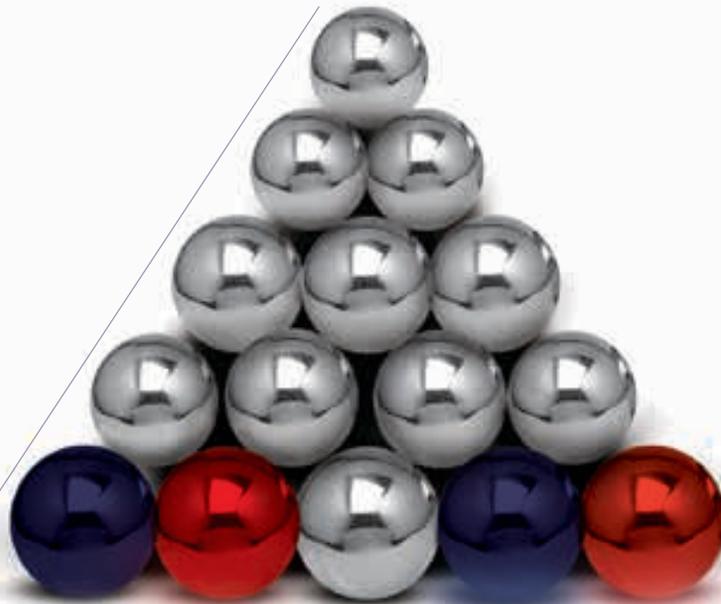


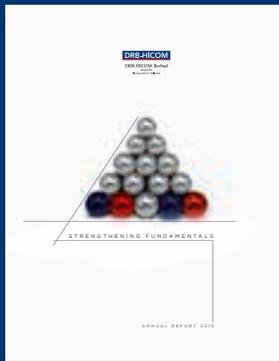
DRB-HICOM

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



STRENGTHENING FUNDAMENTALS

ANNUAL REPORT 2015



STRENGTHENING FUNDAMENTALS

In today's challenging times, we are further strengthening our fundamentals in our three core businesses, namely Automotive, Services and Property, Asset & Construction. To that end, we are focusing 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.

Moving forward, we are committed to creating greater synergies for the Group's core businesses in order to enhance the value of the Group and to reward our stakeholders with better returns.



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DRB-HICOM Berhad
(203430-W)

This annual report is available on the web at www.drb-hicom.com

25th Annual General Meeting

Venue

Glenmarie Ballroom, Holiday Inn Kuala Lumpur
Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1,
40250 Shah Alam, Selangor Darul Ehsan

Date

Wednesday, 9 September 2015

Time

9.00 a.m.



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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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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of DRB-HICOM Berhad (“the Company”) will be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 9 September 2015 at 9.00 a.m. for the following purposes:

Venue : Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie, No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan

Date : Wednesday, 9 September 2015

Time : 9.00 a.m.

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2015 together with the Reports of Directors and Auditors thereon. **(Note 1)**
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 2015. **(Resolution 1)**
3. To re-elect the following Directors who retire by rotation in accordance with Article 79 of the Company’s Articles of Association:
 - (a) YBhg Datuk Ooi Teik Huat **(Resolution 2)**
 - (b) YBhg Dato’ Noorrizan binti Shafie **(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 and the Malaysian Code on Corporate Governance 2012 (“the CG 2012”):
 - (a) “THAT YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, the Director retiring pursuant to Section 129 of the Companies Act, 1965 and having served as Independent Director for more than nine (9) years, be and is hereby re-appointed and retained as an Independent Director of the Company to hold office until the conclusion of the next annual general meeting.” **(Resolution 4)**
 - (b) “THAT Mr Ong le Cheong, the Director retiring pursuant to Section 129 of the Companies Act, 1965 and having served as Independent Director for more than nine (9) years, be and is hereby re-appointed and retained as an 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)**

Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions with or without any modifications:

6. Retention as Independent Director of the Company pursuant to the CG 2012

“THAT YBhg Dato’ Syed Mohamad bin Syed Murtaza, who has served as an Independent Director of the Company for more than nine (9) years, be and is hereby retained as an Independent Director of the Company until the conclusion of the next annual general meeting in accordance with the CG 2012.” **(Resolution 7)**

7. Increase in Directors’ Fees

“THAT the maximum aggregate fees to be paid to the Directors be increased from RM800,000 to RM1,200,000 for each financial year commencing 31 March 2016 and the Directors be authorised to divide such fees in the proportions and manner to be determined by them.” **(Resolution 8)**

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 2015, if approved by the shareholders at the Annual General Meeting (“AGM”), will be paid on 9 October 2015 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 September 2015.

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 11 September 2015 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the depositor’s securities account before 4.00 p.m. on 15 September 2015 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
18 August 2015

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Notice of Annual General Meeting (Continued)

Notes:

Explanatory on Ordinary Business

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. Agenda 4 – Re-Appointment and Retention of Independent Directors

The Ordinary Resolutions 4 and 5 under Agenda 4(a) and 4(b) are to seek the shareholders' approval to re-appoint and retain the following Independent Directors of the Company:

- (a) YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, aged 76, who has served as an Independent Director of the Company for more than nine (9) years and is retiring pursuant to Section 129 of the Companies Act, 1965.
- (b) Mr Ong le Cheong, aged 74, who has served as an Independent Director of the Company for more than nine (9) years and is retiring pursuant to Section 129 of the Companies Act, 1965.

Pursuant to Section 129 of the Companies Act, 1965, a Director who is over the age of seventy (70) year shall vacate his position as a Director of the Company at the conclusion of the AGM and upon the shareholders' approval be re-appointed as a Director of the Company to hold office until the conclusion of the next AGM.

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 AGM of the Company.

The CG 2012 recommends that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in that capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

Explanatory on Special Business

3. Agenda 6 – Retention as Independent Director of the Company pursuant to the CG 2012

The Ordinary Resolution 7 under Agenda 6 is to seek the shareholders' approval pursuant to the CG 2012 for YBhg Dato' Syed Mohamad bin Syed Murtaza, who has served as Independent Director of the Company for more than nine (9) years, to retain as Independent Director until the conclusion of the next annual general meeting.

The Board, through the Nomination and Remuneration Committee ("NRC"), has assessed the independence of YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, Mr Ong le Cheong and YBhg Dato' Syed Mohamad bin Syed Murtaza all who have served as Independent Directors of the Company for more than nine (9) years.

On the recommendation by the NRC, the Board recommended for YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, Mr Ong le Cheong and YBhg Dato' Syed Mohamad bin Syed Murtaza be retained as Independent Directors of the Company.

The justifications of the Board for recommending them to continue in office as Independent Directors are set out under the Statement on Corporate Governance in the Annual Report 2015 of the Company.

4. Agenda 7 – Increase in Directors' Fees

The Ordinary Resolution 8, if passed, will empower the Board to pay Directors' Fees up to the maximum aggregate amount not exceeding RM1,200,000 for each financial year commencing 31 March 2016 pursuant to Article 87(c) of the Company's Articles of Association.

Article 87(c) stipulated that fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

At the 16th AGM of the Company held on 21 September 2006, the shareholders approved the payment of Directors' Fees not exceeding RM800,000 for each financial year commencing 31 March 2006.

The fees paid to the seven (7) Non-Executive Directors (“NEDs”) of the Company for the financial year ended 31 March 2015 totalled RM785,000 and each NED received between RM90,000 to RM150,000 per annum. The distributions were as follows:

	Board (RM)	Audit Committee (RM)	Nomination and Remuneration Committee (RM)	Risk Committee (RM)
Chairman	140,000	17,000	10,000	10,000
Each Member	90,000	12,000	8,000	8,000

The rationale for the proposed increase from RM800,000 to RM1,200,000 for each financial year commencing 31 March 2016 is as follows:

- (a) To provide the flexibility to appoint additional NED(s) should that be considered appropriate in the future.
- (b) To provide the flexibility to adjust the Fees of the NEDs in the future in accordance with market benchmarks and business expansion of the Company as well as higher level of activities of the Group.
- (c) The Directors’ Fees of RM800,000 have not been increased since year 2006 although the Group had expanded its operations substantially in the past ten years.
- (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.

5. 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.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

No notice in writing has been received by the Company nominating any candidate for election as Director at the Twenty-Fifth Annual General Meeting of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Articles of Association of the Company are set out in the Notice of Annual General Meeting.



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Corporate Profile

Driving Malaysia Forward

DRB-HICOM Berhad is a leading conglomerate in Malaysia involved chiefly in the Automotive, Services and Property, Asset and Construction business. The Group's holdings include national icons such as PROTON Holdings Berhad ("PROTON") and Pos Malaysia Berhad ("Pos Malaysia"), as well as Composites Technology Research Malaysia ("CTRM"), which plays a vital role in the global supply chain of aviation parts. On the Property, Assets and Construction sector, DRB-HICOM is the developer of the prestigious Glenmarie brand, which has become synonymous with luxury and quality in the country.

Arising from a merger between Heavy Industries Corporation of Malaysia Berhad ("HICOM") and Diversified Resources Berhad ("DRB") in 2000, DRB-HICOM has been actively expanding its portfolio in pursuit of its strategy to create end-to-end value chains for its key businesses. It has also embarked on a rationalisation plan to dispose of non-core assets to create a leaner and more efficient use of its developmental resources.

DRB-HICOM also holds several concession agreements with the Malaysian federal and state governments to provide waste management disposal services as well as to provide commercial vehicle inspections. At the same time, the Group is a leading defence contractor for the country, involved in the development, assembly and distribution of military vehicles for the Malaysian Armed Forces.

The acquisition of PROTON in 2012, alongside the development of a complete automotive ecosystem ranging from vehicle design and development, component manufacturing, assembly, inspection and distribution to sales and after sales service, means that DRB-HICOM now has the most comprehensive automotive business in the country.

