	100.00	Property development	31 March
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

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Berhad: (Continued)				
* HICOM Builders Sdn. Bhd.	100.00	100.00	Property development, civil engineering and building construction	31 March
* Connemara Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Glenmarie Properties Sdn. Bhd.:				
* HICOM Megah Sdn. Bhd.	100.00	100.00	Investment holding	31 March
Benua Kurnia Sdn. Bhd.	100.00	100.00	Property development	31 March
* Glenmarie Asset Management Sdn. Bhd.	100.00	100.00	Provision of facility and building management and related maintenance services	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
Neraca Prisma Sdn. Bhd.	100.00	100.00	Property development	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
Subsidiary company of HICOM Megah Sdn. Bhd.:				
* ¹ Corwin Holding Pte. Ltd.	90.00	90.00	Owner and operator of a shopping mall	31 March
Subsidiary companies of HICOM Indungan Sdn. Bhd.:				
* Rebak Island Marina Berhad	100.00	100.00	Operation of a marina resort and property development	31 March
HICOM Tan & Tan Sdn. Bhd.	50.00	50.00	Dormant	31 March

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
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 Polymers Industry Sdn. Bhd.:				
§ HICOM HBPO Sdn. Bhd.	60.00	60.00	Assembly of front end modules and related components	31 March
Subsidiary companies of KL Airport Services Sdn. Bhd.:				
KLAS Engineering Services Sdn. Bhd.	100.00	100.00	Provision of aircraft maintenance and engineering services	31 March
§@* Konsortium Logistik Berhad	100.00	-	Provision of total logistics services and inventory solutions	31 March

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Konsortium Logistik Berhad:				
\$* Aman Freight (Malaysia) Sdn. Bhd.	100.00	-	Freight and forwarding and other related services	31 March
\$* Cougar Logistics (Malaysia) Sdn. Bhd.	100.00	-	Freight and forwarding, warehousing and other related services	31 March
\$* Diperdana Kontena Sdn. Bhd.	100.00	-	Logistics related services	31 March
\$* KP Asia Auto Logistics Sdn. Bhd.	100.00	-	Warehousing and inventory solutions, forwarding, shipping and transport agent	31 March
\$* KP Distribution Services Sdn. Bhd.	100.00	-	Distribution services	31 March
\$* Malaysian Shipping Agencies Sdn. Bhd.	100.00	-	Shipping agency services, freight and forwarding and other related services	31 March
\$* Pengangkutan Aspacs Sdn. Bhd.	100.00	-	Freight and forwarding and other related services	31 March
\$* PNSL Berhad	100.00	-	Shipping agency and chartering services	31 March
\$* Westport Distripark (M) Sdn. Bhd.	100.00	-	Business of a distribution park	31 March
\$* Asia Pacific Freight System Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Diperdana Selatan Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Diperdana Utara Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Kaypi Southern Terminal Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Diperdana Terminal Services Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Kaypi Logistics Depot Sdn. Bhd.	100.00	-	Dormant	31 March
\$* North Terminal Sdn. Bhd.	100.00	-	Dormant	31 March
\$* ⁿ KPB Sadao ICD Co. Ltd.	49.00	-	Dormant	31 December

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Aman Freight (Malaysia) Sdn. Bhd.:				
\$* Aman Freight Services Sdn. Bhd.	100.00	-	Dormant	31 March
\$* Maya Perkasa (M) Sdn. Bhd.	100.00	-	Dormant	31 March
Subsidiary companies of Malaysian Shipping Agencies Sdn. Bhd.:				
\$* Konsortium Logistik (Sabah) Sdn. Bhd.	100.00	-	Forwarding and related services	31 March
\$* Konsortium Logistik (Sarawak) Sdn. Bhd.	100.00	-	Dormant	31 March
Subsidiary companies of PNSL Berhad:				
\$* PNSL Risk Management Sdn. Bhd.	100.00	-	Insurance agency service	31 March
\$* Parcel Tankers Malaysia Sdn. Bhd.	100.00	-	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
Scott & English Trading (Sarawak) Sdn. Bhd.	35.70	35.70	Trading of heavy machinery and equipment, spare parts and electrical appliances	31 March

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Scott & English (Malaysia) Sdn. Bhd.: (Continued)				
*j Myanmar Scott & English Company Limited (under voluntary liquidation)	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 Alam Flora Sdn. Bhd.:				
§ DRB-HICOM Environmental Services Sdn. Bhd.	97.37	100.00	Operating, maintaining and managing sanitary landfill and provision of waste treatment and environmental management	31 March
Subsidiary company of HICOM- Teck See Manufacturing Malaysia Sdn. Bhd.:				
ⁿ 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

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
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 March
Jointly controlled entities of HICOM Holdings Berhad:				
HICOM-HONDA Manufacturing Malaysia Sdn. Bhd.	48.00	48.00	Manufacture and assembly of motorcycle engines and components	31 March
HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.	45.00	45.00	Manufacture and assembly of motorcycle engines and parts	31 March
* ^b MBM Alam Flora W.L.L.	48.00	48.00	Dormant	31 December
Jointly controlled entity of PROTON:				
Exedy (Malaysia) Sdn. Bhd.	45.00	45.00	Manufacturing of car manual clutches, springs and related parts	31 December
Jointly controlled entity of Group Lotus Plc:				
* ^f 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	Providing 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

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3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
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 March
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 vehicle	31 March
* Suzuki Motorcycle Malaysia Sdn. Bhd.	29.00	29.00	Investment holding and manufacture, assembly and distribution of motorcycles and parts	31 December
\$ Midea Scott & English Electronics Sdn. Bhd.	-	30.00	Trading in consumer electrical and electronics household products	31 December
\$ Niro Ceramic (M) Sdn. Bhd.	-	21.01	Manufacturing and trading of ceramic tiles	31 December

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
ASSOCIATED COMPANIES (Continued)				
Associated company of PROTON:				
* Marutech Elastomer Industries Sdn. Bhd.	25.00	25.00	Manufacturing of automotive parts	31 March
Associated company of Perusahaan Otomobil Nasional Sdn. Bhd.:				
^m 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:				
* ^f 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	Advanced security network provider	31 December
Associated company of Proton Automobiles (China) Limited:				
* ^k Goldstar Proton Automobiles Co. Limited	49.00	49.00	Dormant	31 December

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

3 COMPANIES IN THE GROUP (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2014 %	2013 %		
ASSOCIATED COMPANIES (Continued)				
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	24.50	Manufacture, assemble, deliver and sell automotive exhaust systems and vehicles components	31 December

§ The changes in the effective equity interest/reclassification of 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 England.

g The country of incorporation is Hong Kong.

h The country of incorporation is Indonesia.

i The country of incorporation is Iran.

j The country of incorporation is Myanmar.

k The country of incorporation is People's Republic of China.

l The country of incorporation is Singapore.

m The country of incorporation is Socialist Republic of Vietnam.

n The country of incorporation is Thailand.

o The country of incorporation is United States of America.

All the other companies are incorporated in Malaysia.

- Due to the local statutory regulation's requirement, the financial year end of those subsidiary companies incorporated in People's Republic of China is different from the Group's financial year end.

- ▲ As mutually agreed by respective shareholders, the financial year end of certain jointly controlled entities and associated companies do not coincide with the Group.

4 REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	10,231,242	9,717,695	-	-
Rendering of services	1,317,639	1,412,100	-	-
Banking	974,755	983,991	-	-
Insurance business	523,766	467,539	-	-
Sale of land and development properties	648,371	305,637	-	-
Construction contracts	504,969	247,765	-	-
Dividend income from subsidiary companies, associated companies and a jointly controlled entity (gross)	-	-	691,630	631,779
Interest income from subsidiary companies	-	-	2,701	5,199
Rental income from subsidiary companies and an associated company	-	-	13,551	12,596
	14,200,742	13,134,727	707,882	649,574

5 COST OF SALES

	Group	
	2014 RM'000	2013 RM'000
Cost of inventories	8,972,514	8,451,678
Cost of services rendered	877,719	838,395
Cost of banking	390,585	388,629
Cost of insurance business	406,429	359,433
Cost of construction contracts, sale of land and development properties	886,756	446,219
	11,534,003	10,484,354

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6 PROFIT BEFORE TAXATION

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Allowance for/(write back of) investment securities and financing of customers (net)		16,254	(19,598)	-	-
Amortisation of					
– concession assets	14	11,417	8,858	-	-
– intangible assets	21	160,228	154,616	-	-
– prepaid lease properties	15	486	446	-	-
Auditors' remuneration		6,238	5,077	210	210
Depreciation of property, plant and equipment	13	570,284	607,265	354	346
Directors' emoluments	7	7,696	10,240	954	941
Doubtful debts (net of write backs)		31,985	46,393	-	-
Finance costs	9	368,585	337,603	188,149	232,242
Impairment loss of (net of reversal)					
– intangible assets	21	35,032	46,736	-	-
– investment in an associated company		7,293	-	-	3
– property, plant and equipment	13	3,138	2,576	-	-
Inventories written off/down (net of write backs)		851	13,704	-	-
Loss/(gain) on fair value adjustments of investment securities: financial assets at fair value through profit or loss		358	(516)	-	-
Loss on disposal of intangible assets		17	-	-	-
Provision for concession assets	39	23,443	16,906	-	-
Provision for liabilities and charges (net)	38	80,449	52,538	-	-
Rental of plant and machinery and equipment		33,655	21,666	-	-
Rental of premises		86,057	86,914	-	-
Research and development expenditure		66,861	33,017	-	-
Staff costs	8	1,826,435	1,676,233	-	-
Write off of property, plant and equipment	13	6,761	3,140	-	-
Amortisation of deferred income	36	(3,499)	(7,818)	-	-
Dividend income (gross)					
– quoted investments		(277)	(3,369)	(30,275)	(44,114)
– unquoted investments		-	-	(661,355)	(587,665)

6 PROFIT BEFORE TAXATION (Continued)

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

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(Gain)/loss on disposal of					
- a business		-	(412,552)	-	-
- a subsidiary company		(83,069)	-	-	-
- associated companies		(3,832)	(1,643)	-	-
- assets held for sale		(599)	(15)	-	-
- concession assets		(930)	(1,122)	-	-
- investment properties		(16)	-	-	-
- investment securities:					
available-for-sale		(12,590)	(22,397)	-	5,528
- investment securities: financial assets at fair value through profit or loss		(7,604)	(574)	-	-
- investment securities: held-to-maturity		-	(13,494)	-	-
- property, plant and equipment		(15,692)	(55,071)	-	-
(Gain)/loss on fair value adjustment of investment properties	16	(15,007)	1,750	3,841	6,701
Gain on bargain purchase arising from acquisition of a subsidiary company	53(i)(f)	(111,677)	-	-	-
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities		(773)	-	-	-
Interest income on					
- short term deposits		(101,400)	(95,323)	(4,831)	(4,928)
- subsidiary companies		-	-	(2,701)	(5,199)
Marked to market gain on derivatives (net)	33(b)	(28,561)	(7,287)	-	-
Realised foreign exchange differences (net)		(15,740)	(12,382)	-	-
(Reversal of impairment loss)/impairment loss of investment securities:					
available-for-sale (net)		(1,148)	11,768	-	-
Rental income		(22,128)	(25,186)	(13,551)	(12,596)
Unrealised foreign exchange differences (net)		(37,851)	18,123	-	-
Reversal of provision for major overhauls		-	(78,861)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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7 DIRECTORS' EMOLUMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-executive Directors:				
– fees	897	880	785	768
– allowances and other benefits	1,216	1,219	169	173
Executive Director:				
– salaries, bonuses, fees, allowances and other benefits	4,876	7,102	-	-
– defined contribution plan	707	1,039	-	-
	7,696	10,240	954	941

The estimated value of benefits-in-kind received by Directors amounted to RM13,500 (2013: RM19,000).

8 STAFF COSTS

	Note	Group	
		2014 RM'000	2013 RM'000
Salaries, wages, bonuses, allowances and other benefits		1,652,757	1,526,142
Defined contribution plan		163,218	139,892
Defined benefit plan	40(d)	10,097	9,935
Termination benefits		363	264
		1,826,435	1,676,233

9 FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on borrowings	356,285	332,177	180,815	230,061
Hire purchase and finance lease charges	2,760	2,094	-	-
Other finance charges	7,742	2,400	7,334	2,181
Unwinding of discount	1,798	932	-	-
	368,585	337,603	188,149	232,242

10 TAXATION

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statement Of Comprehensive Income:					
Current taxation					
- Malaysian tax		170,040	170,860	45,915	16,204
- Foreign tax		1,757	2,077	-	-
- (Over)/under provision in respect of prior financial year		(82,277)	(32,487)	208	117
		89,520	140,450	46,123	16,321
Deferred taxation	22				
- Current year		73,074	161,185	(1,101)	287
- (Over)/under provision in respect of prior financial year		(10,902)	36,794	-	-
		62,172	197,979	(1,101)	287
Taxation recognised in profit or loss		151,692	338,429	45,022	16,608
Deferred taxation related to other comprehensive income:					
Deferred taxation	22	(2,244)	7,105	-	-

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10 TAXATION (Continued)

The explanation of the relationship between taxation charge and profit before taxation is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	(Restated) RM'000	RM'000	RM'000
<u>Numerical reconciliation of effective taxation charge</u>				
Profit before taxation	796,613	1,037,367	491,359	380,924
Tax calculated at the Malaysian tax rate of 25% (2013: 25%)	199,153	259,342	122,840	95,231
Tax effects of:				
- share of results of jointly controlled entities	(14,270)	(11,953)	-	-
- share of results of associated companies	(38,691)	(32,143)	-	-
- expenses not deductible for tax purposes	133,639	148,974	10,272	13,710
- income not subject to tax	(127,268)	(185,653)	(88,298)	(92,450)
- different tax rates	5,673	(2,918)	-	-
- tax allowance not recognised	45,350	16,596	-	-
- tax losses not recognised	67,127	300,257	-	-
- temporary differences not recognised	34,752	26,916	-	-
- utilisation of previously unrecognised tax losses	(59,835)	(173,097)	-	-
- utilisation of previously unrecognised tax allowances	(759)	(12,199)	-	-
(Over)/under provision of current taxation in respect of prior financial year	(82,277)	(32,487)	208	117
(Over)/under provision of deferred taxation in respect of prior financial year	(10,902)	36,794	-	-
Taxation charge	151,692	338,429	45,022	16,608

Unabsorbed tax losses, unutilised capital 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	
	2014	2013
	RM'000	RM'000
Unabsorbed tax losses	3,427,421	3,087,118
Unutilised capital allowances	2,062,681	2,410,801
Unutilised reinvestment allowances	2,265,540	2,265,540

11 DIVIDENDS

Dividends paid by the Company since 31 March 2013 were as follows:

	Group and Company	
	2014	2013
	RM'000	RM'000
Dividend paid		
In respect of the financial year ended 31 March 2013:		
Final gross dividend of 0.5 sen per share, less taxation of 25% and tax exempt dividend of 4.0 sen per share, paid on 18 October 2013 (2013: Final gross dividend of 4.0 sen per share less taxation of 25%)	84,579	57,997
Dividend paid/payable		
In respect of the financial year ended 31 March 2014:		
Single tier interim dividend of 1.5 sen per share (2013: Interim gross dividend of 1.5 sen, less taxation of 25%)	28,999	21,749