Further to that, the recent signing of a memorandum of understanding and licence agreement with Japanese carmaker Suzuki in June 2015 will give PROTON access to the latter's models, platforms, powertrains and automotive technologies, hence paving the way for PROTON to explore improvements and cost efficiencies for future car models. In addition to local cars, DRB-HICOM assembles and is, in some instances, involved in the distribution of marques from top global brands including Audi, Honda, Isuzu, Mercedes-Benz, Mitsubishi, Suzuki and Volkswagen.

The automotive supply chain was further bolstered by the acquisition of the Malaysian franchise of AVIS in 2012, which added a new dimension to the Group's automotive-related business. AVIS is a global household name for car rentals and should easily generate synergies with assets in DRB-HICOM's existing automotive ecosystem.

The Group is also involved in the assembly and distribution of motorcycles, commercial and custom vehicles. In the last financial year ended 31 March 2014 ("FY2014"), DRB-HICOM entered into a collaboration agreement with India's TATA Motors Ltd to enhance its commercial vehicles' assembly and distribution capabilities.

The International College of Automotive ("ICAM"), is one of few colleges in Asia focused purely on the automotive industry and DRB-HICOM is the owner and its operator.

ICAM is as much a strategic asset as it is commercial as it leverages heavily on DRB-HICOM's automotive business units to create unique experiences for students while at the same time securing important automotive skills and talent for the future.



ICAM is presently seeking university status and has embarked on collaborations with foreign institutions of higher learning, including UK's Liverpool John Moores University and University of Warwick, as well as the Chartered Institute of Logistics and Transport UK ("CILT"), the British Technology and Education Council ("BTEC") and local institutions such as Multimedia University, Universiti Malaysia Pahang and National Defence University of Malaysia to broaden its offerings to students.

Apart from education, key business activities in DRB-HICOM's Services sector include waste management, vehicle inspection, banking, logistics and component manufacturing. Alam Flora Sdn. Bhd. ("Alam Flora"), is a leading waste management provider in the country. The company presently holds a concession agreement to provide solid waste management services in several states, and also conducts non-concession businesses such as managing landfills and cleansing activities for local government authorities.

Meanwhile, wholly-owned PUSPAKOM Sdn. Bhd. ("PUSPAKOM") is the only holder of a Government concession to inspect commercial vehicles in Malaysia.

The company plays a key role in contributing to road safety by ensuring that inspected vehicles meet stipulated standards. As part of its non-concession business, PUSPAKOM conducts inspections for private vehicles at its inspection stations or at the vehicle owners' chosen sites as part of its premium service.

In 2008, the Group acquired equity interest in Bank Muamalat Malaysia Berhad ("Bank Muamalat"), adding banking services to its list of service offerings. Formerly an insurance player as well, DRB-HICOM has since disposed of all of its interests in the insurance segment.

DRB-HICOM continues to build its capabilities in the logistics sector through strategic acquisitions such as the purchase of Pos Malaysia Berhad in 2011 and Konsortium Logistik Berhad ("KLB") in 2013. More recently, the Group's distribution capabilities were enhanced by the acquisition of DRB-HICOM Asia Cargo Express Sdn. Bhd. (formerly known as Gading Sari Aviation Services Sdn. Bhd.) in 2015, which has enabled the air shipment of freight to and from East Malaysia.

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Corporate Profile (Continued)



Towards the end of the financial year under review, KLB acquired a vehicular RORO carrier to facilitate the conveyancing of motor vehicles to Sabah and Sarawak. With this acquisition, DRB-HICOM has moved even closer towards becoming a comprehensive and fully self-sustaining end-to-end total logistics solutions provider. Moving forward, DRB-HICOM plans to expand its logistics operations beyond Malaysia's borders.

In the area of components manufacturing, DRB-HICOM is pleased to report that its recent acquisition, CTRM, has made significant progress since the Group's takeover of the company. CTRM plays a crucial role in the global aviation industry and is responsible for the development and manufacture of critical aircraft parts for Airbus and Boeing, the largest and second-largest aircraft manufacturers in the world.

CTRM supplies essential aviation components to the leading aircraft manufacturers, and is also a strategic participant for the future development and innovation of design and materials for the industry. For example, CTRM participated as a strategic partner in the development of fan cowls for the Boeing B787, Mitsubishi Regional Jet, Bombardier C series and the Airbus A350. It is a source of pride to note that for almost every Boeing and Airbus aircraft flying the world, there are components on the aircraft that are made in Batu Berendam, Melaka, Malaysia.

Meanwhile, our vehicle manufacturing and assembly activities, including vehicle components, continue to support the development of the local industry through innovations arising from our comprehensive research and development activities. The manufacture and assembly of automobiles as well as motorcycles are core strengths of

our value chain, and will remain a cornerstone of our business activities. Locally manufactured components are being used in our national cars as well as in global marques distributed in Malaysia. These stand as testaments to the level of confidence and trust in our products. From this perspective, our activities are actively driving the local industry and leading the country in terms of innovation, design and quality.

DRB-HICOM's Property, Asset and Construction business has built a reputation as a developer of niche and boutique properties, leveraging on its brand, Glenmarie, combined with substantial and enviable landholdings in key locations including the Klang Valley and Iskandar Malaysia.

In the area of hospitality, DRB-HICOM is represented by various assets including the Holiday Inn Kuala Lumpur Glenmarie, Lake Kenyir Resort at Taman Negara in Terengganu, Vivanta by Taj in Langkawi, and Glenmarie Golf and Country Club, which was home to the inaugural EurAsia Cup golf tournament.

DRB-HICOM has presently more than 90 operating companies within its stable and a workforce of over 60,000 employees. With its diverse range of operations that are nevertheless interlinked to create synergy, DRB-HICOM has built a strong foundation with great potential for the future.

The Group is currently in the last year of its second 5-year plan ("FY2012-FY2016") which is aimed at sustaining growth momentum. Specifically, this requires the strengthening of fundamentals through the realignment and rationalisation of the businesses, to ensure DRB-HICOM finds strength in its diversity.

The innovations in our key business sectors are helping us extend the boundaries of industry and commerce, and hence driving our presence in both the domestic and international markets. DRB-HICOM is a company on the move, and we plan to further enhance our presence as a leading Malaysian brand and as a representative of the country. In short, DRB-HICOM is positioned to drive Malaysia forward.





List of Events & Activities for FY2014/2015

27 March 2014

Environmental Awareness Programme at Baitul Barokah Mawabbah

DRB-HICOM collaborated with DRB-HICOM Environmental Services Sdn. Bhd. ("DHES") to organise an Environmental Awareness Programme at Rumah Kebajikan Baitul Barokah Mawabbah, Sepang, Selangor. During this event, Sahabat DRB-HICOM cleaned up the home and conducted a session to educate the children on the 3R ("Reduce, Reuse & Recycle").

28 April – 2 May 2014

Safety & Health Week

DRB-HICOM organised a series of talks for the DRB-HICOM Safety & Health Week from 28 April – 2 May 2014. The three-day session covered topics on road safety, diet and nutrition, as well as basic safety and defensive driving.

10 May 2014

Majlis Anugerah Kecemerlangan Pelajar

This was the sixth edition of DRB-HICOM yearly event, organised to recognise and motivate the children of Warga DRB-HICOM who had obtained excellent results in the 2013 PMR, SPM and STPM examinations.

29 May 2014

Forum Perdana in Pekan

Forum Perdana, sponsored by Bank Muamalat, was organised at ICAM, Pekan. More than 1,000 Warga DRB-HICOM and surrounding villagers attended the forum. The invited panelists were Mohamad Zarifi bin Haji Mohamad Daud from JAKIM, Ustaz Roslan Che Ros from Jabatan Agama Islam Pulau Pinang and Prof Madya Dr Sharifah Hayati binti Syed Ismail from Universiti Malaya. The forum was moderated by Prof Dr Mohd Ridhuan Tee bin Abdullah from Universiti Sultan Zainal Abidin.



7 July 2014

Program Bubur Lambuk Bersama Kelab Sukan NSTP

During the month of Ramadan, DRB-HICOM sponsored the New Straits Times Press ("NSTP") Sports Club for a Bubur Lambuk programme to welcome the holy month. A total of 20 Sahabat DRB-HICOM assisted in the preparation of bubur lambuk which was then distributed to Warga DRB-HICOM and surrounding areas in Glenmarie.



11 July 2014

Majlis Buka Puasa DRB-HICOM

The DRB-HICOM annual Iftar gathering was held at Holiday Inn Kuala Lumpur Glenmarie. A total of 800 staff and their family members attended the event. Also present were 60 tahfiz students from Ma'ahad Tahfiz AnNur, Shah Alam.



9 July 2014

DRB-HICOM Environmental Awareness Programme

DRB-HICOM collaborated with Alam Flora to organise the DRB-HICOM Environmental Awareness Programme. A host of exciting activities, games and recycled items for sale were organised to raise awareness on recycling and to instil the recycling habit amongst Warga DRB-HICOM. A special talk was also held on the topic "Recycling at the Office".



18 July 2014

Program Harapan – Aidilfitri Shopping Spree with Orphans

In conjunction with the Hari Raya Aidilfitri celebration, we took 40 underprivileged children for a half-day shopping outing and iftar. The children from Pusat Jagaan Rumah Kesayangan, aged between 4 and 12-years-old, were given the opportunity to choose their own baju raya and shoes at AEON Departmental Store.

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List of Events & Activities for FY2014/2015 (Continued)



16 August 2014

Aidilfitri Celebration with Pusat Jagaan Lambaian Kasih

Aidilfitri was celebrated with 65 children of Pusat Jagaan Lambaian Kasih in Kampung Sungai Penchala, Kuala Lumpur. The children were treated to a feast and duit raya was handed out. A donation was also made to the home for its daily operations.



22-24 August 2014

Mission 57 Years 57 Hours (57Y57H)

DRB-HICOM was proud to be part of "Mission 57Y57H", a mountain climbing expedition up Mount Kinabalu which was held from 22 to 24 August 2014. The mission aimed to inculcate the spirit of patriotism amongst Warga DRB-HICOM in conjunction with the 57th year of Independence. Six representatives from DRB-HICOM and ICAM took part in this once in a lifetime opportunity. The expedition was led by our very own National Solo Climber, Mohd Noor bin Mat Amin – who broke the record for the longest non-stop hike up Mount Kinabalu within 57 hours back-to-back.



25 September 2014

Proton Iriz Launch

PROTON officially launched the long-awaited compact car, IRIZ. It was launched at the Proton Tanjung Malim Plant, by YABhg Tun Dr Mahathir Mohamad, Chairman of PROTON.



30 September 2014

DRB-HICOM AGM

The 24th Annual General Meeting held at Holiday Inn Kuala Lumpur Glenmarie was attended by more than 1,600 shareholders.



3 October 2014

P. Ramlee the Musical

DRB-HICOM collaborated with Enfiniti Vision Media Sdn. Bhd. as the Presenting Sponsor of P. Ramlee the Musical Season 3. Children from Rumah Bakti Nursyaheera joined the session to expose them to the theater scene in Malaysia.



31 October 2014

Deepavali Celebration with Rumah Kebajikan Karunai Illam and Anbu Illam

Deepavali was celebrated with the children of Rumah Kebajikan Anbu Illam, Taman Permata Ulu Klang ("Boys Home") and Rumah Kebajikan Karunai Illam, Taman Ehsan Kepong ("Girls Home") – both under the management of Persatuan Saiva Siddhanta Malaysia. All 34 children were treated to a feast and the children presented various performances for all to enjoy.



26 October 2014

Animal Adoption with Zoo Negara

In conjunction with World Habitat Day, DRB-HICOM together with PUSPAKOM embarked on a Wildlife Conservation Programme with Zoo Negara. DRB-HICOM adopted a Bornean Orangutan and contributed RM20,000. A total of 50 Sahabat DRB-HICOM assisted animal keepers in providing daily care for the animals such as cleaning the exhibits, food preparation and other related support.



21 November 2014

Soup Kitchen Volunteer Programme with 1Charity

DRB-HICOM with 20 Sahabat DRB-HICOM assisted 1Charity to prepare and distribute food to the homeless. DRB-HICOM contributed RM20,000 to 1Charity for their efforts in providing the meals. PROTON contributed a Proton Exora, used to mobilise the delivery of food and Bank Muamalat provided a venue at Jalan Melaka.

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List of Events
& Activities for FY2014/2015 (Continued)



28 November 2014

Launch of Jeep Malaysia

The Jeep marque re-entered Malaysia with four models, Grand Cherokee, Cherokee, Compass and Wrangler, distributed by Jeep Malaysia, a division of EON Berhad (“EON”). Present at the official introduction of Jeep vehicles at the marque’s 3S (Sales, Service and Spare-parts) facility in Glenmarie, Shah Alam were EON’s Chairman, Tan Sri Marzuki bin Mohd Noor, DRB-HICOM’s Chief Operating Officer (Automotive Distribution & Manufacturing) Dato’ Radzaif bin Mohamed, Chief Executive Officer, Dato’ Hisham bin Othman, and Fiat Chrysler APAC Head of Sales Operations, Jake Aumann.



6 December 2014

Working Visit by YAB Prime Minister to DEFTECH Pekan

DEFTECH was honoured to receive a visit by the honourable Prime Minister. The premier was taken for a tour around the facilities in DEFTECH. He then test drove the Pekan-made AV8 to have a feel for the armored vehicle.



15 December 2014

DRB-HICOM’s FC 2015 Line-up

DRB-HICOM Football Club introduced their players and officials for the 2015 season of the Malaysia Premier League. At the event, Pos Malaysia, PROTON, Bank Muamalat and Mizuno was announced as their official partners. The team received a new bus for their exclusive use.

15 December 2014

DRB-HICOM Back to School Aid

DRB-HICOM as a caring employer handed out financial aid to deserving Warga DRB-HICOM for the new school term. A total of 73 Warga received the aid. In addition to that, two selected orphanages, Pertubuhan Baitul Mahabah and Raudhatul Al-Faez were presented with a cheque to aid them financially.



19 December 2014

Seussical – Broadway Musical

DRB-HICOM sponsored theater tickets to “Seussical – Broadway Musical” for its Warga DRB-HICOM and children from Pusat Jagaan Suci Rohani, Chempaka Welfare Home and Pusat Jagaan Siddharthan. This was to provide an opportunity for the children to experience theater. The children were treated to a scrumptious dinner prior to the show.



14-18 January 2015

Ekspedisi KE7B Kinabalu

DRB-HICOM sponsored this expedition, which involved 30 orphanages and also media members. This is to provide an opportunity for the less fortunate to experience climbing and nurture healthy living. Five Sahabat DRB-HICOM accompanied the children to climb the mountain. A total of 100 climbers joined the expedition to Mount Kinabalu.



15 January 2015

Pos Malaysia's New Brand Identity

Pos Malaysia's new brand identity was officially launched by YB Datuk Seri Ahmad Shabery Cheek, former Minister of Communications and Multimedia. The new identity has a more progressive look that embodies the spirit of a modern forward-thinking organisation.



21 January 2015

Launch of TATA in Malaysia

DRB-HICOM Commercial Vehicles Sdn. Bhd. (“DHCV”) announced the re-entry of TATA into Malaysia with two new commercial vehicles, TATA Xenon Pick-up and TATA Prima Prime Mover. They were launched by Brig. Gen. (K) Tan Sri Dato’ Sri Haji Mohd Khamil bin Jamil and Ravindra Pisharody, Executive Director, Commercial Vehicles Business Unit, TATA Motors. DHCV is the exclusive distributor of TATA Motors commercial vehicles. Seven dealers were appointed and received their appointment letter on that day, which also witnessed the handover of the TATA Prima Prime Mover to DHCV’s first two clients, KLB and PUSPAKOM.

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List of Events & Activities for FY2014/2015 (Continued)



4 February 2015

Pelancaran Tabung Khairat Kematian Wisma DRB-HICOM

The Tabung Khairat Kematian Wisma DRB-HICOM was launched by Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil in a simple yet meaningful event attended by employees in Wisma DRB-HICOM. This initiative was introduced to assist family members during their bereavement period and to provide monetary assistance for its members.



28 February 2015

DRB-HICOM's Family Day

DRB-HICOM's Family Day was organised by Kelab Sukan DRB-HICOM at Sunway Lagoon, Subang. More than 600 Warga and their family members joined the fun. This event was officiated by Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil, Group Managing Director DRB-HICOM accompanied by Management of DRB-HICOM.



5 March 2015

Chinese New Year Celebrations

In conjunction with the Chinese New Year celebrations, members of the DRB-HICOM Management Team led by YBhg Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil and Sahabat DRB-HICOM volunteers paid a visit to the paediatric ward of Hospital Tuanku Ja'afar in Seremban, Negeri Sembilan. The visit presented the opportunity for the DRB-HICOM team to spread the joy and share the festivities with patients at the ward. The children were given ang pows and fruit baskets to cheer them up. The occasion also allowed the visiting team the chance to learn more about the paediatric ward's facilities and the children's medical conditions.



9 March 2015

PUSPAKOM Integrity Pledge

PUSPAKOM has augmented its efforts to combat corruption with the signing of the Corporate Integrity Pledge ("CIP"), witnessed by the Malaysian Anti-Corruption Commission ("MACC"). The move supplemented an existing understanding between the two organisations, which was marked by the signing of a Memorandum of Understanding ("MoU") back in 2011 and which led to the establishment of the PUSPAKOM-MACC Integrity Technical Committee.



14 March 2015

Second ICAM Convocation

The convocation held at Dewan Sri Perdana, ICAM, Pekan saw 347 graduates received their scrolls from YBhg Datuk Mohamed Razeek bin Md Hussain, Chief Operating Officer, Services and Properties, DRB-HICOM Berhad. Also attending the ceremony were DRB-HICOM's Board of Directors, Management of DRB-HICOM Berhad and HICOM University College Sdn. Bhd., Chief Executive Officers from subsidiaries and students' family members.

17-21 March 2015

CTRM at Langkawi International Maritime & Aerospace 2015

Langkawi International Maritime & Aerospace ("LIMA") 2015 was held at the Mahsuri International Exhibition Centre. The trade event is one of the biggest aerospace and maritime trade events in the region and has successfully propelled CTRM into the mainstream of the local and international aerospace and defence industry. This time round, CTRM teamed up with DEFTECH to showcase existing capabilities in areas such as composite aero-structure, general aviation, Maintenance, Repair & Overhaul ("MRO"), composite repair, and unmanned aerial vehicles ("UAVs").