At the forthcoming Annual General Meeting of the Company, a single tier final dividend of 4.5 sen per share amounting to RM86,995,667 (2013: 0.5 sen gross per share, less taxation of 25% amounting RM7,249,639 and tax exempt dividend of 4.0 sen per share, amounting RM77,329,482) in respect of the financial year ended 31 March 2014 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 2015 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	
	2014	2013
Net profit attributable to owners of the Company (RM'000)	456,819	575,305
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	23.63	29.76

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13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	Buildings, golf course and improvements					Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Aircrafts RM'000	Capital work-in-progress RM'000	Total RM'000
					Plant and machinery RM'000	Plant and machinery RM'000	Plant and machinery RM'000	Plant and machinery RM'000	Plant and machinery RM'000						
2014															
At 1 April 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		
Acquisition of subsidiary companies	53(i)	19,932	-	17,446	174,332	63,846	78,315	10,803	3,273	5,110	16,369	-	389,426		
Disposal of a subsidiary company	54(i)(a)	(4,111)	-	-	(3,765)	-	(285)	(884)	(811)	-	-	-	(9,856)		
Additions		1,101	-	21,749	18,589	100,246	36,039	36,633	12,914	158	511,708	-	739,137		
Disposals		-	-	(573)	(2,465)	(466)	(7,032)	(485)	(355)	-	-	-	(11,376)		
Written off	6	-	-	-	(2,964)	(2,996)	(78)	(303)	(36)	(140)	(242)	-	(6,761)		
Depreciation charge	6	-	(120)	(940)	(92,482)	(344,451)	(20,286)	(94,546)	(16,775)	(684)	-	-	(570,284)		
(Impairment losses)/reversal of impairment losses	6	22	-	(353)	(2,768)	17	-	(53)	(3)	-	-	-	(3,138)		
Currency translation differences		2,659	-	(48)	16,689	1,183	19	1,377	464	-	825	-	23,168		
Reclassification		-	97	-	209,565	337,464	-	-	-	2,505	(549,631)	-	-		
Transfer (to)/from investment properties	16	(4,115)	-	11,393	28,375	-	-	-	-	-	-	-	35,653		
Transfer from land held for development	17(a)	-	-	-	-	-	-	-	-	-	50	-	50		
Transfer to property development activities	17(b)	-	-	-	(2,025)	-	-	-	-	-	-	-	(2,025)		
Transfer to intangible assets	21	-	-	-	-	-	-	-	-	-	(160)	-	(160)		
Transfer to inventories		-	-	-	-	(698)	-	-	-	-	-	-	(698)		
Transfer to assets held for sale	27	(350)	-	-	-	(2,511)	(2,161)	(329)	(111)	-	-	-	(5,462)		
At 31 March 2014		1,120,904	5,053	110,988	2,131,040	1,334,828	161,254	335,495	53,716	6,949	301,229	-	5,561,456		
Cost		1,137,780	7,192	132,809	3,721,296	6,862,771	335,753	1,680,625	295,451	10,164	301,229	-	14,485,070		
Accumulated depreciation		-	(2,139)	(21,215)	(1,389,587)	(5,185,123)	(173,298)	(1,344,859)	(240,630)	(3,215)	-	-	(9,360,066)		
Accumulated impairment losses		(16,876)	-	(606)	(200,669)	(342,820)	(1,201)	(271)	(1,105)	-	-	-	(563,548)		
Net book value		1,120,904	5,053	110,988	2,131,040	1,334,828	161,254	335,495	53,716	6,949	301,229	-	5,561,456		

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Buildings,										Capital work-in-progress RM'000	Total RM'000	
		Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	Improvements and land RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings 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		-	-	-	(344)	(1,261)	(1,190)	283	(64)	-	(2,576)			
Currency translation differences	6	(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			

NOTES TO THE FINANCIAL STATEMENTS

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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								
2014								
At 1 April 2013		-	-	800	126	273	29	1,228
Additions		-	-	-	-	15	7	22
Depreciation charge	6	-	-	(200)	(100)	(46)	(8)	(354)
At 31 March 2014		-	-	600	26	242	28	896
Cost		-	-	12,154	525	393	42	13,114
Accumulated depreciation		-	-	(11,554)	(499)	(151)	(14)	(12,218)
Net book value		-	-	600	26	242	28	896
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

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) Certain property, plant and equipment of the Group with a net book value of RM1,737,640,000 (2013: RM652,869,000) have been charged as security for bank borrowings (Notes 37 and 45).
- (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:

	Group	
	2014	2013
	RM'000	RM'000
<hr/>		
Additions during the financial year:		
- Plant and machinery	19,619	15,587
- Motor vehicle	256	151
	19,875	15,738
<hr/>		
Net book value at financial year end:		
- Plant and machinery	35,965	41,189
- Office equipment	1,090	2,529
- Motor vehicles	864	1,236
	37,919	44,954
<hr/>		

- (c) Included in the property, plant and equipment are assets purchased utilising the Automotive Development Fund in prior years. These assets have been fully depreciated during the financial year (2013: Net book value RM3,185,000).

NOTES TO THE FINANCIAL STATEMENTS

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14 CONCESSION ASSETS

	Note	Group	
		2014 RM'000	2013 RM'000
At 1 April		253,888	377,552
Reversals	39	(332)	(114,981)
Amortisation charge	6	(11,417)	(8,858)
Transfer from property, plant and equipment	13	-	175
At 31 March		242,139	253,888
Cost		269,717	273,030
Accumulated amortisation		(27,578)	(19,142)
Net book value		242,139	253,888

- (a) The concession assets of the Group with a net book value of RM229,118,000 (2013: RM238,246,000) have been charged as security for bank borrowings (Note 37).
- (b) The details of plant and machinery acquired under hire purchase and finance lease agreements are as follows:

	Group	
	2014 RM'000	2013 RM'000
Net book value at financial year end	13,021	15,642

15 PREPAID LEASE PROPERTIES

	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group				
2014				
At 1 April 2013		-	11,772	11,772
Acquisition of subsidiary companies	53(i)	-	25,099	25,099
Disposal of a subsidiary company	54(i)(a)	-	(244)	(244)
Amortisation charge	6	-	(486)	(486)
Transfer from investment property	16	-	1,568	1,568
At 31 March 2014		-	37,709	37,709
Cost		-	40,113	40,113
Accumulated amortisation		-	(2,404)	(2,404)
Net book value		-	37,709	37,709
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

(a) Certain prepaid lease properties of the Group with net book value of RM6,030,000 (2013: RM4,609,000) have been charged as security for bank borrowings (Notes 37 and 45).

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

16 INVESTMENT PROPERTIES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April		551,514	553,121	152,580	138,729
Additions		-	9,217	2,661	4,452
Changes in fair value during the financial year	6	15,007	(1,750)	(3,841)	(6,701)
Currency translation differences		13,884	6,750	-	-
Disposal		(70)	-	-	-
Disposal of a subsidiary company	54(i)(a)	(5,000)	-	-	-
Fair value gain upon transfer from property, plant and equipment		2,391	-	-	-
Transfer to prepaid lease properties	15	(1,568)	-	-	-
Transfer (to)/from property, plant and equipment	13	(35,653)	(10,684)	-	16,100
Transfer to assets held for sale		-	(5,140)	-	-
At 31 March		540,505	551,514	151,400	152,580
The disclosure on income and expenses of investment properties are as below:					
Rental income		26,533	30,339	13,551	12,596
Direct operating expenses from investment properties that generated rental income during the financial year		12,112	11,670	888	642
Direct operating expenses from investment properties that did not generate rental income during the financial year		113	240	-	-

- (a) The fair value of the investment properties of the Group and the Company were based on valuations by independent qualified valuers. Valuations for the investment properties were based on market comparison method.
- (b) Certain investment properties of the Group with carrying value of RM427,255,000 (2013: RM438,284,000) have been charged as security for bank borrowings (Notes 37 and 45).
- (c) The fair value measurement of the investment properties is disclosed in Note 63.

17 PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

	Note	Group 2014 RM'000	2013 RM'000
<u>At cost</u>			
At 1 April			
Land		875,546	875,530
Development costs		198,373	191,847
Accumulated impairment losses		(22,147)	(22,147)
		1,051,772	1,045,230
Add: Costs incurred during the financial year			
- Land		2,285	16
- Development costs		6,484	3,097
		1,060,541	1,048,343
Costs of land disposed during the year charged to profit or loss			
- Land		(294,192)	-
- Development costs		(1,245)	-
Transfer (to)/from property development costs	17(b)		
- Land		(34,532)	-
- Development costs		2,784	3,429
Transfer of land to property, plant and equipment	13	(50)	-
At 31 March		733,306	1,051,772
<u>At end of the financial year</u>			
Land		549,057	875,546
Development costs		206,396	198,373
Accumulated impairment losses		(22,147)	(22,147)
		733,306	1,051,772

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

17 PROPERTY DEVELOPMENT ACTIVITIES (Continued)

(b) Property development costs

	Note	Group	
		2014 RM'000	2013 RM'000
<u>At cost</u>			
At 1 April			
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
Less: Completed developments in previous years			
– Land		(16,372)	(73)
– Development costs		(108,986)	(31,636)
– Accumulated costs charged to profit or loss		125,358	31,709
		-	-
Add: Costs incurred during the financial year			
– Land		1,714	240
– Development costs		117,666	229,237
Transfer from/(to) land held for property development	17(a)		
– Land		34,532	-
– Development costs		(2,784)	(3,429)
Less: Costs recognised as an expense in profit or loss during the financial year		(80,971)	(211,719)
Transfer to inventories			
– Land		(11,880)	(2,448)
– Development costs		(38,234)	(9,110)
Transfer of land from property, plant and equipment	13	2,025	-
At 31 March		257,711	235,643
<u>At end of the financial year</u>			
Land		120,005	109,986
Development costs		425,814	458,152
Accumulated costs charged to profit or loss		(288,108)	(332,495)
		257,711	235,643

17 PROPERTY DEVELOPMENT ACTIVITIES (Continued)

- (c) Included in land held for property development and property development costs is interest on borrowings capitalised for the financial year amounting to RM3,709,000 (2013: RM5,052,000).
- (d) Land held for property development and property development costs with carrying value of RM411,842,000 (2013: RM427,591,000) belonging to subsidiary companies have been charged as security for bank borrowings (Notes 37 and 45).

18 SUBSIDIARY COMPANIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	7,514,051	7,375,551
Less: Accumulated impairment losses	(48,677)	(48,677)
Total	7,465,374	7,326,874

- (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 this matter.
- (c) The cost of shares of a subsidiary company amounting to RM3,030,308,000 (2013: RM3,030,308,000) has been charged as security for bank borrowings (Notes 37 and 45).
- (d) The Group's subsidiary companies that have material non-controlling interest ("NCI"), based on effective equity interest are as follows:

Effective equity interest held by NCI	2014	2013
Uni.Asia General Insurance Berhad	65.27%	65.27%
Uni.Asia Capital Sdn. Bhd.	49.00%	49.00%
Bank Muamalat Malaysia Berhad	30.00%	30.00%
Horsedale Development Berhad	29.40%	29.40%

NOTES TO THE FINANCIAL STATEMENTS

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18 SUBSIDIARY COMPANIES (Continued)

- (d) The Group's subsidiary companies that have material NCI, based on effective equity interest are as follows:
(Continued)

	Uni.Asia General Insurance Berhad RM'000	Uni.Asia Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000	Others RM'000	Total RM'000
2014						
Carrying value of NCI	255,103	96,333	541,322	103,624	203,470	1,199,852
Net profit for the financial year attributable to NCI	41,228	66,140	43,375	9,410	27,949	188,102
2013						
Carrying value of NCI	243,279	112,052	498,987	94,298	305,414	1,254,030
Net profit for the financial year attributable to NCI	48,490	288	45,132	12,897	16,826	123,633

- (e) The summarised financial information (before inter-company eliminations) of these subsidiary companies that have material NCI not adjusted for the ownership interest held by the Group, are as follows:

	Uni.Asia General Insurance Berhad RM'000	Uni.Asia Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000
As at 31 March 2014				
Non-current assets	294,937	-	14,939,706	270,364
Current assets	907,048	211,785	5,121,984	229,305
Non-current liabilities	(35,504)	-	(458,863)	(91,571)
Current liabilities	(804,007)	(15,189)	(17,857,251)	(58,682)
Net assets	362,474	196,596	1,745,576	349,416

18 SUBSIDIARY COMPANIES (Continued)

(e) The summarised financial information (before inter-company eliminations) of these subsidiary companies that have material NCI not adjusted for the ownership interest held by the Group, are as follows: (Continued)

	Uni.Asia General Insurance Berhad RM'000	Uni.Asia Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000
<u>Financial year ended 31 March 2014</u>				
Revenue	529,870	-	986,188	176,073
Net profit for the financial year	63,373	430,694	151,564	38,675
Cash flows from operating activities	50,177	452,638	(2,590,768)	40,439
Cash flows from investing activities	(2,825)	-	356,552	6,197
Cash flows from financing activities	(45,300)	(452,530)	(20,431)	(10,512)
Net increase/(decrease) in cash and cash equivalents	2,052	108	(2,254,647)	36,124
Dividends paid to NCI	16,094	226,761	58,500	2,940
<u>As at 31 March 2013</u>				
Non-current assets	330,009	-	13,979,263	263,400
Current assets	830,342	286,999	7,092,327	210,795
Non-current liabilities	(32,532)	-	(450,088)	(90,769)
Current liabilities	(786,603)	(58,320)	(19,023,026)	(62,686)
Net assets	341,216	228,679	1,598,476	320,740
<u>Financial year ended 31 March 2013</u>				
Revenue	471,930	-	999,000	200,211
Net profit for the financial year	76,331	9,780	167,936	48,719
Cash flows from operating activities	(29,528)	7,474	(841,872)	(4,281)
Cash flows from investing activities	(2,932)	-	(297,503)	27,428
Cash flows from financing activities	(8,709)	(7,391)	(20,487)	(33,917)
Net (decrease)/increase in cash and cash equivalents	(41,169)	83	(1,159,862)	(10,770)
Dividends paid to NCI	3,916	2,002	-	9,790

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19 JOINTLY CONTROLLED ENTITIES

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)	Company	
	RM'000	RM'000	RM'000	2014 RM'000	2013 RM'000
Share of net assets	413,371	429,448	455,033	-	-
Unquoted shares, at cost	-	-	-	9,800	9,800

- (a) The details of the jointly controlled entities, all of which are unquoted, are listed in Note 3 to the financial statements.
- (b) None of the Group's jointly controlled entities are material individually or in aggregate to the financial position, financial performance and cash flows of the Group.
- (c) The summarised financial information of the jointly controlled entities, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2014	2013 (Restated)	2012 (Restated as at 1 April 2012)
	RM'000	RM'000	RM'000
Non-current assets	1,834,649	1,836,765	1,871,731
Current assets	1,196,144	1,305,657	1,153,436
Non-current liabilities	(1,551,694)	(1,460,150)	(1,505,027)
Current liabilities	(699,371)	(816,397)	(667,770)
Net assets	779,728	865,875	852,370

	2014	2013 (Restated)
	RM'000	RM'000
Revenue	2,790,674	2,876,005
Expenses	(2,685,565)	(2,772,121)
Profit before taxation	105,109	103,884
Taxation	(29,333)	(24,833)
Net profit, representing total comprehensive income	75,776	79,051

19 JOINTLY CONTROLLED ENTITIES (Continued)

- (d) The summarised financial information based on Group's interest in jointly controlled entities for the years are as follows:

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)
	RM'000	RM'000	RM'000
Non-current assets	947,242	923,980	944,481
Current assets	584,877	652,400	661,439
Non-current liabilities	(775,591)	(731,947)	(752,162)
Current liabilities	(343,157)	(414,985)	(398,725)
Net assets	413,371	429,448	455,033

	2014	Group 2013 (Restated)
	RM'000	RM'000
Net profit, representing total comprehensive income	35,485	40,204
Cash dividends received by the Group	24,009	68,237

- (e) Capital commitments for property, plant and equipment

	2014	Group 2013
	RM'000	RM'000
- contracted	2,098	703
- not contracted	8,263	3,485
	10,361	4,188

- (f) There are no material contingencies relating to jointly controlled entities.