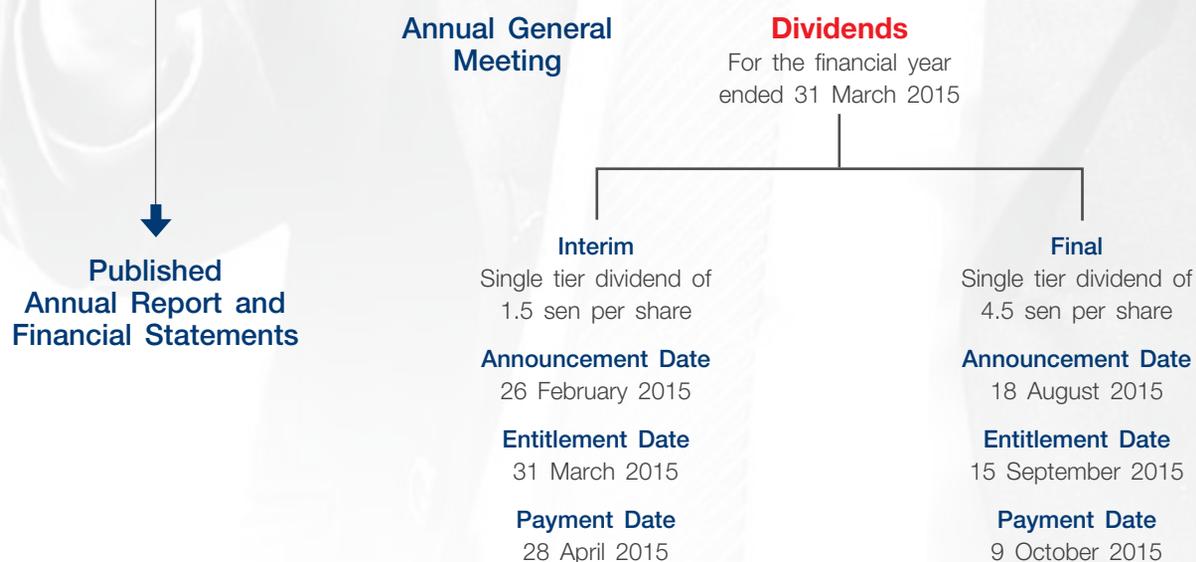


18th
(August 2015)

Financial Calendar

9th

(September 2015)





Corporate Information

As at 22 July 2015

Board of Directors

Dato' Syed Mohamad bin Syed Murtaza

Chairman/Senior Independent Non-Executive Director

Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil

Group Managing Director

Dato' Noorrizan binti Shafie

Non-Independent Non-Executive Director

Dato' Ibrahim bin Taib

Non-Independent Non-Executive Director

Datuk Haji Abdul Rahman bin Mohd Ramli

Independent Non-Executive Director

Ong Ie Cheong

Independent Non-Executive Director

Tan Sri Marzuki bin Mohd Noor

Independent Non-Executive Director

Datuk Ooi Teik Huat

Independent Non-Executive Director

DRB-HICOM

Audit Committee

Chairman

**Datuk Haji Abdul Rahman
bin Mohd Ramli**

Members

Tan Sri Marzuki bin Mohd Noor

Ong Ie Cheong

Datuk Ooi Teik Huat

Nomination and Remuneration Committee

Chairman

**Dato' Syed Mohamad
bin Syed Murtaza**

Members

Tan Sri Marzuki bin Mohd Noor

Ong Ie Cheong

Board Risk Committee

Chairman

Tan Sri Marzuki bin Mohd Noor

Members

**Datuk Haji Abdul Rahman
bin Mohd Ramli**

Datuk Ooi Teik Huat

Company 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, Group 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

Share 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 : ssr.helpdesk@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

Lee Hishammuddin Allen & Gledhill

Stock Exchange Listing

**Main Market of Bursa Malaysia
Securities Berhad**

(Listed Since 4 September 1992)