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20 ASSOCIATED COMPANIES

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)	Company	
	RM'000	RM'000	RM'000	2014 RM'000	2013 RM'000
Share of net assets	1,226,189	1,184,012	1,117,721	-	-
Quoted shares, at cost	-	-	-	605,170	605,170
Unquoted shares, at cost	-	-	-	71,800	71,800
	1,226,189	1,184,012	1,117,721	676,970	676,970

(a) The details of the associated companies are listed in Note 3 to the financial statements.

(b) The Group's material associated companies, based on equity interest are as follows:

Equity interest held by the Group	2014	2013
Honda Malaysia Sdn. Bhd.	34.00%	34.00%
POS Malaysia Berhad	32.21%	32.21%

(c) Capital commitments for property, plant and equipment

	Group	
	2014 RM'000	2013 RM'000
- contracted	43,943	116,675
- not contracted	86,340	93,993
	130,283	210,668

20 ASSOCIATED COMPANIES (Continued)

- (d) There are no material contingencies relating to associated companies.
- (e) The accumulated share of losses that have not been recognised by the Group amounted to RM11,864,000 (2013: RM11,863,000). The Group has no obligation in respect of these losses.
- (f) The cost of investment in an associated company amounting to RM605,170,000 (2013: RM605,170,000) has been charged as security for bank borrowings (Notes 37 and 45).
- (g) The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	Honda Malaysia Sdn. Bhd. RM'000	POS Malaysia Berhad RM'000	Others RM'000	Total RM'000
<u>As at 31 March 2014</u>				
Non-current assets	724,954	772,512	188,199	1,685,665
Current assets	1,184,820	881,647	907,612	2,974,079
Non-current liabilities	(108,107)	(42,637)	(65,251)	(215,995)
Current liabilities	(983,428)	(577,589)	(385,014)	(1,946,031)
Net assets	818,239	1,033,933	645,546	2,497,718
<u>Financial year ended 31 March 2014</u>				
Revenue	4,934,467	1,426,908	2,235,655	8,597,030
Expenses	(4,743,258)	(1,203,518)	(2,125,446)	(8,072,222)
Profit before taxation	191,209	223,390	110,209	524,808
Taxation	(43,249)	(65,664)	(11,104)	(120,017)
Profit after taxation	147,960	157,726	99,105	404,791
Non-controlling interest	-	1,249	-	1,249
Net profit, representing total comprehensive income	147,960	158,975	99,105	406,040

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20 ASSOCIATED COMPANIES (Continued)

(g) The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, are as follows: (Continued)

	Honda Malaysia Sdn. Bhd. RM'000	POS Malaysia Berhad RM'000	Others RM'000	Total RM'000
<u>As at 31 March 2013</u>				
Non-current assets	510,769	753,161	292,648	1,556,578
Current assets	1,109,244	862,102	1,120,836	3,092,182
Non-current liabilities	(28,403)	(36,665)	(96,943)	(162,011)
Current liabilities	(840,172)	(630,906)	(618,658)	(2,089,736)
Net assets	751,438	947,692	697,883	2,397,013
<u>Financial year ended 31 March 2013</u>				
Revenue	4,076,298	1,269,511	2,137,515	7,483,324
Expenses	(3,908,803)	(1,077,642)	(2,043,778)	(7,030,223)
Profit before taxation	167,495	191,869	93,737	453,101
Taxation	(34,769)	(40,564)	(26,644)	(101,977)
Profit after taxation	132,726	151,305	67,093	351,124
Non-controlling interest	–	421	–	421
Net profit, representing total comprehensive income	132,726	151,726	67,093	351,545

	Honda Malaysia Sdn. Bhd. RM'000	POS Malaysia Berhad RM'000	Others RM'000	Total RM'000
<u>As at 1 April 2012</u>				
Non-current assets	296,904	775,641	216,384	1,288,929
Current assets	835,403	722,435	1,006,026	2,563,864
Non-current liabilities	(11,418)	(17,819)	(51,792)	(81,029)
Current liabilities	(435,636)	(582,164)	(565,894)	(1,583,694)
Net assets	685,253	898,093	604,724	2,188,070

20 ASSOCIATED COMPANIES (Continued)

(h) The summarised financial information based on Group's interest in associated companies' for the years are as follows:

	Honda Malaysia Sdn. Bhd. RM'000	POS Malaysia Berhad RM'000	Others RM'000	Total RM'000
<u>As at 31 March 2014</u>				
Group's share of net assets	278,201	333,030	273,247	884,478
Intangible asset	-	341,711	-	341,711
Carrying value of Group's interest in associated companies	278,201	674,741	273,247	1,226,189
Group's share of net profit, representing total comprehensive income	50,306	51,020	41,001	142,327
Cash dividends received by the Group	27,594	22,706	14,824	65,124
<u>As at 31 March 2013 (Restated)</u>				
Group's share of net assets	255,489	305,251	270,691	831,431
Intangible asset	-	341,711	10,870	352,581
Carrying value of Group's interest in associated companies	255,489	646,962	281,561	1,184,012
Group's share of net profit, representing total comprehensive income	45,127	48,081	29,166	122,374
Cash dividends received by the Group	22,624	33,086	1,185	56,895
<u>As at 1 April 2012 (Restated)</u>				
Group's share of net assets	232,986	289,276	242,878	765,140
Intangible asset	-	341,711	10,870	352,581
Carrying value of Group's interest in associated companies	232,986	630,987	253,748	1,117,721

NOTES TO THE FINANCIAL STATEMENTS

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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	Total RM'000
Group									
2014									
At 1 April 2013		31,363	7,134	43,520	232,537	417,322	35,496	41,710	809,082
Acquisition of subsidiary companies	53(i)	306,995	-	-	-	-	-	-	306,995
Disposal of a subsidiary company	54(i)(a)	-	-	(3,761)	-	-	-	-	(3,761)
Additions		-	-	19,566	3,746	173,008	-	-	196,320
Disposals		-	-	(186)	-	-	-	-	(186)
Transfer from property, plant and equipment	13	-	-	-	160	-	-	-	160
Amortisation charge	6	-	(7,134)	(33,913)	(113,265)	-	(5,916)	-	(160,228)
Currency translation differences		-	-	(1)	20,112	11,989	-	-	32,100
Reversal of impairment loss/ (impairment loss)	6	-	-	-	59,443	(94,475)	-	-	(35,032)
Reclassification		-	-	1,513	91,090	(92,603)	-	-	-
At 31 March 2014		338,358	-	26,738	293,823	415,241	29,580	41,710	1,145,450
Cost		345,377	61,400	247,905	1,598,434	752,990	41,412	41,710	3,089,228
Accumulated amortisation		-	(61,400)	(221,167)	(863,522)	-	(11,832)	-	(1,157,921)
Accumulated impairment losses		(7,019)	-	-	(441,089)	(337,749)	-	-	(785,857)
Net book value		338,358	-	26,738	293,823	415,241	29,580	41,710	1,145,450

21 INTANGIBLE ASSETS (Continued)

	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		-	-	-	(1,526)	(5,749)	-	-	-	(7,275)
Impairment loss	6	-	-	(761)	(1,091)	(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	1,408,878	614,892	41,412	41,710	-	2,444,330
Accumulated amortisation		-	(54,266)	(194,136)	(729,335)	-	(5,916)	-	-	(983,653)
Accumulated impairment losses		(7,019)	-	-	(447,006)	(197,570)	-	-	-	(651,595)
Net book value		31,363	7,134	43,520	232,537	417,322	35,496	41,710	-	809,082

- (a) The carrying amount of goodwill was allocated to five of the Group's cash generating units (CGUs), namely distribution of motor vehicles (2014: RM67,511,000, 2013: Nil), defence services (2014 and 2013: RM4,665,000), airport ground handling services (2014 and 2013: RM16,648,000), integrated logistics services (2014: RM239,484,000, 2013: Nil) and banking (2014 and 2013: RM10,050,000). The recoverable amounts of the five 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

	Note	Group	
		2014 RM'000	2013 RM'000
At 1 April		179,947	383,369
Acquisition of subsidiary companies	53(i)	(13,628)	-
Disposal of a subsidiary company	54(i)(a)	50,387	-
Movement in life assurance fund (Charged)/credited to profit or loss	10	1,829	1,662
- Intangible assets		(36,418)	(104,332)
- Investment securities		(2,018)	(1,130)
- Investment properties		(158)	(5,230)
- Property, plant and equipment		(18,898)	(24,684)
- Property development expenditure		3,798	7,385
- Receivables		7,266	(21,937)
- Provisions		(10,734)	(22,175)
- Tax losses		4,309	364
- Unallocated surplus		(9,324)	2,963
- Unearned premium reserve		5	453
- Allowance for impaired financing		-	(29,656)
		(62,172)	(197,979)
Credited/(charged) to other comprehensive income	10		
- Loss/(gain) on fair value changes of available-for-sale financial securities		2,320	(7,105)
- Fair value adjustment on investment properties		(76)	-
		2,244	(7,105)
At 31 March		158,607	179,947

22 DEFERRED TAXATION (Continued)

	Group	
	2014 RM'000	2013 RM'000
Subject to income tax		
<i>Deferred tax assets (before offsetting)</i>		
Intangible assets	10,176	35,938
Investment securities	10,188	12,201
Provisions	300,468	309,292
Property, plant and equipment	73,546	95,989
Property development expenditure	9,351	5,502
Receivables	36,907	31,047
Tax losses	39,619	35,775
Unearned premium reserves	-	528
	480,255	526,272
Offsetting	(260,482)	(243,989)
Deferred tax assets (after offsetting)	219,773	282,283
Subject to income tax		
<i>Deferred tax liabilities (before offsetting)</i>		
Intangible assets	(160,858)	(149,729)
Investment properties	(8,699)	(8,465)
Property, plant and equipment	(151,758)	(142,949)
Provisions	(263)	(46)
Unearned premium reserves	(70)	(75)
Investment securities	-	(6,534)
Receivables	-	(1,068)
Unallocated surplus	-	(37,459)
	(321,648)	(346,325)
Offsetting	260,482	243,989
Deferred tax liabilities (after offsetting)	(61,166)	(102,336)
Presented after appropriate offsetting as follows:		
Deferred tax assets	219,773	282,283
Deferred tax liabilities	(61,166)	(102,336)
	158,607	179,947

NOTES TO THE FINANCIAL STATEMENTS

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22 DEFERRED TAXATION (Continued)

	Note	Company	
		2014 RM'000	2013 RM'000
At 1 April		(3,870)	(3,583)
Charged to profit or loss	10		
– Investment properties		(755)	(729)
– Property, plant and equipment		1,856	442
At 31 March		(2,769)	(3,870)
Subject to income tax			
<i>Deferred tax assets (before offsetting)</i>			
Property, plant and equipment		938	1,693
Offsetting		(938)	(1,693)
Deferred tax assets (after offsetting)		-	-
Subject to income tax			
<i>Deferred tax liabilities (before offsetting)</i>			
Investment properties		(3,707)	(5,563)
Offsetting		938	1,693
Deferred tax liabilities (after offsetting)		(2,769)	(3,870)
Presented after appropriate offsetting as follows:			
Deferred tax liabilities		(2,769)	(3,870)

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			
2014			
<u>Unquoted securities</u>			
Debt securities, in Malaysia	98,710	-	98,710
Non-current	98,710	-	98,710
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>			
Debt 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

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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 an insurance subsidiary company RM'000	Held by other subsidiary companies RM'000			
Group						
2014						
<u>Government securities</u>						
Malaysian government investment certificates	3,227,134	-	-	-	-	3,227,134
<u>Quoted securities</u>						
Equity securities, in Malaysia	66,671	-	-	-	-	66,671
<u>Unquoted securities</u>						
Islamic debt securities, in Malaysia	2,595,375	-	-	-	-	2,595,375
Debt securities, in Malaysia	-	85,667	-	85,667	85,667	85,667
Cagamas bonds	148,884	-	-	-	-	148,884
Equity securities, in Malaysia	5,206	38	46,308	46,346	46,346	51,552
Foreign Islamic debt securities and sukuk	21,977	-	-	-	-	21,977
Total	6,065,247	85,705	46,308	132,013	132,013	6,197,260
Non-current	5,608,740	84,723	46,308	131,031	131,031	5,739,771
Current	456,507	982	-	982	982	457,489
	6,065,247	85,705	46,308	132,013	132,013	6,197,260

23 INVESTMENT SECURITIES (Continued)

(b) Investment securities: available-for-sale, at fair value (Continued)

	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>Government securities</u>						
Malaysian government investment certificates	3,383,061	-	-	-	-	3,383,061
<u>Quoted securities</u>						
Equity securities, in Malaysia	44,182	-	-	-	-	44,182
<u>Unquoted securities</u>						
Islamic debt securities, in Malaysia	2,857,135	-	-	-	-	2,857,135
Debt securities, in Malaysia	-	804,934	-	804,934	804,934	804,934
Cagamas bonds	120,938	91,425	-	91,425	212,363	212,363
Malaysian government investment certificates	-	94,111	-	94,111	94,111	94,111
Equity securities, in Malaysia	4,631	2,187	47,187	49,374	54,005	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	7,506,835
Non-current	5,106,283	961,171	46,065	1,007,236	6,113,519	6,113,519
Current	1,360,708	31,486	1,122	32,608	1,393,316	1,393,316
	6,466,991	992,657	47,187	1,039,844	7,506,835	7,506,835

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23 INVESTMENT SECURITIES (Continued)

(c) Investment securities: held-to-maturity, at amortised cost

	Banking	Non-banking	Total RM'000	Fair value RM'000
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000		
Group				
2014				
<u>Unquoted securities</u>				
Cagamas bonds	-	86,832	86,832	87,290
Non-current	-	45,569	45,569	
Current	-	41,263	41,263	
	-	86,832	86,832	
2013				
<u>Government securities</u>				
Malaysian government investment certificates	-	20,134	20,134	20,619
<u>Unquoted securities</u>				
Debt securities, in Malaysia	-	426,898	426,898	406,808
Cagamas bonds	-	44,354	44,354	47,634
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	

24 OTHER ASSETS

	Group	
	2014 RM'000	2013 RM'000
Golf memberships, at fair value	633	320

The fair value measurement of other assets is disclosed in Note 63.