Stock Code : 1619

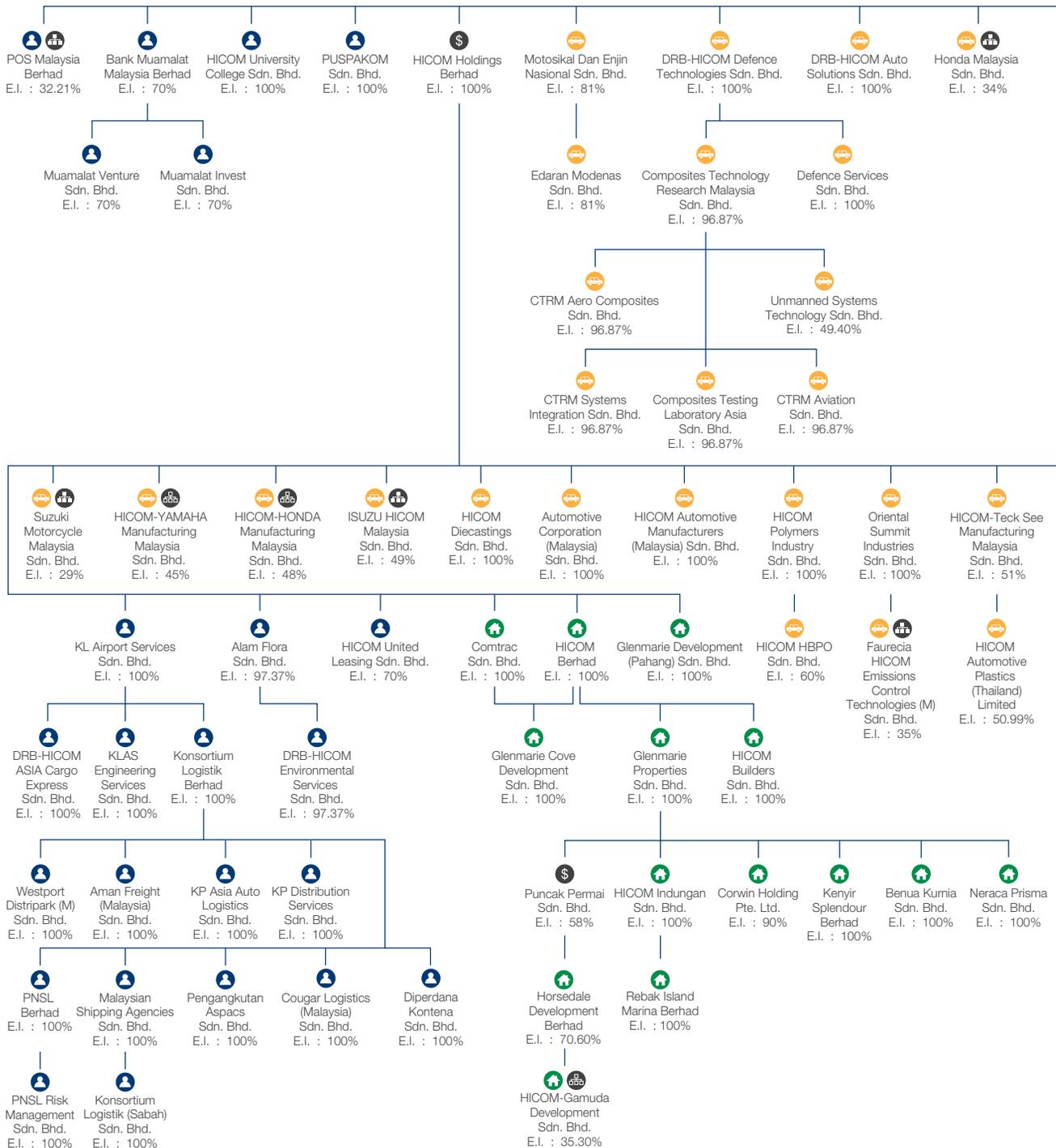
AGM Helpdesk

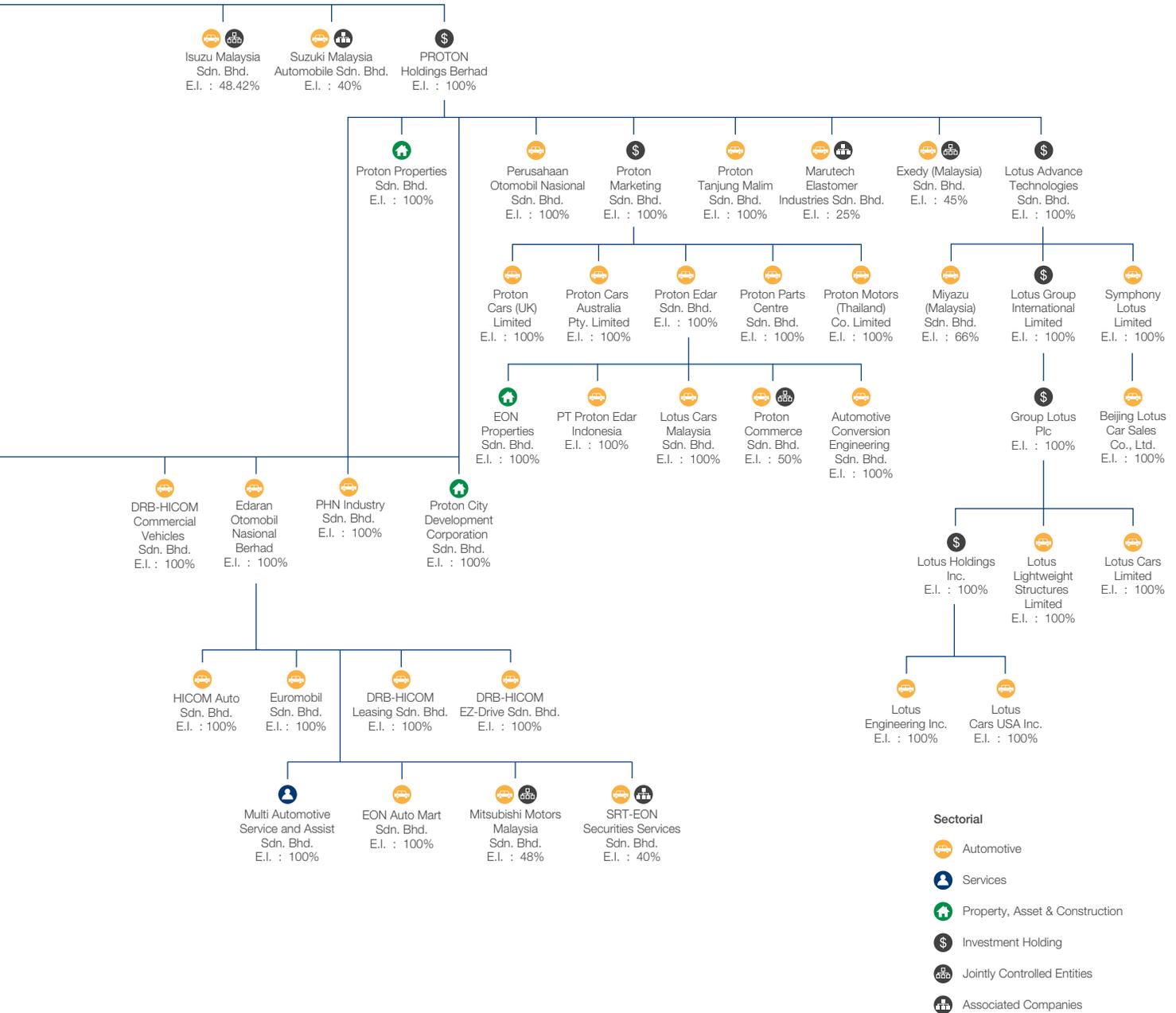
Tel : (03) 2052 8936/7695

Group Corporate Structure

(Operating Companies) as at 31 March 2015

DRB-HICOM





Kindly refer to Pages 177 to 194 for the full listing of Group Companies

Note: DRB-HICOM Group's Effective Interest

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Investor Relations

As we embarked on a new and more dynamic phase of growth in volatile macro-economic conditions, 2014 proved to be a challenging year for DRB-HICOM. To acquire the understanding and trust of shareholders, we sought to continuously engage the investment community by providing updates and clarity on our multifaceted businesses.

Investor relations activities are spearheaded by the Group Managing Director, Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil and its Chief Operating Officer, Finance & Corporate, YBhg. Dato' Ahmad Fuaad bin Kenali, supported by the Investor Relations ("IR") team and members of Senior Management. In most circumstances, we strive to ensure that our stakeholders are provided with relevant information and explanations in a timely manner. The IR team continued to garner interest from stakeholders, as exemplified by hosting numerous in-house meetings, participation in equity conferences as well as other related activities.



Engagement session with investment community

Shareholder Base

As at 31 March 2015, DRB-HICOM has a diversified shareholder base of **37,940** comprising various institutions including government agencies, corporate, institutional and private/retail shareholders. Etika Strategi Sdn. Bhd. and the Employees Provident Fund ("EPF") remain as DRB-HICOM's largest shareholders with 55.9% and 8.1% equity interest respectively, or collectively account for 64% equity interest. Foreign shareholding on the other hand, stood at 15.6%.

Shareholding Structure as at March 2015

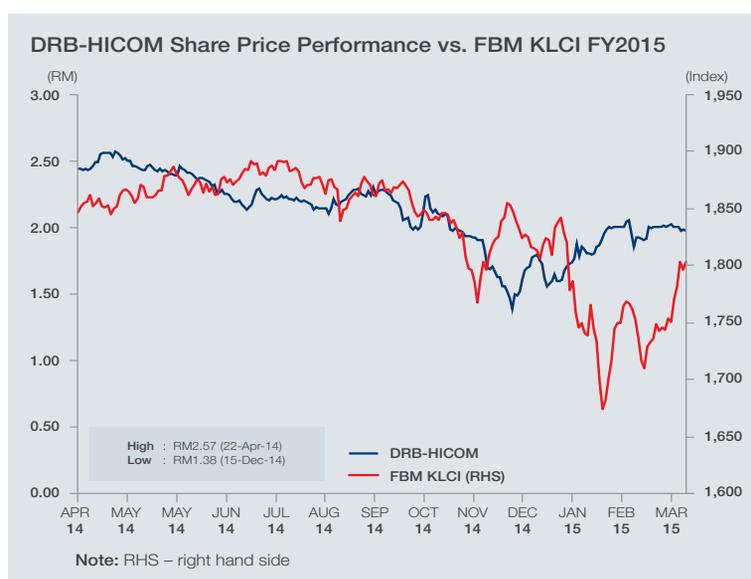


Note:
EPF – Employees Provident Fund
KWAP – Kumpulan Wang Persaraan (Diperbadankan)

More information is easily obtained at

Share Performance

DRB-HICOM has been listed on the Main Board of Bursa Malaysia since September 1992. For FY2015, DRB-HICOM shares recorded a total turnover of **RM745.3** million with **359.9** million shares traded compared to a total turnover of **RM1,802.2** million with **676.6** million shares traded in FY2014.



Investor Engagement

During the year under review, key IR initiatives undertaken by DRB-HICOM aimed at engaging with stakeholders included:

Investor Meetings

We saw an uptick in requests for investor meetings with Senior Management as various stakeholders sought greater clarity on the Group's operations, finance and strategies as the year progressed. For the year, the Group engaged with more than 150 analysts, fund managers, and existing and potential institutional investors through one-on-one or group meeting sessions.

Participation in Corporate Event

As part of our efforts to reach out to a wider investor population, DRB-HICOM participated in Invest Malaysia 2015, Bursa Malaysia's flagship event organised annually for the global investing audience. The event was held at Mandarin Oriental, Kuala Lumpur on 23 and 24 April 2015. During the conference, we met with local and foreign institutional investors mainly from Singapore, Hong Kong, Thailand and Philippines to provide business updates on the Group's performance, key corporate developments and growth impetus for the Group.

Investor Relations (Continued)

Stakeholders' Visits

Besides regular meetings, DRB-HICOM also hosted a Stakeholders' Visit to the DRB-HICOM Automotive Complex in Pekan, Pahang on 20 August 2014. The visit was aimed at providing our stakeholders', the opportunity to familiarise themselves with DRB-HICOM's business fundamentals and at providing clarity on the business trajectory going forward. During the visit, the stakeholders' were given a briefing session by key senior management followed by a plant tour to Volkswagen, Suzuki, DRB-HICOM Auto Solutions Sdn. Bhd. ("DHAS"), Mercedes-Benz as well as the DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH") assembly line for AV-8.

As defence and aviation is set to be one of DRB-HICOM's key growth drivers, on 9 June 2015, DRB-HICOM hosted another visit to the Composites Technology Research Malaysia ("CTRM") plant in Melaka for key analysts and fund managers. The visit was to provide the investment community with further insight on CTRM's operations and facilities as well as its growth potential.



Analysts and Fund Managers' Visit to CTRM Plant, Batu Berendam, Melaka



DRB-HICOM's 24th Annual General Meeting

Financial Results

Events	Date
First Quarter FY2015	28-Aug-14
Second Quarter FY2015	27-Nov-14
Third Quarter FY2015	26-Feb-15
Fourth Quarter FY2015	28-May-15

Presentation slides for the quarterly results were prepared in an investor-friendly manner to aid further understanding of the Group's financial performance. The presentation slides were made available on the Group's website following the disclosure made to Bursa Malaysia.

IR Webpage

To promote accessibility of information to all market participants, the Group's website also stores an archive of other corporate and financial information that has been made public. This includes quarterly announcement of the financial results of the DRB-HICOM Group, announcements and disclosures made pursuant to Bursa Malaysia requirements and other information on DRB-HICOM in addition to press releases and annual reports.

The information is easily accessible at www.drb-hicom.com.

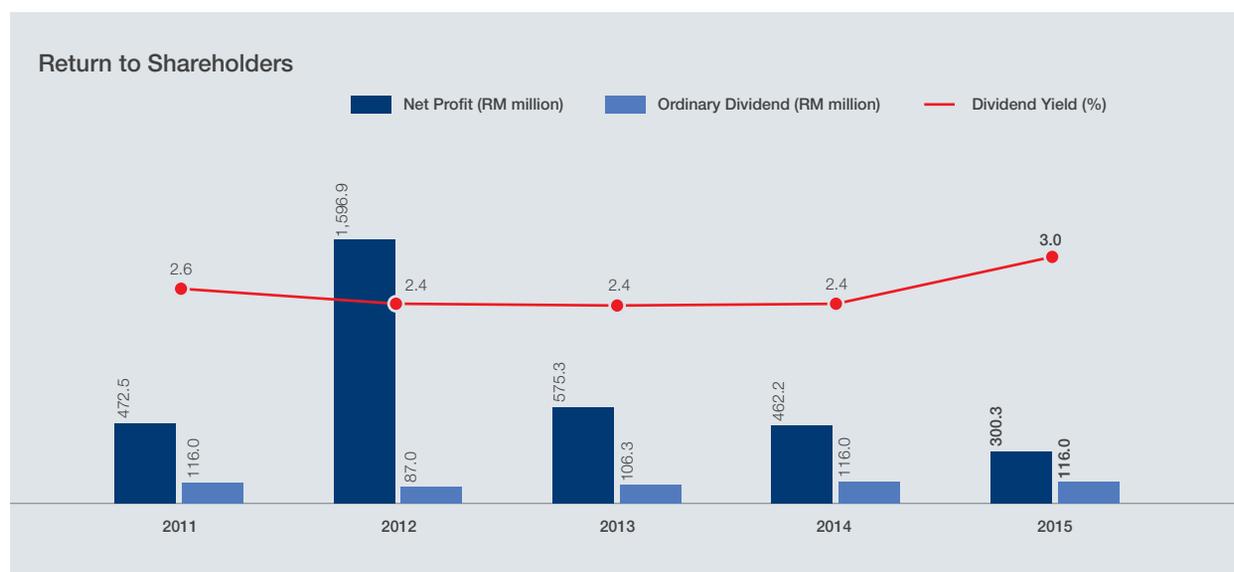
Return to Shareholders

For the financial year ended 31 March 2015, the Board of Directors has proposed a final dividend of 6.0 sen gross per share. We reiterate our dividend commitment through the dividend policy statement as follows:

Dividend Policy

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

Considering the Group is currently undertaking major investments, the dividend payout target will be between 20% 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 manageable level."



	2010	2011	2012	2013	2014	2015
Total Gross Dividend per Share (sen)	4.0	6.0	6.0	6.0	6.0	6.0
Share Price (RM)	1.16	2.30	2.52	2.53	2.47	1.97
Dividend Yield (%)	3.4	2.6	2.4	2.4	2.4	3.0

Capital Market Feedback

DRB-HICOM recognises that feedback from the investment community is critical in meeting information needs and improving relationships. As such, any constructive feedback and ideas maybe directed to the Investor Relations Department at invest@drb-hicom.com.



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Group 5 Years Financial Highlights

Operating Revenue
Profit Before Taxation
Earnings Per Share (sen) (Basic)
Dividend Per Share [^] (sen)
Total Assets
Shareholders' Equity
Net Assets Per Share* (RM)
Total Borrowings
Gross Gearing Ratio (Times)

[^] 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.



	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
	13,687,839	14,200,742	13,134,727	6,878,205	6,804,064
	502,211	801,741	1,037,367	1,821,399	701,524
	15.53	23.91	29.76	82.60	24.44
	6.00	6.00	6.00	6.00	6.00
	42,359,422	39,753,022	42,130,493	40,290,425	28,660,292
	7,570,586	7,311,483	7,068,250	6,553,321	5,068,203
	3.92	3.78	3.66	3.39	2.62
	6,909,731	7,127,063	6,462,506	5,345,545	1,309,732
	0.91	0.97	0.91	0.82	0.26

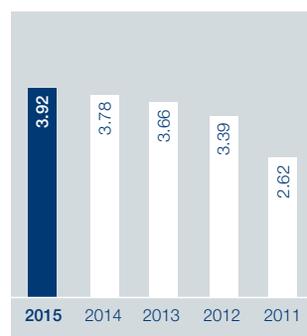
Shareholders' Equity

RM'000



Net Assets Per Share

RM



Gross Gearing Ratio

Times





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Board of Directors' Profile



Date of Appointment

28 October 2005 (Director)
1 July 2009 (Chairman)

Nationality

Malaysian

Age

67 years

Dato' Syed Mohamad bin Syed Murtaza

Chairman

Senior Independent Non-Executive Director

Chairman of Nomination and Remuneration Committee

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 had 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 as well as oil and gas.

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

His current directorships in companies within the DRB-HICOM Group include HICOM Holdings Berhad, HICOM Berhad, PROTON Holdings Berhad and several private limited companies. He is also the Executive 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 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 (10) years.

Dato' Syed Mohamad attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.

**Date of Appointment**

19 July 2005 (Director)

1 March 2006 (Group Managing Director)

Nationality

Malaysian

Age

59 years

Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil

Group Managing Director

Brig. Gen. (K) 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.

He 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 an Honorary Brigadier General of The Malaysian Territorial Army, the Pro-Chancellor of Universiti Malaysia Pahang, a member of the Board of Directors of Universiti Pertahanan Nasional Malaysia and a Chartered Fellow of The Chartered Institute of Logistics & Transport, United Kingdom. He was also awarded the Justice of Peace ("JP") from His Excellency Yang Di-Pertua Negeri Melaka in 2012.

His current directorships in companies within the DRB-HICOM Group include being the Chairman of Pos Malaysia Berhad, Konsortium Logistik Berhad, HICOM University College Sdn. Bhd., DRB-HICOM Defence Technologies Sdn. Bhd. and Composites Technology Research Malaysia Sdn. Bhd. as well as Director of Edaran Otomobil Nasional Berhad, HICOM Holdings Berhad, HICOM Berhad, Horsedale Development Berhad and several private limited companies.

Brig. Gen. (K) 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.

Brig. Gen. (K) 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.

Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.



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Board of Directors' Profile (Continued)



Date of Appointment

18 March 2004

Nationality

Malaysian

Age

61 years

Dato' Ibrahim bin Taib

Non-Independent Non-Executive Director

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 ("EPF"). Effective 4 October 2014, he retired as the Deputy Chief Executive Officer (Operations) of EPF and remained as the nominee Director of EPF in DRB-HICOM Berhad.

He does not have any family relationship with any 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 (10) years.

Dato' Ibrahim attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.

**Date of Appointment**

28 November 2006

Nationality

Malaysian

Age

59 years

Dato' Noorizan binti Shafie

Non-Independent Non-Executive Director

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 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 (10) years.

Dato' Noorizan attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.

Board of Directors' Profile (Continued)



Datuk Haji Abdul Rahman bin Mohd Ramli

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

Datuk Haji Abdul Rahman bin Mohd Ramli is a member of the Institute of Chartered Accountants in Australia ("ACA"), the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA").

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

His current directorships in companies within the DRB-HICOM Group include being the Chairman of Horsedale Development Berhad 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 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 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 (10) years.

Datuk Haji Abdul Rahman attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.



Ong Le Cheong

Independent Non-Executive Director
Member of Audit Committee
Member of Nomination and Remuneration Committee

Mr Ong Le 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 companies within the DRB-HICOM Group include being the Chairman of KL Airport Services Sdn. Bhd. and Director of HICOM Holdings Berhad, HICOM Berhad and several private limited companies.

Mr Ong does not have any family relationship with any 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 (10) years.

Date of Appointment

28 October 2005

Nationality

Malaysian

Age

74 years

Mr Ong attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.



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Board of Directors' Profile (Continued)



Date of Appointment
28 November 2006

Nationality
Malaysian

Age
67 years

Tan Sri Marzuki bin Mohd Noor

Independent Non-Executive Director
Chairman of Risk Committee
Member of Audit Committee
Member of Nomination and Remuneration Committee

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 and 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-Counsellor 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 current directorships in companies within the DRB-HICOM Group include being the Chairman of Eedaran Otomobil Nasional Berhad, Mitsubishi Motors Malaysia Sdn. Bhd., Suzuki Malaysia Automobile Sdn. Bhd. and Director of Horsedale Development Berhad and HICOM Holdings Berhad.

Tan Sri Marzuki does not have any family relationship with any 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 (10) years.

Tan Sri Marzuki attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.

**Date of Appointment**

1 November 2008

Nationality

Malaysian

Age

55 years

Datuk Ooi Teik Huat

Independent Non-Executive Director

Member of Audit Committee

Member of Risk Committee

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

Datuk 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.

Datuk Ooi also sits on the Boards of Tradewinds Plantation Berhad, Tradewinds (M) Berhad, Tradewinds Corporation Berhad, MMC Corporation Berhad, Zelan Berhad, Johor Port Berhad, Malakoff Corporation Berhad, Gas Malaysia Berhad, Padiberas Nasional Berhad, Mardec Berhad and several private limited companies.

Datuk Ooi does not have any family relationship with any 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 (10) years.

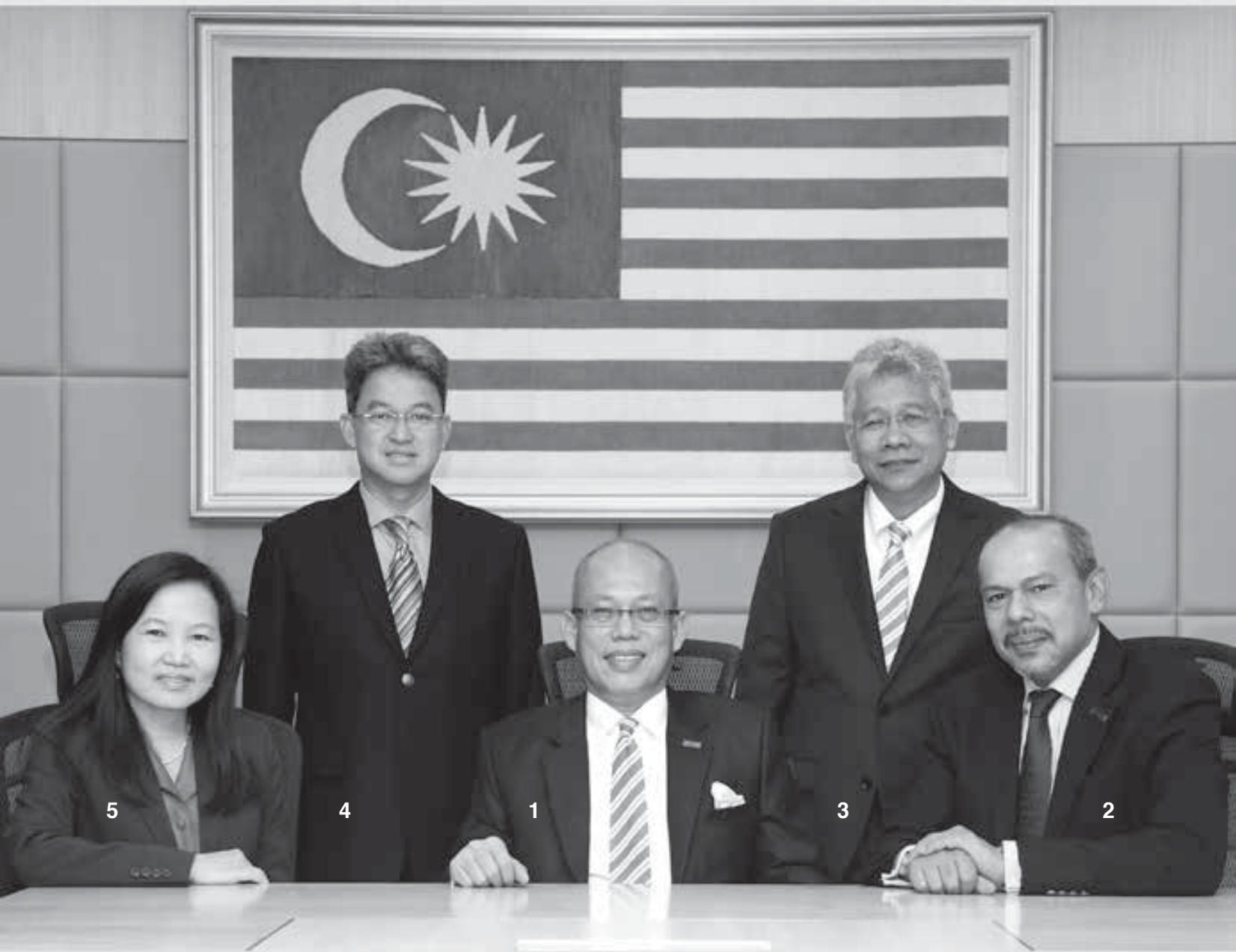
Datuk Ooi attended all six (6) Board meetings of the Company held in the financial year ended 31 March 2015.