25 FINANCING OF CUSTOMERS

	Group	
	2014 RM'000	2013 RM'000
Cash line	245,997	208,538
Term financing		
- Home financing	11,034,279	8,398,544
- Hire purchase receivables	1,288,697	1,145,741
- Syndicated financing	181,105	141,177
- Leasing receivables	128,843	146,559
- Other term financing	8,201,438	7,229,555
Trust receipts	52,714	107,256
Claims on customers under acceptance credits	670,475	735,951
Staff financing	127,402	120,362
Revolving credits	947,921	616,204
Sukuk	141,960	50,488
	23,020,831	18,900,375
Less: Unearned income	(11,052,832)	(8,520,066)
	11,967,999	10,380,309
Less: Allowance for bad and doubtful financing:		
- Collective assessment	(195,951)	(242,843)
- Individual assessment	(74,492)	(28,453)
Total net financing, advances and other financing	11,697,556	10,109,013

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25 FINANCING OF CUSTOMERS (Continued)

	Group	
	2014 RM'000	2013 RM'000
Non-current	8,410,371	8,056,313
Current	3,287,185	2,052,700
	11,697,556	10,109,013
Fair values	11,481,081	11,680,886

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 company with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined at set percentages of total eligible liabilities.
- (b) The carrying amounts as at the reporting date approximate their fair values.

27 ASSETS HELD FOR SALE

		Group	
	Note	2014 RM'000	2013 RM'000
Investment properties		337	5,476
Property, plant and equipment	13	5,462	189
		5,799	5,665

28 INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
<u>Cost</u>		
Raw materials	429,761	335,061
Work-in-progress	363,263	308,773
Finished goods	723,832	784,196
Consumables	272,461	184,713
Completed units of unsold properties	52,846	34,821
<u>Net realisable value</u>		
Finished goods	150,492	291,854
Completed units of unsold properties	12,129	14,099
Consumables	33,429	36,895
	2,038,213	1,990,412

29 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	1,934,088	1,609,566	-	-
Less: Allowance for impairment	(205,074)	(182,071)	-	-
	1,729,014	1,427,495	-	-
Other receivables	1,851,475	2,206,066	554	186
Less: Allowance for impairment	(168,612)	(152,173)	-	-
	1,682,863	2,053,893	554	186
Amounts due from subsidiary companies	-	-	1,210,953	1,201,420
Less: Allowance for impairment	-	-	(215,190)	(215,190)
	-	-	995,763	986,230

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29 TRADE AND OTHER RECEIVABLES (Continued)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amounts due from jointly controlled entities		6,386	4,919	12	11
Amounts due from associated companies		42,167	39,324	527	672
Amounts due from related parties		2,804	6,162	-	-
Amounts due from customers on contracts	51	441,075	437,009	-	-
Accrued billings		20,404	104,062	-	-
Deposits		58,521	45,592	181	181
Prepayments		144,195	95,859	234	72
		715,552	732,927	954	936
		4,127,429	4,214,315	997,271	987,352
Non-current		378,359	12,289	-	-
Current		3,749,070	4,202,026	997,271	987,352
		4,127,429	4,214,315	997,271	987,352

(a) The currency exposure profile of trade and other receivables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Ringgit Malaysia	3,709,831	3,983,805	997,271	987,352
- Pound Sterling	151,595	127,185	-	-
- US Dollar	166,954	30,823	-	-
- Indonesia Rupiah	34,935	37,781	-	-
- Thai Baht	26,682	26,997	-	-
- Euro	28,001	906	-	-
- Japanese Yen	3,208	-	-	-
- Singapore Dollar	2,976	4,409	-	-
- Others	3,247	2,409	-	-
	4,127,429	4,214,315	997,271	987,352

29 TRADE AND OTHER RECEIVABLES (Continued)

- (b) Trade receivables are non-interest bearing. The Group's normal trade credit terms ranges from 14 days to 180 days (2013: 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.
- (c) Included in other receivables for the Group is an amount of RM526,000 (2013: RM18,768,000) in respect of reimbursement of certain operating expenditure of a subsidiary company, due from the Ministry of Finance.
- (d) All other amounts due from subsidiary companies, jointly controlled entities, associated companies and related parties are non-interest bearing, unsecured and repayable on demand.
- (e) The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Neither past due nor impaired	1,108,724	874,423
1 to 30 days past due not impaired	269,298	241,641
31 to 60 days past due not impaired	154,768	125,183
61 to 90 days past due not impaired	34,956	48,087
91 to 120 days past due not impaired	66,010	53,230
More than 121 days past due not impaired	95,258	84,931
	620,290	553,072
Impaired	205,074	182,071
	1,934,088	1,609,566

Receivables that are neither past due but 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 RM620,290,000 (2013: RM553,072,000) 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.

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29 TRADE AND OTHER RECEIVABLES (Continued)

(e) (Continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	Group	
	2014 RM'000	2013 RM'000
At 1 April	182,071	147,876
Acquisition of subsidiary companies	16,171	-
Charged during the financial year	28,660	43,317
Written off	(22,928)	(5,405)
Currency translation differences	2,184	(2,850)
Reversal during the financial year	(1,460)	(407)
Unwinding of discount	376	(460)
At 31 March	205,074	182,071

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted payments.

(f) The movements in the allowance for impairment losses of other receivables during the financial year are as follows:

	Group	
	2014 RM'000	2013 RM'000
At 1 April	152,173	150,122
Acquisition of subsidiary companies	13,967	-
Charged during the financial year	4,613	4,178
Written off	(1,260)	(1,514)
Currency translation differences	(677)	(378)
Reversal during the financial year	-	(121)
Unwinding of discount	(204)	(114)
At 31 March	168,612	152,173

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 RM822,510,000 (2013: RM618,156,000) have been pledged as security for banking facilities.
- (c) The weighted average effective annual interest rate of short term deposits at the end of the financial year is as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Deposits with licensed banks	3.05	3.12	2.95	2.84

- (d) The deposits of the Group and Company have an average maturity period of 72 days (2013: 148 days) and 25 days (2013: 45 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 RM73,772,000 (2013: RM36,450,000).
- (c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Ringgit Malaysia	475,557	514,989	2,807	5,813
- Pound Sterling	88,540	72,900	-	-
- Indonesia Rupiah	37,886	41,934	-	-
- US Dollar	31,122	25,415	-	-
- Australian Dollar	22,467	26,560	-	-
- Singapore Dollar	10,063	8,000	-	-
- Thai Baht	7,429	42,639	-	-
- Chinese Renminbi	6,114	-	-	-
- Euro	4,693	6,065	-	-
- Japanese Yen	1,465	1,822	-	-
- Others	5,848	7,227	-	-
	691,184	747,551	2,807	5,813

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32 CASH AND SHORT-TERM FUNDS OF A BANKING SUBSIDIARY COMPANY

	Group	
	2014 RM'000	2013 RM'000
Cash and balances with banks and other financial institutions	179,038	240,226
Money at call and interbank placements with remaining maturities not exceeding one month	787,222	2,996,279
Licensed Islamic banks	120,787	105,189
	1,087,047	3,341,694

(a) The currency exposure profile of the cash and short-term funds of a banking subsidiary company is as follows:

	Group	
	2014 RM'000	2013 RM'000
– Ringgit Malaysia	865,961	2,982,432
– US Dollar	141,302	244,615
– Japanese Yen	63,506	38,262
– Euro	6,121	75,886
– Others	10,157	499
	1,087,047	3,341,694

(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 3 months (2013: not exceeding 3 months):

	Group	
	2014 %	2013 %
Cash and short-term funds	3.00	3.10

33 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Group			
2014			
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	607,332	2,742	3,026
Currency swap foreign exchange contracts	461,620	430	3,876
Islamic profit rate swap	2,800,000	17,624	-
	3,868,952	20,796	6,902
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

- (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 2013:
- (i) the credit risk, market risk and liquidity risk associated with these financial derivatives;
 - (ii) the cash requirements of the financial derivatives; and
 - (iii) the policy in place for mitigating or controlling the risks associated with these financial derivatives.
- (b) Disclosure of gain/loss arising from fair value changes of financial derivatives.

During the financial year, the Group recognised a total net gain of RM28,561,000 (2013: net gain of RM7,287,000) 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 2014.

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34 SHARE CAPITAL

	Group and Company			
	2014		2013	
	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 the last financial year ended 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. During the current financial year, the Life insurance contract liabilities ceased to be recognised in the financial statements following the disposal of the life insurance subsidiary company as disclosed in Note 54(i)(a).

	Note	Gross RM'000	Re-insurance RM'000	Net RM'000
GROUP				
2013				
Provision for outstanding claims		75,644	(8,360)	67,284
Actuarial liabilities		1,470,007	-	1,470,007
Unallocated funds		36,413	-	36,413
Available-for-sale fair value reserve		9,736	-	9,736
Net asset value attributable to unit holders		227,472	-	227,472
		1,819,272	(8,360)	1,810,912
Non-current		1,743,628	-	1,743,628
Current	43	75,644	(8,360)	67,284
		1,819,272	(8,360)	1,810,912

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 fair value of 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					
2014					
At 1 April		74,125	18,152	37,744	130,021
Acquisition of subsidiary companies	53(i)	-	25,974	-	25,974
Received during the financial year		2,406	24,117	19,257	45,780
Utilised during the financial year		-	(13,768)	-	(13,768)
Amortised during the financial year	6	-	(3,499)	-	(3,499)
Credited to profit or loss		(1,968)	-	(20,991)	(22,959)
Interest earned		-	556	-	556
At 31 March		74,563	51,532	36,010	162,105
Non-current		74,563	19,265	9,832	103,660
Current		-	32,267	26,178	58,445
		74,563	51,532	36,010	162,105
2013					
At 1 April		74,381	23,265	31,765	129,411
Received during the financial year		2,892	2,539	24,363	29,794
Utilised during the financial year		-	(147)	-	(147)
Amortised during the financial year	6	-	(7,818)	-	(7,818)
Credited to profit or loss		(3,148)	-	(18,384)	(21,532)
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

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37 LONG TERM BORROWINGS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Secured</u>					
• Hire purchase and finance lease liabilities		51,572	35,671	-	-
- Portion repayable within 12 months included under bank borrowings	45	(18,275)	(13,983)	-	-
		33,297	21,688	-	-
• Long term loans		2,513,250	2,293,115	717,114	1,072,929
- Portion repayable within 12 months included under bank borrowings	45	(201,237)	(1,210,147)	(99,441)	(355,815)
		2,312,013	1,082,968	617,673	717,114
• Long term loans under Islamic financing		2,734,699	2,313,813	2,069,428	2,175,628
- Portion repayable within 12 months included under bank borrowings	45	(181,164)	(148,286)	(102,799)	(105,299)
		2,553,535	2,165,527	1,966,629	2,070,329
<u>Unsecured</u>					
• Long term loans		22,065	9,599	-	-
- Portion repayable within 12 months included under bank borrowings	45	(4,922)	(1,818)	-	-
		17,143	7,781	-	-
• Long term loans under Islamic financing		450,096	426,135	-	-
- Portion repayable within 12 months included under bank borrowings	45	(6,489)	(36,233)	-	-
		443,607	389,902	-	-
		5,359,595	3,667,866	2,584,302	2,787,443

37 LONG TERM BORROWINGS (Continued)

- (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 (2013: RM622,791,000) which bears floating interest rate of 5.74% (2013: 5.46%) per annum and is repayable in 7 annual instalments over the next 7 years.
- (ii) A balance of RM96,000,000 (2013: RM128,000,000) from the term loan facility bears floating interest rate of 5.81% (2013: 5.70%) per annum and is repayable by 3 equal annual instalments over the next 3 years.
- (iii) On 17 February 2014, Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB"), an indirect wholly-owned subsidiary company of the Group, entered into a Facility Agreement for a Syndicated Term Loan Facility ("PONSB Syndicated Facility") of RM1,141,300,000 to settle the Lotus Cars Limited's financing facilities. The PONS B Syndicated Facility is secured by a corporate guarantee from its immediate holding company, PROTON Holdings Berhad. It is repayable in 17 quarterly instalments commencing from February 2015. The interest rate payable is 2% per annum above the Banks' cost of funds and is also subject to financial covenants such as Debt Service Cover Ratio, Debt to EBITDA Ratio and Debt to Shareholders' Funds Ratio in respect of PONS B and the relevant security parties.
- (iv) On 21 January 2014, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), a wholly-owned subsidiary company of the Group entered into a Facility Agreement for a Term Loan Facility ("DEFTECH Facility") of RM247,500,000 for the acquisition of Composite Technology Research Malaysia Sdn. Bhd. It is secured by a corporate guarantee from DRB-HICOM Berhad and is repayable via 19 quarterly instalments commencing from May 2014. The DEFTECH Facility bears interest rate of 1.75% per annum above the Banks' cost of funds.

The secured long term loans have been obtained by way of assignment of fixed and floating charges over certain property, plant and equipment, concession assets, prepaid lease properties, investment properties, property development activities, shares in certain subsidiary companies and an associated company, inventories and receivables as disclosed in notes 13, 14, 15, 16, 17, 18, 20, 28 and 29. In addition to these, the term loan of RM96,000,000 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 subsidiary companies 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.

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37 LONG TERM BORROWINGS (Continued)

(c) Long term loans under Islamic financing (secured and unsecured)

Group

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% (2013: 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 RM189,000,000 (2013: RM252,000,000) from the term loan facility bears floating interest rate of 5.81% (2013: 5.70%) per annum and is repayable by 3 equal annual instalments over the next 3 years.
- (iii) As at the reporting date, a total of RM1,800,000,000 (2013: RM1,800,000,000) Islamic Medium Term Notes ("IMTN") was issued by the Group. The yield-to-maturity rate ranges from 4.60% to 5.33% (2013: 4.60% to 5.33%) per annum and the IMTN is repayable commencing from April 2016 to March 2022.
- (iv) On 4 December 2013, KL Airport Services Sdn. Bhd. ("KLAS"), a wholly-owned subsidiary company of the Group, entered into a Facility Agreement for Term Loan Facilities ("KLAS Facility") totalling RM370,000,000, for the acquisition of Konsortium Logistik Berhad. The KLAS Facility is secured by a corporate guarantee from its immediate holding company, HICOM Holdings Berhad.

As at 31 March 2014, a total of RM302,086,000 of KLAS Facility has been drawn down and repayable on quarterly basis commencing on the 15th month from the first drawdown date. It bears interest rate of 2% per annum above the Banks' cost of funds.

- (v) On 29 November 2013, HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HAMM"), a wholly-owned subsidiary company of the Group, entered into a Facility Agreement for a Syndicated Term Loan Facility ("HAMM Syndicated Facility") totalling RM480,000,000. The Facility is secured by a corporate guarantee from HICOM Holdings Berhad.

As at 31 March 2014, a total of RM144,993,000 of HAMM Syndicated Facility has been drawn down and repayable on quarterly basis commencing on the 33rd month from the first drawdown date. HAMM Syndicated Facility bears interest rate that ranges between 1% to 2.5% per annum above the Banks' cost of funds.

The long term loans under Islamic financing are secured by fixed and floating charges over certain property, plant and equipment, prepaid lease properties, property development activities, shares in a subsidiary company and inventories as disclosed in notes 13, 15, 17, 18 and 28. In addition, the term loan of RM189,000,000 and IMTN as disclosed in items 37(c)(ii) and 37(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

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.

37 LONG TERM BORROWINGS (Continued)

(d) The weighted average effective annual interest rates at the end of the financial year are as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Hire purchase and finance lease liabilities	3.73	3.41	-	-
Long term loans	5.48	5.01	5.75	5.81
Long term loans under Islamic financing	5.52	5.30	5.08	5.09

(e) The currency exposure profile of the long term borrowings is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Ringgit Malaysia	5,138,027	3,452,489	2,584,302	2,787,443
- Singapore Dollar	221,568	215,377	-	-
	5,359,595	3,667,866	2,584,302	2,787,443

(f) Hire purchase and finance lease liabilities

	Group	
	2014 RM'000	2013 RM'000
Minimum hire purchase and finance lease payments:		
- not later than 1 year	20,868	19,213
- later than 1 year and not later than 2 years	16,906	10,538
- later than 2 years and not later than 3 years	13,620	8,479
- later than 3 years and not later than 4 years	5,041	5,756
- later than 4 years and not later than 5 years	1,327	267
	57,762	44,253
Future finance charges on hire purchase and finance lease	(6,190)	(8,582)
Present value of hire purchase and finance lease liabilities	51,572	35,671
Representing hire purchase and finance lease liabilities:		
- non-current	33,297	21,688
- current (included in Note 45)	18,275	13,983
	51,572	35,671

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37 LONG TERM BORROWINGS (Continued)

(g) The exposure of long term borrowings to interest rate risk is as follows:

Group	Carrying amount RM'000	Maturity profile			
		2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000
2014					
<u>Fixed rate</u>					
Hire purchase and finance lease liabilities	33,297	16,417	12,276	3,314	1,290
Long term loans	190,078	32,345	97,305	56,299	4,129
Long term loans under Islamic financing	2,708,466	332,598	859,933	28,922	1,487,013
	2,931,841	381,360	969,514	88,535	1,492,432
<u>Floating rate</u>					
Long term loans	2,139,078	169,049	176,929	139,366	1,653,734
Long term loans under Islamic financing	288,676	91,790	196,886	-	-
	2,427,754	260,839	373,815	139,366	1,653,734
	5,359,595	642,199	1,343,329	227,901	3,146,166
2013					
<u>Fixed rate</u>					
Hire purchase and finance lease liabilities	21,688	9,523	7,214	4,897	54
Long term loans	128,258	6,540	6,141	3,530	112,047
Long term loans under Islamic financing	2,312,585	37,983	28,759	840,259	1,405,584
	2,462,531	54,046	42,114	848,686	1,517,685
<u>Floating rate</u>					
Long term loans	962,491	314,818	116,441	116,441	414,791
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	415,795
	3,667,866	472,131	230,449	1,031,806	1,933,480

37 LONG TERM BORROWINGS (Continued)

(g) The exposure of long term borrowings to interest rate risk is as follows: (Continued)

Company	Carrying amount RM'000	Maturity profile			
		2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000
2014					
<u>Fixed rate</u>					
Long term loan under Islamic financing	1,842,830	10,827	426,586	16,803	1,388,614
<u>Floating rate</u>					
Long term loan under Islamic financing	123,799	61,900	61,899	-	-
Long term loans	617,673	106,441	106,441	75,000	329,791
	741,472	168,341	168,340	75,000	329,791
	2,584,302	179,168	594,926	91,803	1,718,405
2013					
<u>Fixed rate</u>					
Long term loan under Islamic financing	1,854,131	10,827	10,827	426,894	1,405,583
<u>Floating rate</u>					
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	404,791
	933,312	191,841	168,340	168,340	404,791
	2,787,443	202,668	179,167	595,234	1,810,374

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38 PROVISION FOR LIABILITIES AND CHARGES

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
GROUP				
2014				
At 1 April		156,341	207	156,548
Acquisition of subsidiary companies	53(i)	3,659	-	3,659
Currency translation differences		5,409	-	5,409
Charge	6	83,750	409	84,159
Warranties reimbursable from suppliers		71,550	-	71,550
Utilised		(132,756)	(209)	(132,965)
Unused amounts reversed	6	(3,504)	(206)	(3,710)
At 31 March		184,449	201	184,650
Non-current		1,807	-	1,807
Current		182,642	201	182,843
		184,449	201	184,650
2013				
At 1 April		159,803	330	160,133
Currency translation differences		(755)	-	(755)
Charge	6	55,088	453	55,541
Warranties reimbursable from suppliers		35,160	-	35,160
Utilised		(90,368)	(160)	(90,528)
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

39 PROVISION FOR CONCESSION ASSETS

		Group	
	Note	2014 RM'000	2013 RM'000
At 1 April		109,059	331,562
Replacements	6	23,443	16,906
Reversals	14	(332)	(114,981)
Utilised		(62,195)	(124,555)
Unwinding of discounts		1,048	127
At 31 March		71,023	109,059
Non-current		43,742	19,250
Current		27,281	89,809
		71,023	109,059
Non-current:			
- later than 2 years and not later than 5 years		566	276
- later than 5 years		43,176	18,974
		43,742	19,250

As disclosed in Note 2.28(iii), the above represents the contractual obligation by a subsidiary company in relation to the Service Concession Agreement.

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40 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. The carrying value of the post-employment benefit obligations of the Group was based on the valuations by actuaries.

(a) The amount shown in the statement of financial position is presented as follows:

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)
	RM'000	RM'000	RM'000
Present value of funded obligations	511,942	423,542	364,459
Fair value of plan assets	(486,539)	(388,303)	(358,137)
Shortfall of funded plan	25,403	35,239	6,322
Present value of unfunded obligations	7,696	10,802	11,223
Benefit liability	33,099	46,041	17,545
Non-current	33,099	45,981	17,531
Current	-	60	14
	33,099	46,041	17,545

40 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

(b) Changes in present value of defined benefit obligations are as follows:

	Note	2014 RM'000	Group 2013 (Restated) RM'000	2012 (Restated as at 1 April 2012) RM'000
At 1 April		434,344	375,682	10,387
Acquisition of subsidiary companies	53(j)	2,143	-	364,459
Current service cost		7,061	4,795	648
Interest cost		20,974	18,523	481
Actuarial (gain)/loss on obligations:				
- Effect of experience adjustments		(1,189)	5,881	-
- Effect of changes in demographic assumptions		60	13,953	-
- Effect of changes in financial assumptions		36	40,650	-
(Reversal of)/provision for past service cost		(4,876)	(51)	83
Employees contribution		3,985	3,591	-
Currency translation differences		67,412	(14,618)	-
Benefits paid/payable		(10,312)	(14,062)	(376)
At 31 March		519,638	434,344	375,682
Present value of funded obligations		511,942	423,542	364,459
Present value of unfunded obligations		7,696	10,802	11,223

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40 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

(c) Changes in fair value of plan assets are as follows:

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)
	RM'000	RM'000	RM'000
At 1 April	388,303	358,137	–
Acquisition of a subsidiary company	–	–	358,137
Currency translation differences	62,031	(17,983)	–
Expected return on plan assets	19,415	18,575	–
Employers contributions	23,764	9,044	–
Employees contributions	4,201	3,591	–
Benefits paid	(9,950)	(8,505)	–
Actuarial gain on plan assets	5,128	30,687	–
Plan expenses	(6,353)	(5,243)	–
At 31 March	486,539	388,303	358,137

(d) The expenses recognised in the statement of comprehensive income are analysed as follows:

		Group 2014	2013
	Note	RM'000	RM'000
Current service cost		7,061	4,795
Interest cost		20,974	18,523
Reversal of provision for past service cost		(4,876)	(51)
Administrative costs		6,353	5,243
Expected return on plan assets		(19,415)	(18,575)
Staff costs	8	10,097	9,935

40 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

(e) The principal actuarial assumptions used in the latest actuarial valuation are as follows:

	2014	Group 2013	2012
Discount rate (%)	4.50 - 7.00	4.30 - 7.00	4.25 - 8.76
Expected rate of salary increase (%)	2.00 - 8.00	5.00 - 8.00	4.30 - 8.00
Expected return on plan assets (%)			
- equity	5.85	5.85	7.10
- bonds	3.10	3.10	4.35
- others	3.10	3.10	4.35

(f) The currency exposure profile of the post-employment benefit obligations are as follows:

	2014	Group 2013 (Restated)	2012 (Restated as at 1 April 2012)
	RM'000	RM'000	RM'000
- Ringgit Malaysia	7,491	10,611	11,097
- Pound Sterling	25,403	35,239	6,322
- Thai Baht	205	191	126
	33,099	46,041	17,545

(g) The following table demonstrates the sensitivity of the Group's defined benefit obligations to a reasonably possible change in significant assumptions as at 31 March 2014:

	Group Increase RM'000	Group Decrease RM'000
Discount rate (0.5% movement)	(59,154)	67,323
Future salary (0.5% movement)	21,042	(15,893)

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40 POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

(h) The maturity profile of defined benefit obligations are as follows:

	Group	
	2014	2013
Average duration of the defined benefit obligations (years)	8.8 - 23	7.9 - 23

(i) The expected contributions to defined benefit obligations are as follows:

	Group	
	2014 RM'000	2013 RM'000
Within the next 12 months	-	12,263
Between 2 and 5 years	112,460	75,711
Between 5 and 10 years	26,644	42,742
Beyond 10 years	14,370	14,487
Total expected payments	153,474	145,203

(j) Major categories of plan assets of the foreign subsidiary company are as follows:

	Group	
	2014 RM'000	2013 RM'000
Cash and cash equivalents	22,092	16,272
Equities	384,775	293,231
Bonds	79,672	78,800
	486,539	388,303

41 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY

	Group	
	2014 RM'000	2013 RM'000
Non-Mudharabah Fund		
Demand deposits	2,342,082	2,576,108
Saving deposits	471,825	499,571
Negotiable Islamic debts certificates	1,715,087	856,478
Others	467,661	481,664
	4,996,655	4,413,821
Mudharabah Fund		
Demand deposits	685,940	325,814
Saving deposits	799,994	467,662
General investment deposits	10,006,888	12,128,100
Special general investment deposits	816,966	1,237,721
	12,309,788	14,159,297
Total	17,306,443	18,573,118
Non-current	45,976	31,505
Current	17,260,467	18,541,613
	17,306,443	18,573,118

NOTES TO THE FINANCIAL STATEMENTS

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41 DEPOSITS FROM CUSTOMERS OF A BANKING SUBSIDIARY COMPANY (Continued)

- (a) The fair value of deposits from customers are estimated to approximate their carrying amounts as the profit rates are determined at the end of their holding period based on the actual profits generated from the assets invested.
- (b) The deposits from customers of a banking subsidiary company are denominated as follows:

	Group	
	2014	2013
	RM'000	RM'000
– Ringgit Malaysia	16,835,906	18,022,694
– US Dollar	468,229	448,661
– Euro	2,308	101,763
	17,306,443	18,573,118

- (c) The maturity period of the deposits from customers of a banking subsidiary company are as follows:

	Group	
	2014	2013
	RM'000	RM'000
– not later than 6 months	16,433,715	17,551,254
– later than 6 months and not later than 1 year	826,752	990,359
– later than 1 year and not later than 5 years	45,976	31,505
	17,306,443	18,573,118

- (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% (2013: 2.60%) per annum.

42 RECOURSE OBLIGATION ON FINANCING SOLD TO CAGAMAS

	Group	
	2014	2013
	RM'000	RM'000
Current	-	61,679

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.

43 GENERAL AND LIFE INSURANCE CONTRACT LIABILITIES

	Note	2014			2013		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
General insurance contract liabilities (net of deferred acquisition cost/ reinsurance)	(a)	691,616	(211,478)	480,138	639,417	(214,001)	425,416
Life insurance contract liabilities	(b)	-	-	-	75,644	(8,360)	67,284
		691,616	(211,478)	480,138	715,061	(222,361)	492,700
(a) General insurance contract liabilities							
(i) Claim liabilities							
- Provision for claims		318,427	(115,273)	203,154	295,974	(116,385)	179,589
- Provision for incurred but not reported		135,315	(30,878)	104,437	126,549	(37,767)	88,782
		453,742	(146,151)	307,591	422,523	(154,152)	268,371
(ii) Premium liabilities		237,874	(65,327)	172,547	216,894	(59,849)	157,045
		691,616	(211,478)	480,138	639,417	(214,001)	425,416
(b) Life insurance contract liabilities							
(i) Provision for claims	35	-	-	-	75,644	(8,360)	67,284
		691,616	(211,478)	480,138	715,061	(222,361)	492,700

NOTES TO THE FINANCIAL STATEMENTS

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44 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables		2,163,426	2,196,730	-	322
Other payables and accruals		1,505,884	1,613,307	33,348	38,193
Advances received on contracts		1,512,184	1,517,119	-	-
Progress billings		8,409	2,982	-	-
Amounts due to subsidiary companies		-	-	580,662	191,363
Amounts due to jointly controlled entities		27,652	54,099	-	-
Amounts due to associated companies		52,354	18,252	-	-
Amounts due to related parties		15,790	45,301	-	-
Amounts due to customers on contracts	51	53	53	-	-
		5,285,752	5,447,843	614,010	229,878

(a) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Ringgit Malaysia	4,551,680	4,680,202	614,010	229,878
- US Dollar	213,378	265,083	-	-
- Pound Sterling	193,486	197,370	-	-
- Euro	135,440	177,229	-	-
- Chinese Renminbi	81,810	-	-	-
- Japanese Yen	55,552	52,044	-	-
- Thai Baht	22,306	29,549	-	-
- Indonesia Rupiah	10,551	8,219	-	-
- Singapore Dollar	8,844	22,715	-	-
- Others	12,705	15,432	-	-
	5,285,752	5,447,843	614,010	229,878

(b) The Group's and the Company's normal trade payables terms ranges from 30 days to 180 days (2013: 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.