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Board of Management

1. **Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil**
Group Managing Director
2. **Datuk Mohamed Razeek bin Md Hussain**
Chief Operating Officer, Services & Properties
3. **Dato' Radzaif bin Mohamed**
Chief Operating Officer, Automotive, Distribution & Manufacturing
4. **Dato' Ahmad Fuaad bin Kenali**
Chief Operating Officer, Finance & Corporate
5. **Dato' Carol Chan Choy Lin**
Group Director, Corporate Affairs/Company Secretary





42 Management Team



from right to left

Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil
Group Managing Director

Dato' Radzaif bin Mohamed
Chief Operating Officer, Automotive, Distribution & Manufacturing

Dato' Carol Chan Choy Lin
Group Director, Corporate Affairs/
Company Secretary

Dato' Mohamed Hazlan bin Mohamed Hussain
Group Director, Services & Education

Shaik Abbas bin Shaik Ibrahim
Head, Group Communications

Cheah Chee Kong
Head, Risk Management

Mimi Aisyah Chye binti Abdullah
Head, Corporate Planning



from left to right

Datuk Mohamed Razeek bin Md Hussain

Chief Operating Officer, Services & Properties

Dato' Ahmad Fuaad bin Kenali

Chief Operating Officer, Finance & Corporate

Dato' Khalid bin Abdol Rahman

Group Director, Corporate Planning & Business Development

Amalanathan Thomas

Head, Group Financial Services

Aminah binti Othman

Head, Treasury

Abdul Jamil bin Johari

Head, Group Internal Audit

Simon Cham Kim Fatt

Head, Group Information Technology

Norkiah binti Othman

Head, Group Procurement



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 ("Board") 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 2015.

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.

Statement on Corporate Governance

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. During Board meetings, the Board discussed the strategy implementation processes and identified both internal and external factors which impacted the achievements of the Company as well as future challenges in achieving the AMP.

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. The AMP of the Group and the Company for the financial year ended 31 March 2015 was approved by the Board on 27 March 2014.

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 out on pages 122 to 128 of the Annual Report 2015.

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 financial position, its cognisance of risks and mitigating factors as well as 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.

Statement on Corporate Governance (Continued)

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.

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 74 to 79 of the Annual Report 2015.

- 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 2015 are set out on pages 47 to 51 of the Annual Report 2015.

- 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 (“the website of the Company”) 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 59 to 63 of the Annual Report 2015.

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 the website of the Company.

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 32 to 39 of the Annual Report 2015.

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 for the financial year ended 31 March 2015.

Statement on Corporate Governance (Continued)

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 ("AGM").

The Board on the recommendation of the NRC agreed to seek the shareholders' approval at the 2015 AGM to retain 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 who have exceeded their cumulative terms of nine (9) years as their nine (9) year terms were due on 28 October 2014.

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 interferes with their exercise of independent judgement 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. The NRC and the Board are confident that all the abovenamed three (3) Independent Directors will continue to discharge their duties diligently, independently and objectively notwithstanding their tenure on the Board based on the following reasons:

- (a) They fulfil the criteria as Independent Directors as defined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia and therefore are able to bring independent and objective judgement 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.

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, YBhg Brig. Gen. (K) 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.

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

All existing Directors have completed the Mandatory Accreditation Programme and 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 2015 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.

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.

Statement on Corporate Governance (Continued)

The seminars, conferences and training programmes attended by the Directors including the site visits made by them to the various operations and plants of the Group during the financial year ended 31 March 2015 to better understand the nature of the Group's businesses are as summarised below:

Training Attended/Site Visits	Details of the Training/Site Visits
i. Global Competitiveness and the Malaysian experience	The programme enlightened the Directors on the competitiveness of the nation in the international markets.
ii. Enhancing Internal Audit Practice	The seminar aimed to support the Board and Management in their efforts to raise the bar for audit excellence.
iii. Driving Sustainability and Innovation	The programme provided insight for the Directors on the impact that innovation has on growth and sustainability of leading companies.
iv. Visit to KLB	To better understand the business of KLB.
v. Visit to ICAM at Pekan, Pahang	To better understand the facilities that are available at ICAM.

1.6 Board Effectiveness

The Board, through its delegation to the NRC, had implemented the process for an annual effectiveness assessment of the Board, 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 AGM and may offer themselves for re-appointment to hold office until the next AGM.

In accordance with the Company's Articles of Association, any new Director so appointed should hold office only until the next AGM and should then be eligible for re-election. The Articles also provide that all Directors shall retire from office by rotation once every three (3) 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 AGM 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 AGM.

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

Based on the recent annual assessment carried out, both the NRC and the Board of the Company were satisfied that YBhg Datuk Haji Abdul Rahman and Mr Ong le Cheong, who are above 70 years old and seeking for re-appointment at the

forthcoming AGM, 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 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.

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 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 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.



Statement on Corporate Governance (Continued)

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 2015, six (6) Board meetings were held. The details of the attendances of Directors at the Board meetings for the financial year ended 31 March 2015 are as follows:

Directors	Attendance
Dato' Syed Mohamad bin Syed Murtaza (Chairman)	6/6
Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	6/6
Dato' Noorrizan binti Shafie	6/6
Dato' Ibrahim bin Taib	6/6
Datuk Haji Abdul Rahman bin Mohd Ramli	6/6
Tan Sri Marzuki bin Mohd Noor	6/6
Ong le Cheong	6/6
Datuk Ooi Teik Huat	6/6

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

1.10 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 decisions made by the Board at the Board meetings are conveyed to the respective Management for their immediate actions through action lists issued by the Company Secretary within five (5) working days after each Board meeting.

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.

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 (Chairman)	6/6
Tan Sri Marzuki bin Mohd Noor	6/6
Ong le Cheong	6/6
Datuk Ooi Teik Huat	6/6

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 64 to 69 of the Annual Report 2015.

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 (Chairman)	1/1
Tan Sri Marzuki bin Mohd Noor	1/1
Ong le Cheong	1/1

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 terms of reference and functions of the NRC are set out in the Board Charter of the Company which is available on the website of the Company.

Activities undertaken by the NRC during the financial year ended 31 March 2015 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 AGM and Independent Directors whose terms of office have exceeded nine (9) years to be retained as Independent Directors pursuant to the CG 2012;
- 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;
- Evaluated the KPIs and performance bonus for the GMD and Senior Management personnel of Grade 11 and above for the financial year ended 31 March 2014;
- Considered and recommended the annual increment for financial year ended 31 March 2015 and bonus for the financial year ended 31 March 2014; and
- Reviewed and recommended the Job Evaluation Exercise for the employees within the DRB-HICOM Group.

Statement on Corporate Governance (Continued)

iii. Board Risk Committee

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

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

The terms of reference of the BRC are set out in the Board Charter of the Company which is available on the website of the Company.

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 and Group Risk Management Committee headed by the GMD to assist the Board in fulfilling its responsibilities.

i. Board of Management

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 decision in respect of his remuneration. The remuneration (“excluding fees”) of NEDs is decided by the Board as a whole.

Details of Directors' remuneration for the financial year ended 31 March 2015, 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:

	Group	
	2015 RM	2014 RM
Members		
Non-Executive Directors:		
– Fees	897,000	897,000
– Attendance, other allowances and benefits	1,227,325	1,219,300
Executive Director:		
– Salaries, bonuses, allowances and other benefits	8,340,414	5,593,498
Total	10,464,739	7,709,798

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
RM8,300,001 – RM8,350,000	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 2015.

(b) Meeting Allowances

All NEDs are also paid 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.

The meeting allowance for Audit Committee is fixed at RM3,000 per meeting while the meeting allowances for the Board and Other Board Committee as well as General Meeting are fixed at RM1,500 per Director per meeting.

Statement on Corporate Governance (Continued)

(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 NRC.

(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.

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 in 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 AGM and Extraordinary General Meeting(s) provide opportunities for interaction amongst shareholders, Directors and management. The Company sends out the Notice of the AGM 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 AGM, 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, Senior Management and relevant advisers are available to provide responses to questions raised and give clarifications to the shareholders during these meetings.

Pursuant to Paragraph 7.21A(2) of the MMLR, in order to promote participation by members/proxies at AGM of the Company, the Chairman will brief the members, corporate representatives and proxies who attended the AGM of their rights to speak and vote on the resolutions set out in the Notice of AGM.

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. **YBhg Dato' Syed Mohamad bin Syed Murtaza**
Chairman/Senior Independent Non-Executive Director
Tel: (03) 2052 7689; **Fax:** (03) 2052 7696
E-mail: syedmohamadaidid@gmail.com
- ii. **YBhg Brigadier General (K) 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. **YBhg Dato' Ahmad Fuaad bin Mohd Kenali**
Chief Operating Officer, Finance & Corporate
Tel: (03) 2052 8172; **Fax:** (03) 2052 8799
E-mail: fuaad@drb-hicom.com
- iv. **YBhg 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

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 73 of the Annual Report 2015.