45 BANK BORROWINGS

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(i) Bank overdrafts					
- secured		6,549	8,174	-	-
- unsecured		8,257	6,969	-	-
		14,806	15,143	-	-
(ii) Other bank borrowings					
<u>Secured</u>					
Bankers acceptances		10,494	47,986	-	-
Revolving credits		60,821	294,713	-	-
Short term loans		54,507	-	-	-
Hire purchase and finance lease liabilities - portion repayable within 12 months	37	18,275	13,983	-	-
Long term loans - portion repayable within 12 months	37	201,237	1,210,147	99,441	355,815
Long term loans under Islamic financing - portion repayable within 12 months	37	181,164	148,286	102,799	105,299
Sub-total		526,498	1,715,115	202,240	461,114
<u>Unsecured</u>					
Bankers acceptances		880,319	756,031	-	-
Revolving credits		323,000	270,300	155,000	165,000
Short term loans		11,434	-	-	-
Long term loans - portion repayable within 12 months	37	4,922	1,818	-	-
Long term loans under Islamic financing - portion repayable within 12 months	37	6,489	36,233	-	-
Deferred liability		12,181	14,550	-	-
Sub-total		1,238,345	1,078,932	155,000	165,000
Total (Others - Secured and Unsecured)		1,764,843	2,794,047	357,240	626,114
Total bank borrowings		1,779,649	2,809,190	357,240	626,114

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45 BANK BORROWINGS (Continued)

(a) The currency exposure profile of bank overdrafts and other bank borrowings is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
- Ringgit Malaysia	1,759,860	1,851,518	357,240	626,114
- US Dollar	16,384	-	-	-
- Singapore Dollar	2,591	2,489	-	-
- Pound Sterling	814	955,183	-	-
	1,779,649	2,809,190	357,240	626,114

- (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, certain subsidiary companies, an associated company, inventories and receivables (Notes 13, 15, 16, 17, 18, 20, 28 and 29).
- (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	
	2014 %	2013 %	2014 %	2013 %
Bank overdrafts	7.45	7.05	-	-
Bankers acceptances	3.73	3.80	-	-
Revolving credits	5.26	5.79	5.47	5.79
Short term loans	2.68	-	-	-

46 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2014 RM'000	2013 RM'000
Non-Mudharabah		
Bank Negara Malaysia	6,831	10,774
Other financial institutions	94,243	-
	101,074	10,774

The above are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 year (2013: not exceeding 1 year).

47 BILLS AND ACCEPTANCES PAYABLE

- (a) Bills and acceptance payables are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 month (2013: not exceeding 1 month).
- (b) The weighted average effective annual interest rate of bills and acceptances payable at the end of the financial year are as follows:

	Group	
	2014 %	2013 %
Bills and acceptances payable	3.26	3.24

48 SHARE PREMIUM

	Group and Company	
	2014 RM'000	2013 RM'000
At 1 April/31 March	20,701	20,701

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49 MERGER RESERVE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 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.

50 OTHER RESERVES

	2014 RM'000	Group 2013 (Restated) RM'000	2012 (Restated as at 1 April 2012) RM'000
Non-distributable			
Capital redemption reserve arising from redemption of preference shares	2,566	2,566	2,556
Share of associated companies' reserves	2,769	475	1,111
Share of subsidiary companies' reserve	266,430	214,121	155,207
Asset revaluation reserve on step up acquisition of subsidiary companies	21,101	21,101	21,101
Fair value reserve on investment properties	5,041	2,726	2,726
Reserve on valuation of post-employment benefit obligations	(26,075)	(32,296)	(2,233)
	271,832	208,693	180,468

51 CONSTRUCTION CONTRACTS

		Group	
	Note	2014 RM'000	2013 RM'000
Aggregate contract costs incurred		919,499	535,011
Recognised profits		168,322	78,905
		1,087,821	613,916
Less: Progress billings		(644,346)	(176,960)
		443,475	436,956
Analysed as follows:			
Amounts due from customers on contracts	29	441,075	437,009
Amounts due from associated company		2,453	-
Amounts due to customers on contracts	44	(53)	(53)
		443,475	436,956

52 RETAINED EARNINGS

Under the single tier tax system which came into effect on 1 January 2014, 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.

The balance of the entire retained earnings as at 31 March 2014 may be distributed as dividends under the single tier system. In addition, the Company has tax exempt income of RM176,990,000 (2013: RM176,990,000) available as at 31 March 2014 to pay as tax exempt dividends.

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53 SUMMARY OF EFFECTS OF ACQUISITION AND RE-ORGANISATION OF COMPANIES

2014

(i) Subsidiary companies

- (a) On 26 June 2013, PROTON Holdings Berhad, a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 2.5% equity interest in PHN Industry Sdn. Bhd. ("PHN Industry") for a cash consideration of RM2,625,000. Subsequently, the Group's effective equity interest in PHN Industry increased from 97.5% to 100%.
- (b) On 2 July 2013, Miyazu (Malaysia) Sdn. Bhd. which was previously a jointly controlled entity of the Group has been classified as a subsidiary company, in accordance with FRS 10.
- (c) On 2 August 2013, Alam Flora Sdn. Bhd., an indirect 97.37% owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 in DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") from HICOM Holdings Berhad via an internal re-organisation. The Group's effective equity interest in DHES is 97.37%.
- (d) On 4 September 2013, Lotus Cars Malaysia Sdn. Bhd. ("Lotus Cars Malaysia") was incorporated with the issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.
- (e) On 25 September 2013, Lotus Advance Technologies Sdn. Bhd. ("LATS"), effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Symphony Lotus Limited ("SLL") for a total cash consideration of USD3.00 and transfer and assignment of the amounts owing by SLL to SLL's shareholders to LATS for a cash consideration of USD15,000,000. As a result, SLL became a wholly-owned subsidiary company of the Group.
- (f) On 4 November 2013, DRB-HICOM Defence Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, completed the acquisition of 96.87% equity interest comprising 466,778,067 ordinary shares of RM1.00 each in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") for a total cash consideration of RM298,300,000. As a result, CTRM became a subsidiary company of the Group.
- (g) On 16 December 2013, KL Airport Services Sdn. Bhd. ("KLAS"), an indirect wholly-owned subsidiary company of the Group, completed the acquisition of 61.61% equity interest comprising 155,462,322 ordinary shares of RM1.00 each in Konsortium Logistik Berhad ("KLB") for a total cash consideration of RM240,967,000. As a result, KLB became a subsidiary company of the Group. Subsequently, KLAS extended a take-over offer ("MGO") to the non-controlling shareholders of KLB to sell their shares at an offer price of RM1.55 per KLB Share. Under the requirement of FRS 10 *Consolidated Financial Statements*, both the acquisition of 61.61% equity and the MGO are inter-linked as a single transaction. Therefore, the acquisition of KLB is accounted for based on 100% ownership.
- (h) On 28 January 2014, PROTON Marketing Sdn. Bhd., effectively a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 10% equity interest in HICOM Potenza Sport Cars Sdn. Bhd., ("HPSCSB") for a cash consideration of RM500,000. As a result, HPSCSB became an indirect wholly-owned subsidiary company of the Group.

53 SUMMARY OF EFFECTS OF ACQUISITION AND RE-ORGANISATION OF COMPANIES (Continued)

2014 (Continued)

(i) Subsidiary companies (Continued)

- (i) On 30 January 2014, Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 30% equity interest in Multi Automotive Service and Assist Sdn. Bhd. ("MASA") for a cash consideration of RM250,000. As a result, MASA became a wholly-owned subsidiary of the Group.
- (j) On 11 March 2014, HICOM HBPO Sdn. Bhd. which was formerly a jointly controlled entity of the Group has been classified as a subsidiary company, in accordance with FRS 10.

Details of cash flow arising from the acquisitions for items (b), (e), (f), (g) and (j) are as follows:

	RM'000
Purchase consideration	562,241
Direct expenses attributable to the acquisition	4,738
Purchase consideration yet to be paid	(26,608)
Purchase consideration, settled in cash	540,371
Cash and cash equivalents arising from acquisition of subsidiary companies	(99,779)
Cash outflow from acquisition of subsidiary companies	440,592

The subsidiary companies acquired during the financial year contributed revenue of approximately RM417,367,000 and profit after taxation of approximately RM6,743,000 to the Group for the period from the date of acquisition to 31 March 2014. Had the acquisitions were to take effect at the beginning of the financial year, the revenue and loss after taxation contributed to the Group would have been RM1,136,307,000 and RM112,790,000 respectively.

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53 SUMMARY OF EFFECTS OF ACQUISITION AND RE-ORGANISATION OF COMPANIES (Continued)

2014 (Continued)

(i) Subsidiary companies (Continued)

Details of net assets acquired, goodwill and gain on bargain purchase arising from the above acquisitions are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	389,225	389,426
Intangible assets	2	-
Prepaid lease properties	25,099	25,099
Investment securities: available-for-sale	260	260
Other investments	512	469
Deferred tax assets	1,670	1,670
Inventories	174,449	170,924
Trade and other receivables	385,553	361,254
Tax recoverable	7,193	7,193
Short term deposits	60,361	60,361
Cash and bank balances	39,418	39,418
Trade and other payables	(530,309)	(485,520)
Deferred income	(25,974)	(25,974)
Provision for liabilities and charges	(3,668)	(3,659)
Bank borrowings – others	(101,245)	(101,245)
Current tax liabilities	(183)	(183)
Long term borrowings	(19,559)	(19,559)
Post-employment benefit obligations	(2,143)	(2,143)
Deferred tax liabilities	(15,298)	(15,298)
Non-controlling interest	(9,641)	(9,708)
Share of net assets acquired	375,722	392,785
Reclassification of net assets of jointly controlled entities		(25,089)
Gain on bargain purchase		(111,677)
Goodwill		306,995
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities		(773)
Total purchase consideration		562,241

The accounting of business combination for acquisitions of CTRM and KLB were based on provisional fair values of its identifiable assets, liabilities and contingent liabilities. Pursuant to FRS 3, the Group will be carrying out the Purchase Price Allocation exercise within twelve months from the dates of acquisitions.

53 SUMMARY OF EFFECTS OF ACQUISITION AND RE-ORGANISATION OF COMPANIES (Continued)

2013

(ii) 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 ended 31 March 2013.
- (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 re-organisation. 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 re-organisation 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 Eclaran 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 Holdings Berhad.

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53 SUMMARY OF EFFECTS OF ACQUISITION AND RE-ORGANISATION OF COMPANIES (Continued)

2013 (Continued)

(ii) Subsidiary companies (Continued)

- (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, EON, 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.
- (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%.

(iii) 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 its 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%).

(iv) 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. ("Pos Ar-Rahnu"), to undertake the Islamic pawn broking business (Ar-Rahnu). POSM and BMMB have an equity interest of 80% and 20% respectively in Pos Ar-Rahnu.
- (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 components. On 6 March 2013, Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd. ("Faurecia HICOM") was incorporated with OSI and Faurecia holding 35% and 65% of equity interest in Faurecia HICOM respectively. As a result, Faurecia HICOM became an associated company of the Group.

54 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES

2014

(i) Subsidiary companies

- (a) On 2 January 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% owned subsidiary of the Group completed the disposal of its entire equity stake in Uni.Asia Life Assurance Berhad ("UAL") for a cash consideration of RM518,000,000 and as a result, UAL ceased to be an indirect 51% owned subsidiary company of the Group.

The effect of the disposal of the subsidiary company as above, up to the date of disposal on the results of the Group is shown below:

	RM'000
Other income	63,619
Administrative expenses	(3,413)
Finance costs	(2,140)
Profit before taxation	58,066
Taxation	(13,080)
Profit after taxation	44,986

Below is the effect of the disposals of the subsidiary company on the financial position and the cash flows of the Group:

	RM'000
Property, plant and equipment	9,856
Prepaid lease properties	244
Investment properties	5,000
Intangible assets	3,761
Investment securities: financial assets at fair value through profit or loss	444,665
Investment securities: available-for-sale	891,118
Investment securities: held-to-maturity	373,378
Deferred tax assets	3,118
Trade and other receivables	108,737
Tax recoverable	5,880
Short term deposits	434,716
Cash and bank balances	17,030
Trade and other payables	(149,865)
Current tax liabilities	(2,017)
Life insurance contract liabilities	(1,694,234)
Deferred tax liabilities	(53,505)
Share of net assets disposed	397,882
Gain on disposal	83,069
Total sale consideration (net)	480,951

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54 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES (Continued)

2014 (Continued)

(i) Subsidiary companies (Continued)

- (a) Below is the effect of the disposals of the subsidiary company on the financial position and the cash flows of the Group: (Continued)

	RM'000
Total sale consideration (net)	480,951
Less: Cash and bank balances of the subsidiary company disposed	(451,746)
Net cash inflow on disposal	29,205
Sales consideration	518,000
Less: The direct expenses attributable to the disposal	(37,049)
Sale consideration (net)	480,951

- (b) On 18 March 2014, CTRM Asset Management Sdn. Bhd., a dormant wholly-owned subsidiary company of Composites Technology Research Malaysia Sdn. Bhd., was dissolved.

- (c) On 28 March 2014, Proton Cars Benelux NV. SA, a dormant wholly-owned subsidiary company of Proton Marketing Sdn. Bhd., was dissolved.

(ii) Associated companies

- (a) On 1 July 2013, Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary of the Group, completed the disposal of its 40% equity interest in Netstar Advanced Systems Sdn. Bhd. ("Netstar") for a cash consideration of RM3,008,773. As a result, Netstar ceased to be an associated company of the Group.

- (b) On 1 July 2013, HICOM Holdings Berhad, effectively 100% owned subsidiary company of the Group, completed the disposal of its 21.01% equity interest in Niro Ceramic (M) Sdn. Bhd. ("Niro Ceramic") for a cash consideration of approximately RM30,462,000. As a result, Niro Ceramic ceased to be an associated company of the Group.

- (c) On 30 September 2013, HICOM Holdings Berhad completed the disposal of its 30% equity interest in Midea Scott & English Electronics Sdn. Bhd. ("Midea SEE") for a cash consideration of RM936,000. As a result, Midea SEE ceased to be an associated company of the Group.

- (d) On 30 September 2013, Bank Muamalat Malaysia Berhad, a direct 70% subsidiary company of the Group, disposed its 20% equity interest in Pos Ar-Rahnu Sdn. Bhd. ("Pos Ar-Rahnu") to POS Malaysia Berhad for a cash consideration of RM1,000,000.

54 SUMMARY OF EFFECTS OF DISPOSAL OF COMPANIES (Continued)

2013

(iii) 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.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Sale of goods/services to:				
- Jointly controlled entities	51,751	79,349	-	-
- Associated companies	169,771	160,947	-	-
- Related parties	8,249	186,064	-	-
(b) Purchase of goods/services from:				
- Jointly controlled entities	378,182	601,165	-	-
- Associated companies	14,759	25,049	-	-
- Related parties	68,820	108,378	-	-
(c) Dividend income:				
- Subsidiary companies	-	-	631,311	565,041
- Associated companies	-	-	57,869	66,738
(d) Year end balances - banking:				
- Related parties				
Short term deposits	536,828	543,904	-	-
Revolving credits	413,134	335,535	-	-

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55 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(d) Year end balances - banking: (Continued)				
– Related parties (Continued)				
Trade line	438,305	286,933	–	–
Term loan	38,484	190,095	–	–
Bank guarantee	126,198	135,289	–	–
Bonds purchased	65,757	30,988	–	–
– Jointly controlled entities				
Short term deposits	–	10,380	–	–
– Associated companies				
Short term deposits	64,000	42,000	–	–
Revolving credits	81,925	–	–	–
(e) Key management compensation:				
– Salaries, bonuses, allowances and other benefits				
	10,025	12,465	–	–
– Defined contribution plan				
	1,382	1,703	–	–

56 CAPITAL AND OTHER COMMITMENTS

(a) Non-banking

(i) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2014 RM'000	2013 RM'000
Authorised capital expenditure for property, plant and equipment, investment properties and intangible assets not provided for in the financial statements		
– contracted for	591,341	790,413
– not contracted for	1,792,031	1,660,956
	2,383,372	2,451,369

56 CAPITAL AND OTHER COMMITMENTS (Continued)

(a) Non-banking (Continued)

(ii) Operating lease commitments – as lessee

Future minimum rentals payable under commitments for non-cancellable operating leases at the reporting date are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Repayable within 1 year	55,532	23,578
Repayable within 2 to 5 years	55,781	14,195
Repayable more than 5 years	11,546	3,231
	122,859	41,004

(iii) Operating lease commitments – as lessor

Future minimum rentals receivable under commitments for non-cancellable operating leases at the reporting date are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Receivable within 1 year	13,615	13,437
Receivable within 2 to 5 years	10,182	6,509
	23,797	19,946

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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 2014			
Direct credit substitutes	15,880	15,880	15,707
Trade-related contingencies	34,424	6,885	4,284
Transaction related contingencies	344,838	172,419	168,699
Obligations under an on-going underwriting agreement	7,500	3,750	750
Credit extension commitment:			
– maturity within one year	705,115	141,023	124,981
– maturity exceeding one year	2,433,060	1,216,529	420,255
Bills of collection	11,012	-	-
Profit rate related contracts	2,800,000	89,624	17,925
Foreign exchange related contracts	711,521	9,528	4,558
	7,063,350	1,655,638	757,159
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

57 CONTINGENT LIABILITIES (UNSECURED)

Except as disclosed below, there are no other material contingent liabilities that exists as at the reporting date.

	Company	
	2014	2013
	RM'000	RM'000
(a) Guarantees given to financial institutions in respect of facilities granted to subsidiary companies	303,766	142,895
(b) Performance bonds and guarantees given to third parties on behalf of subsidiary companies	4,645	9,147

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) 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 is 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. On 16 May 2014, Jurumuda has filed a Notice of Discontinuance effectively discontinuing the case against PONS B, in light of the recent out of court settlement between the parties.

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58 MATERIAL LITIGATIONS (Continued)

(b) 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 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 as an additional claimant to the Counterclaim.

On 14 May 2014, the parties to the proceedings agreed to withdraw their respective claims against each other and executed a Settlement Agreement and Release in respect thereof.

59 GROUP SEGMENT REPORTING

For management purpose, the Group is organised into business units based on the industry and has three reportable segments as follows:

Industry segment	Description
Automotive	Manufacturing, assembly, vehicles importation, pre-delivery inspection, composite manufacturing, 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 and airport ground handling business. (ii) Banking – Islamic banking and related financial services. (iii) Insurance – General and life insurance services. (iv) Postal – Mail, courier and retail. (v) Integrated logistics and inventory solutions. (vi) Education – Higher education and vocational training institution. (vii) Other services – Trading in engineering products.
Property, Asset and Construction	Property holding, development and construction works and assets management services.

The Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

59 GROUP SEGMENT REPORTING (Continued)

(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 of 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 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS

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59 GROUP SEGMENT REPORTING (Continued)

The information of each of the Group's business segments for the financial year ended 31 March 2014 is as follows:

Primary reporting format – business segment

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2014					
<u>Revenue</u>					
Total revenue	11,232,334	2,749,272	900,990	50,873	14,933,469
Inter-segment revenue	(494,306)	(46,319)	(141,229)	(50,873)	(732,727)
External revenue	10,738,028	2,702,953	759,761	-	14,200,742
Segment results	88,247	426,938	203,506	(11,243)	707,448
Gain on bargain purchase					111,677
Gain on disposal of a subsidiary company					83,069
Unallocated expenses					(16,208)
Interest income					101,400
Finance costs					(368,585)
Share of results of jointly controlled entities (net of tax)	30,373	-	5,112	-	35,485
Share of results of associated companies (net of tax)	90,044	51,197	1,086	-	142,327
Profit before taxation					796,613
Taxation					(151,692)
Net profit for the financial year					644,921
Attributable to:					
Owners of the Company					456,819
Non-controlling interest					188,102

59 GROUP SEGMENT REPORTING (Continued)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended					
31 March 2014					
<u>Other information</u>					
Segment assets	10,547,320	22,007,645	2,650,891	218,279	35,424,135
Interest bearing short term deposits					2,356,570
Taxation assets					300,866
Jointly controlled entities	358,732	-	54,639	-	413,371
Associated companies	541,008	685,181	-	-	1,226,189
Assets held for sale	-	5,462	337	-	5,799
Total assets					39,726,930
Segment liabilities	4,644,486	18,864,238	391,086	69,469	23,969,279
Interest bearing borrowings					7,127,063
Taxation liabilities					105,034
Unallocated liabilities					19,569
Total liabilities					31,220,945
Capital expenditure	735,234	108,531	217,381	2,460	1,063,606
Depreciation and amortisation	650,970	71,210	16,145	4,090	742,415
Impairment losses (net of reversal)	42,503	(905)	(4,576)	-	37,022

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59 GROUP SEGMENT REPORTING (Continued)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended					
31 March 2013 (Restated)					
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)	36,258	–	3,946	–	40,204
Share of results of associated companies (net of tax)	69,602	48,936	3,836	–	122,374
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

59 GROUP SEGMENT REPORTING (Continued)

Primary reporting format – business segment (Continued)

	Automotive RM'000	Services RM'000	Property, Asset & Construction RM'000	Investment Holding RM'000	Group RM'000
Financial year ended 31 March 2013 (Restated)					
<u>Other information</u>					
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	369,921	-	59,527	-	429,448
Associated companies	489,891	657,528	36,593	-	1,184,012
Assets held for sale	-	189	5,476	-	5,665
Total assets					<u>42,130,493</u>
Segment liabilities	4,650,862	22,037,072	410,220	68,538	27,166,692
Interest bearing borrowings					6,462,506
Taxation liabilities					159,887
Unallocated liabilities					19,128
Total liabilities					<u>33,808,213</u>
Capital expenditure	785,813	92,194	294,808	10,575	<u>1,183,390</u>
Depreciation and amortisation	671,363	84,395	12,518	2,909	<u>771,185</u>
Impairment losses (net of reversal)	51,347	10,265	(532)	-	<u>61,080</u>

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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 events. The resulting accounting estimates will, by definition, rarely equal to 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 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 that indicates 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.

60 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(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 future year under the concession period.

(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 RM3,138,000 (2013: RM2,576,000) 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.

(x) Allowance for inventory write down

Allowance for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items held in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices, useful lives of inventories and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

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– 31 MARCH 2014

61 SIGNIFICANT EVENTS

- (a) On 4 November 2013, DRB-HICOM Defence Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, completed the acquisition of 96.87% equity interest in Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") from the Minister of Finance (Incorporated), for a total cash consideration of RM298,300,000 and as a result, CTRM became a subsidiary company of the Group.
- (b) As disclosed in Note 53(i)(g), KL Airport Services Sdn. Bhd. ("KLAS"), an indirect wholly-owned subsidiary company of the Group, completed the acquisition of 61.61% equity interest in Konsortium Logistik Berhad ("KLB") from Bendahara 1 Sdn. Bhd., for a total cash consideration of RM240,967,000. Subsequently, KLAS extended a take-over offer ("MGO") to the non-controlling shareholders of KLB to sell their shares at an offer price of RM1.55 per KLB Share. On 9 April 2014, KLAS completed the compulsory acquisition of the remaining shares in KLB, pursuant to Section 222 of the Capital Markets and Services Act 2007. Hence, KLB became a wholly-owned subsidiary company of the Group.
- (c) On 2 January 2014, Uni.Asia Capital Sdn. Bhd. ("UAC"), an indirect 51% owned subsidiary company of the Group, completed the disposal of its entire equity stake in Uni.Asia Life Assurance Berhad for a cash consideration of RM518,000,000. The details are disclosed in Note 54(i)(a).
- (d) 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 SPAs became unconditional on 26 March 2014.
- (e) On 18 February 2014, UAC submitted an application to Bank Negara Malaysia ("BNM") to seek the approval of the Minister of Finance ("MoF") pursuant to Sections 89 and 90 of the Financial Services Act 2013, to review a proposal for UAC to enter into a Sale and Purchase Agreement ("SPA") with Liberty UK and Europe Holdings Limited ("Liberty UK"), an indirect subsidiary of Liberty Mutual Holding Company Inc. in relation to the proposed disposal of UAC's entire equity interest in Uni.Asia General Insurance Berhad of approximately 68.09% for a total cash consideration of approximately RM374.5 million subject to the terms and conditions of the SPA. On 3 July 2014, MoF through BNM, approved the proposed disposal. On 16 July 2014, UAC entered into a SPA with Liberty Seguros, Compania de Seguros y Reaseguros, S.A. (an indirect subsidiary company of Liberty Mutual Holding Company Inc.) in relation to the proposed disposal, which was completed on the same day.

62 SUBSEQUENT EVENTS

- (a) On 11 April 2014, Eedaran Otomobil Nasional Berhad entered into a conditional Share Sale Agreement ("SSA") with Melewar Leisure Sdn. Bhd. ("MLSB") and Avis Investment Services Limited ("AVIS") for the acquisition of 100% equity interest in Sistem Sewa Kereta Malaysia Sdn. Bhd. ("SSKM") for a total cash consideration of RM5,500,000. The acquisition was completed on 18 June 2014. As a result, SSKM became a wholly-owned subsidiary company of the Group.
- (b) On 10 July 2014, Scott and English (Malaysia) Sdn. Bhd., a 70% owned subsidiary company of the Group, disposed its entire 51% equity interest in Scott and English Trading (Sarawak) Sdn. Bhd. ("SET") for a cash consideration of RM649,000. As a result, SET ceased to be an indirect subsidiary company of the Group.

63 FAIR VALUE MEASUREMENT

(a) Financial and non-financial instruments measured at fair value

The table below provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2014				
Assets measured at fair value:				
Investment securities: available-for-sale	66,931	5,993,031	137,298	6,197,260
Investment securities: fair value through profit or loss	-	-	98,710	98,710
Derivative assets	-	20,796	-	20,796
Investment properties	-	540,505	-	540,505
Other assets	-	633	-	633
	66,931	6,554,965	236,008	6,857,904
Assets for which fair values are disclosed:				
Investment securities: held-to-maturity	-	87,290	-	87,290
Financing of customers	-	7,331,879	4,149,202	11,481,081
	-	7,419,169	4,149,202	11,568,371
Liabilities measured at fair value:				
Derivative liabilities	-	6,902	-	6,902
Liabilities for which fair values are disclosed:				
Borrowings (non-current)	-	2,927,346	-	2,927,346

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

63 FAIR VALUE MEASUREMENT (Continued)

(a) Financial and non-financial instruments measured at fair value (Continued)

The table below provides the fair value measurement hierarchy of the Group's assets and liabilities: (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2013				
Assets measured at fair value:				
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
Investment properties	–	551,514	–	551,514
Other assets	–	320	–	320
	249,685	8,070,285	192,926	8,512,896
Liabilities measured at fair value:				
Derivative liabilities	–	22,999	–	22,999

There is no transfer from Level 1 and 2 during the financial year.

The reconciliation of the financial asset that are measured at level 3 of the hierarchy of fair value is as follows:

	2014 RM'000	2013 RM'000
Group		
As at 1 April	192,926	25,671
Disposal of a subsidiary company	(2,140)	–
Total gain through profit or loss	14,234	4,397
Total (loss)/gain through other comprehensive income	(2,936)	666
Purchases	36,117	77,174
Sales	(25,051)	(4,597)
Foreign exchange	4,755	–
Transfer from Level 2 to Level 3	18,103	102,682
Redemption	–	(13,067)
As at 31 March	236,008	192,926

In accordance with the FRS 13, the Group has not provided any comparative fair value information for new disclosures. The Group applies the new fair value measurement guidance prospectively.

63 FAIR VALUE MEASUREMENT (Continued)

(b) Financial instruments that are not measured at fair value and which carrying amounts are not reasonable approximation of fair value:

	Note	Group RM'000		Company RM'000	
		Carrying amount	Fair value	Carrying amount	Fair value
2014					
Financial liabilities:					
Borrowings (non-current)	37				
- Hire purchase and finance lease liabilities		33,297	33,232	-	-
- Long term loans (fixed rate)		190,078	189,718	-	-
- Long term loans under Islamic financing (fixed rate)		2,708,466	2,704,396	1,842,830	1,837,909
		2,931,841	2,927,346	1,842,830	1,837,909
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
		2,462,531	2,451,311	1,854,131	1,846,336

NOTES TO THE FINANCIAL STATEMENTS

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63 FAIR VALUE MEASUREMENT (Continued)

(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)	44
Borrowings (current)	45

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.

(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 the 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.

63 FAIR VALUE MEASUREMENT (Continued)

(c) Determination of fair value (Continued)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (Continued)

(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 rate curves.

(vi) Investment properties

Fair value of investment properties have been generally derived using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this approach is price per square foot of comparable properties.

(vii) Other assets

Fair value of golf memberships have been generally derived using the resale value in secondary market. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as remaining expiry period of membership. The most significant input into this approach is price per remaining expiry period of membership.

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 against fluctuations in foreign currency exchange rate 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.

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

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				
2014				
Financial liabilities:				
Trade and other payables	5,285,752	-	-	5,285,752
Borrowings	1,781,646	4,503,898	1,129,963	7,415,507
Dividend payable	28,899	-	-	28,899
Total undiscounted financial liabilities	7,096,297	4,503,898	1,129,963	12,730,158
2013				
Financial liabilities:				
Trade and other payables	5,447,843	-	-	5,447,843
Borrowings	2,918,357	1,935,920	1,788,495	6,642,772
Derivatives – settled net	14,667	-	-	14,667
Dividend payable	21,749	-	-	21,749
Total undiscounted financial liabilities	8,402,616	1,935,920	1,788,495	12,127,031

64 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

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 (Continued)

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Company				
2014				
Financial liabilities:				
Trade and other payables	614,010	-	-	614,010
Borrowings	359,327	1,457,498	1,129,791	2,946,616
Dividend payable	28,899	-	-	28,899
Total undiscounted financial liabilities	1,002,236	1,457,498	1,129,791	3,589,525
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

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

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.

	Basis points	Profit after tax			
		Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Borrowings – floating rates	+50	(11,450)	(10,289)	(4,334)	(5,453)
	-50	11,450	10,289	4,334	5,453

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 total comprehensive income would have been approximately RM3,500,000 (2013: RM17,194,000) 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	2014 RM'000	2013 (Restated) RM'000
Group			
Short term borrowings excluding deferred liability	45	1,767,468	2,794,640
Long term borrowings	37	5,359,595	3,667,866
Total borrowings		7,127,063	6,462,506
Shareholders' equity		7,306,133	7,068,250
Gross gearing (times)		0.98	0.91
Company			
Short term borrowings	45	357,240	626,114
Long term borrowings	37	2,584,302	2,787,443
Total borrowings		2,941,542	3,413,557
Shareholders' equity		5,979,170	5,646,411
Gross gearing (times)		0.49	0.60

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

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						
2014						
Financial assets						
Investment securities	23	6,382,802	98,710	-	86,832	6,197,260
Trade and other receivables (excluding prepayments)	29	3,983,234	-	3,983,234	-	-
Banking-related assets						
- Cash and short-term funds	32	1,087,047	-	1,087,047	-	-
- Financing of customers	25	11,697,556	-	11,697,556	-	-
- Statutory deposits with Bank Negara Malaysia	26	648,721	-	648,721	-	-
Short term deposits	30	2,356,570	-	2,356,570	-	-
Cash and bank balances	31	691,184	-	691,184	-	-
Derivative assets	33	20,796	20,796	-	-	-
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	-	-	-

66 CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

	Note	Carrying amount RM'000	FVTPL RM'000	OL RM'000
Group				
2014				
Financial liabilities				
Trade and other payables	44	5,285,752	-	5,285,752
Borrowings (excluding deferred liability)	37&45	7,127,063	-	7,127,063
Banking related liabilities				
- Deposits from customers	41	17,306,443	-	17,306,443
- Deposits and placements of banks and other financial institutions	46	101,074	-	101,074
- Bills and acceptances payable	47	105,004	-	105,004
Derivative liabilities	33	6,902	6,902	-
Dividend payable		28,899	-	28,899
2013				
Financial liabilities				
Trade and other payables	44	5,447,843	-	5,447,843
Borrowings (excluding deferred liability)	37&45	6,462,506	-	6,462,506
Banking related liabilities				
- Deposits from customers	41	18,573,118	-	18,573,118
- Deposits and placements of banks and other financial institutions	46	10,774	-	10,774
- Bills and acceptances payable	47	132,750	-	132,750
- Recourse obligation on financing sold to Cagamas	42	61,679	-	61,679
Derivative liabilities	33	22,999	22,999	-
Dividend payable		21,749	-	21,749

NOTES TO THE FINANCIAL STATEMENTS

– 31 MARCH 2014

66 CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
Company				
2014				
Financial assets				
Trade and other receivables (excluding prepayments)	29	997,037	997,037	-
Short term deposits	30	221,780	221,780	-
Cash and bank balances	31	2,807	2,807	-
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	-
2014				
Financial liabilities				
Trade and other payables	44	614,010	-	614,010
Borrowings	37&45	2,941,542	-	2,941,542
Dividend payable		28,999	-	28,999
2013				
Financial liabilities				
Trade and other payables	44	229,878	-	229,878
Borrowings	37&45	3,413,557	-	3,413,557
Dividend payable		21,749	-	21,749

67 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 July 2014.

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 2014 into realised and unrealised profits is presented as follows:

	Group		Company	
	2014	2013 (Restated)	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and subsidiaries:				
- Realised	3,797,629	3,568,865	1,919,822	1,589,064
- Unrealised	176,657	174,888	725	(1,276)
	3,974,286	3,743,753	1,920,547	1,587,788
Total share of retained profits from jointly controlled entities:				
- Realised	150,343	148,385	-	-
- Unrealised	2,311	1,521	-	-
Total share of retained profits from associated companies:				
- Realised	360,238	298,837	-	-
- Unrealised	650	(555)	-	-
Total retained profits as per financial statements	4,487,828	4,191,941	1,920,547	1,587,788

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 126 to 290 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 2014 and of their financial performance and the cash flows of the Group and of the Company for the financial year ended 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 21 July 2014.



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, Ahmad Fuaad Kenali, 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 126 to 291 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.



AHMAD FUAAD KENALI

Subscribed and solemnly declared by the abovenamed Ahmad Fuaad Kenali at Shah Alam in Malaysia on 21 July 2014.

Before me,
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS 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 2014 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 126 to 290.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible 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 judgement, 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 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRB-HICOM BERHAD (INCORPORATED IN MALAYSIA)

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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 68 on page 291 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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



Sundralingam A/L Navaratnam
No. 2984/05/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 July 2014

ANALYSIS OF SHAREHOLDINGS

AS AT 12 AUGUST 2014

Class of Securities	:	Ordinary shares of RM1.00 each
Authorised Share Capital	:	RM2,000,000,000
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	:	38,355

DISTRIBUTION OF SHAREHOLDERS

Size Of Shareholdings	Number Of Shareholders	% Of Shareholders	Total Holdings	% Holdings
Less than hundred	616	1.61	12,209	0.00*
100 – 1,000	18,252	47.59	13,349,119	0.69
1,001 – 10,000	16,539	43.12	59,959,419	3.10
10,001 – 100,000	2,570	6.70	72,397,735	3.74
100,001 – 96,661,851 (Less than 5% of issued shares)	376	0.98	552,379,528	28.57
96,661,852 and Above (5% and above of issued shares)	2	0.01	1,235,139,041	63.89
Total	38,355	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	154,077,300	7.97
3.	HSBC Nominees (Asing) Sdn. Bhd. NTGS LDN for Skagen Kon-Tiki Verdipapirfond	88,408,800	4.57
4.	Kumpulan Wang Persaraan (Diperbadankan)	57,616,200	2.98
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (Norges BK Lend)	43,244,300	2.24
6.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for The Bank of New York Mellon (Mellon ACCT)	22,743,261	1.18
7.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	18,741,300	0.97
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Bank Berhad (EDP 2)	18,543,000	0.96
9.	Tai Tak Estates Sdn. Bhd.	10,952,653	0.57
10.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (U.S.A.)	10,608,517	0.55

ANALYSIS OF SHAREHOLDINGS

AS AT 12 AUGUST 2014

TOP THIRTY SECURITIES ACCOUNT HOLDERS (Continued)

No.	Name	Number Of Shares	% Of Issued Shares
11.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for LSV Emerging Markets Equity Fund L.P.	10,442,030	0.54
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	10,300,000	0.53
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (CIMB PRIN)	9,984,100	0.52
14.	Citaria Sdn. Bhd.	8,873,972	0.46
15.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	8,726,700	0.45
16.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (Netherlands)	7,571,300	0.39
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Takaful Berhad (Family PRF EQ)	7,249,800	0.38
18.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	6,981,700	0.36
19.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund	6,893,861	0.36
20.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (Australia)	6,089,830	0.32
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Allianz Life Insurance Malaysia Berhad (P)	4,949,400	0.26
22.	HSBC Nominees (Asing) Sdn. Bhd. HSBC BK PLC for Saudi Arabian Monetary Agency	4,731,900	0.24
23.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	4,039,200	0.21
24.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund RCER for Rock Creek Emerging Markets Fund SPC, LTD	3,888,000	0.20
25.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt an for State Street Bank & Trust Company (West CLT OD67)	3,567,400	0.18
26.	Yap Ah Fatt	3,500,000	0.18
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AIM 6939-405)	3,350,000	0.17
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund 3IBL for International Equity Portfolio (DVSFD INV PFLIO)	3,271,100	0.17
29.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (Saudi Arabia)	3,208,184	0.17
30.	Amanah Raya Berhad Kumpulan Wang Bersama	3,000,000	0.16

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	178,761,400	9.247	-	-	9.247
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 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 12 August 2014 held any interest in shares in the Company or its related companies.

SENIOR MANAGEMENT DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED COMPANIES

The Senior Managements' direct and indirect interest in shares in the Company based on the Record of Depository are as follows:-

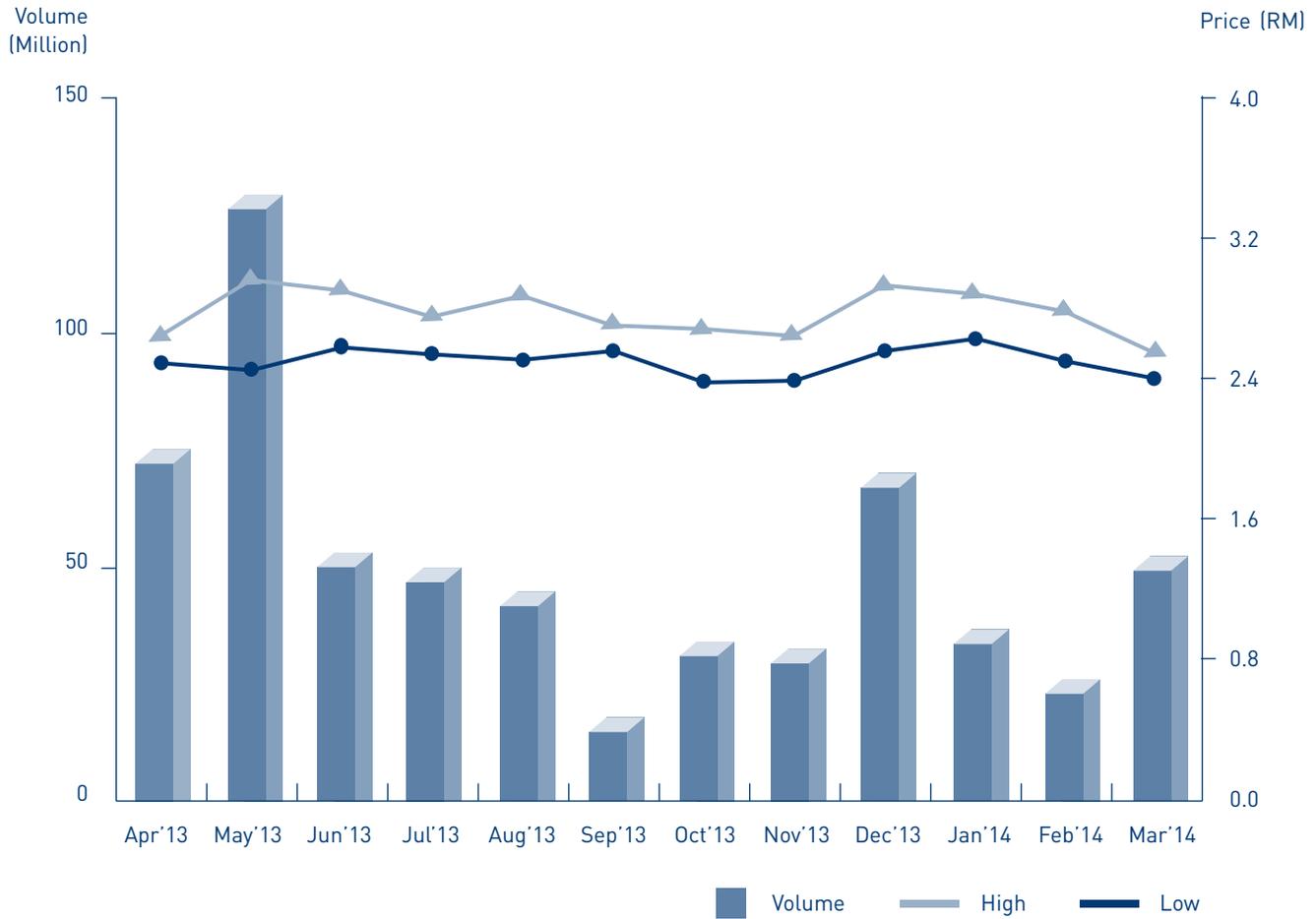
Name	Direct Interest		Indirect Interest	
	Number of Shares Held	% of Issued Shares	Number of Shares Held	% of Issued Shares
Datuk Mohamed Razeek bin Md Hussain Maricar	3,100	*0.00	-	-

Note:-

* Less than 0.01%

None of the other Senior Management in office as at 12 August 2014 held any interest in shares in the Company or its related companies.

SHARE PERFORMANCE CHART



MATERIAL PROPERTIES OF DRB-HICOM GROUP AS AT 31 MARCH 2014

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-14 RM'000
1	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.	11 years	Freehold	5,150,600 sq.m (Land)	538,832
2	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.	17-29 years	Freehold	816,100 sq.m (Land)	495,882
3	PTD 176399, 177101, 177108, 177109, 177114, 177115, 177127, 177137, 177138 and 177638 Mukim Tebrau Daerah Johor Bahru Johor Darul Ta'zim	Land held for residential and commercial development.	-	Freehold	2,115,308 sq.m (Land)	437,052
4	Lots 1017T, 1018A 70000P and 70001T of Town Subdivision 16 Comprised in Certificate of Title Volume 614 Folio 67 Singapore	Retail and car park complex.	11 years	Leasehold expiring in 2096	6,397 sq.m (Land)	362,705
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.	20-21 years	Freehold	1,489,836 sq.m (Land)	188,017

MATERIAL PROPERTIES OF DRB-HICOM GROUP

AS AT 31 MARCH 2014

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-Mar-14 RM'000
6	HS(D) 4546, PT 13225 and HS(D) 4609, PT 2743 Daerah Pekan, Mukim Pekan Pahang Darul Makmur	University college campus and hostel.	2 years	Leasehold 99 years expiring in years 2109 and 2112	262,290 sq.m (Land)	184,980
7	Land adjacent to Potash Lane Hethel, Norwich, Norfolk NR 14 8EZ England and Land north of Browic	Factory, engineering facilities, office and test track.	46 years	Freehold	584,040 sq.m (Land)	163,020
8	Lot No. 77170 and individual titles from master titles (Lots No. 77174 and 77175) Mukim and District of Klang Selangor Darul Ehsan	Land held for residential and commercial development.	-	Freehold	445,593 sq.m (Land)	161,433
9	HS(D) 63928, PT 5689 and HS(D) 63929, PT 5690 Mukim Gurun Daerah Kuala Muda Kedah Darul Aman	Industrial land with office and building.	18 years	Freehold	650,360 sq.m (Land)	154,406
10	GM 1867 Lot 1468, HS(D) 423-578 (PT 919-1074) and HS(D) 579-588 (PT 1076-1088) Mukim Kedawang Daerah Langkawi Kedah Darul Aman	82 units chalet & marina and land held for development.	14-17 years	Freehold and Leasehold expiring in years 2054	1,555,940 sq.m (Land)	150,293

FORM OF PROXY

TWENTY-FOURTH 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-Fourth Annual General Meeting of the Company to be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie (Tel: 03-78031000), No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 September 2014 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 dividend.		
2.	To re-elect and retain YBhg Dato' Syed Mohamad bin Syed Murtaza as Senior Independent Director.		
3.	To re-elect YBhg Dato' Ibrahim bin Taib as Director.		
4.	To re-appoint and retain YBhg Datuk Haji Abdul Rahman bin Mohd Ramli as Independent Director.		
5.	To re-appoint and retain Mr Ong le Cheong as Independent Director.		
6.	To re-appoint Messrs Ernst & Young as Auditors.		

(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%

Dated this _____ day of _____, 2014.

.....
Signature(s) of shareholder(s) or
Common seal of corporate shareholder

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 23 September 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 September 2014 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and vote on such depositor's behalf.

Notes:-

1. A member entitled to attend the meeting may appoint not more than two (2) proxies who may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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: 03-78490777) not less than forty-eight (48) hours before the time set for holding this meeting.
7. 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.
8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
9. 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.

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STAMP

Symphony Share Registrars Sdn Bhd (378993-D)

Registrar for DRB-HICOM Berhad

Level 6, Symphony House

Pusat Dagangan Dana 1, Jalan PJU 1A/46

47301 Petaling Jaya, Selangor Darul Ehsan

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Fold this for sealing

DRB-HICOM Berhad

Level 5, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor.

Tel: (03) 2052 8000 • Fax: (03) 2052 8099

www.drb-hicom.com