3.2 Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs")

The Group has established and adopted the appropriate procedures to ensure that RPTs and RRPTs 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.

Statement on Corporate Governance (Continued)

During the financial year ended 31 March 2015, the Company entered into the following RPTs:

- (a) On 26 February 2015, the Company executed a conditional share sale and purchase agreement with Northern Gateway Sdn. Bhd. (“NGSB”) for the acquisition of 100% equity interest in Northern Gateway Infrastructure Sdn. Bhd. from NGSB for a total cash consideration of RM20.0 million; and
- (b) On 30 March 2015, the Company’s two (2) indirect wholly-owned subsidiary companies namely, Konsortium Logistik Berhad and HICOM Vertex Sdn. Bhd. executed separate conditional sale and purchase agreements for the acquisition of 3 parcels of contiguous land measuring a total of 200 acres located at Bandar Kota Perdana, Mukim Sungai Laka, Daerah Kubang Pasu, Kedah Darul Aman from Northern Gateway Free Zone Sdn. Bhd. for a total cash consideration of RM130.68 million.

The RRPTs entered into by the Group during the financial year ended 31 March 2015, exceeding the 1% threshold prescribed under Paragraph 10.09 of the MMLR had been announced by the Company to Bursa Malaysia. Details of all announcements pertaining to RPTs and RRPTs are available on the website of the Company and Bursa Malaysia.

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 64 to 69 of the Annual Report 2015. 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 the Board 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.

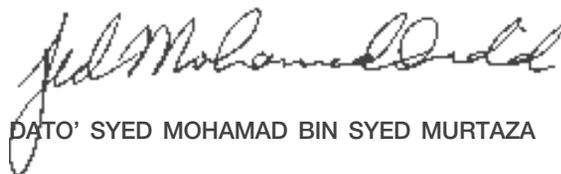
The Audit Committee reviews the proposed re-appointment of the external auditors of the Company and their fees on annual basis to ensure that the independence of the external auditors is not compromised.

For the audit of the financial statements of DRB-HICOM and its subsidiaries for the financial year ended 31 March 2015, 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 9 July 2015.

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.

Directors' Statement on Risk Management & Internal Control (Continued)

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 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 the 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 pages 64 to 69 for the Audit Committee Report.

Organisational Structure & Reporting Line

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

Vision, Mission and Shared Values

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

Ethics and Business Practice

The Group’s Code of Ethics and Business Practice, which is communicated to employees, outlines the standards of behaviours and ethics that are expected from employees. Additionally, all permanent employees of executive grade and above are required to declare their assets to the Group Managing Director on a periodic basis and to disclose any instances of conflicts of interest.

The Corporate Integrity Pledge (“CIP”) that was signed by PUSPAKOM on 9 March 2015 is an evidence of the Group’s commitment to uphold the integrity of processes, procedures and policies.

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



Directors' Statement on Risk Management & Internal Control (Continued)

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 pages 74 to 79 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 Operating Officer, Finance & Corporate 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 2015. 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 9 July 2015.

64 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 ended 31 March 2015.

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) Datuk Haji Abdul Rahman bin Mohd Ramli <i>Chairman of the Audit Committee</i>	Independent Non-Executive Director	6 out of 6
(2) Tan Sri Marzuki bin Mohd Noor <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6 out of 6
(3) Datuk Ooi Teik Huat <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6 out of 6
(4) Ong Ie Cheong <i>Member of the Audit Committee</i>	Independent Non-Executive Director	6 out of 6

The AC Chairman, YBhg Datuk Haji Abdul Rahman bin Mohd Ramli, and one of the AC members, YBhg Datuk 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 MMLR of Bursa Malaysia which requires at least one of the AC members to have the requisite financial expertise.

1.2 Attendance

In terms of attendance at the AC meetings, all the AC members attended all the six meetings held during the financial year ended 31 March 2015 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 financial statements.

The Audit Committee also had two private sessions with the external auditors without Management’s presence.

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 Company 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 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;



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Audit Committee Report (Continued)

- 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.
- 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:

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, the Companies Act 1965 and 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;
- 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 the financial year ended 31 March 2015 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 financial year ended 31 March 2015. 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 the 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 for board approval and review of the Director's Statement on Risk Management and Internal Control for financial year ended 31 March 2015.
- c. The AC held biannual meetings with the external auditors without the Management's presence on 2 separate occasions, on 16 July 2014 and on 26 February 2015.

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;

Audit Committee Report (Continued)

- Status of Internal Audit's Quality Assurance and Improvement Programme; and
 - Adequacy of audit resources, training and development of staff within GIAD.
- c. The AC held private meetings with the Head of GIAD on key internal controls and internal audit related matters.

3.5 Related Party Transactions ("RPT")

The AC reviewed the recurrent related party transactions ("RRPTs") and RPTs of the Group to ensure compliance with the MMLR and that they were not favourable 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 the relevant trainings and visited various subsidiaries within the Group to acquire a better insight to the related businesses and operations. The trainings attended were mainly on internal audit best practices and corporate sustainability.

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 regulated by Bank Negara Malaysia through Islamic Financial Services Act 2013 are under the purview of the AC and internal audit function of the respective Company and financial institutions.

The Head of GIAD reports directly to the AC on a functional basis and to the GMD administratively. The Head of GIAD periodically reports on the activities performed 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 31 March 2015 stood at 42 staff. This includes the internal audit function at PROTON and KL Airport Services Sdn. Bhd. ("KLAS") as summarised below:

No.	Entity	Current manpower as at 31 March 2015
1.	DRB-HICOM	25
2.	PROTON	14
3.	KLAS	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 the financial year ended 31 March 2015, a total of RM5.17 million was incurred as part of the resource allocation for the Group's internal audit function, covering mainly manpower and incidental costs such as travelling and training as summarised below:

No.	Entity	Total cost RM
1.	DRB-HICOM	3,141,822
2.	PROTON	1,777,714
3.	KLAS	257,473
Total		5,177,009

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 the financial year ended 31 March 2015, GIAD executed a total of 223 audits which comprised scheduled and ad-hoc engagements inclusive of special audits. The audit conducted covered a wide range of units and its related branch operations under DRB-HICOM Berhad, PROTON and KLAS 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 resulted from the audits were reported to the AC, Senior Management and relevant Management of operating units.

The respective Management of the audited operating units is accountable to ensure proper handling of the audit issues and implementation of their action plans within the time-frame specified. Actions taken by the audited operating units 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.



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Additional Compliance Information

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”)

Utilisation of Proceeds

On 28 October 2014, the Company made an application to the Securities Commission Malaysia (“SC”) for a proposed perpetual sukuk musharakah programme of RM2.0 billion in nominal value (“Perpetual Sukuk Musharakah Programme”) and approval was obtained from SC on 27 November 2014.

During the financial year, the Company had issued the Perpetual Sukuk Musharakah amounting to RM815 million.

The net proceeds arising from the issuance of the Sukuk Musharakah (after the deduction of expenses incidental to the Sukuk Musharakah Programme) will be utilised for Shariah-compliant purposes which include the following:

- (i) the Company’s investments (including amongst others, purchase of shares, lands, buildings and property; and development and construction costs and working capital of existing and future projects);
- (ii) provision of advances to the Company’s subsidiary companies; and
- (iii) the Company’s working capital, as well as refinancing of the Company’s outstanding borrowings/financings that are utilised for Shariah-compliant purposes.

Share Buybacks

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

Options or Convertible Securities

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

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”)

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

Variation in Results

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

Profit Guarantee

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

Recurrent Related Party Transactions of a revenue or trading in nature (“RRPTs”)

The Company did not seek for the shareholders’ mandate on the RRPTs of the Group at the last Annual General Meeting.

Save as disclosed below, none of the RRPTs entered into by the Group during the financial year ended 31 March 2015 exceeded the thresholds prescribed under Chapter 10.09 of the MMLR which required announcement to be made to Bursa Malaysia and/or shareholders’ approval:

- (a) On 12 November 2014, an announcement on RRPTs between Motosikal Dan Enjin Nasional Sdn. Bhd. (“MODENAS”), a 81% owned subsidiary of the Company and Kawasaki Heavy Industries Ltd (“KHI”), a 19% shareholder of MODENAS was released to Bursa Malaysia as the aggregate RRPTs of RM82,919,839 from 1 April 2014 to 31 October 2014 had exceeded the 1% threshold prescribed under the MMLR.
- (b) On 29 April 2015, another announcement on the RRPTs between MODENAS and KHI was released to Bursa Malaysia as the aggregate RRPTs from 1 November 2014 to 31 March 2015 of RM94,159,002 had exceeded the 1% threshold prescribed under the MMLR.

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 2015.

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 2015 or, if not then subsisting, entered into since the end of the previous financial year are as follows:

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

The parties agreed to change the designation of 333 acres of freehold 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. (“NGSB”) and Benua Bayu Sdn. Bhd. (“BBSB”) 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 bin Syed Nor (“TSSM”), being the other shareholder in HPSB. As such, AKMK is deemed a person connected to TSSM.



Additional Compliance Information (Continued)

TSSM, an indirect major 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 Brig. Gen. (K) Tan Sri Dato' Sri Mohd Khamil bin 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.

- (ii) A share sale and purchase agreement between DRB-HICOM and NGSB dated 26 February 2015 ("SSA") for the acquisition of 100% equity interest in Northern Gateway Infrastructure Sdn. Bhd. ("NGISB") comprising 5 million ordinary shares of RM1.00 each in the issued and paid-up capital of NGISB ("Sale Shares") for a total cash consideration of RM20 million ("NGISB Acquisition").

Save as disclosed below, none of the other directors, major shareholders and/or persons connected with a director or major shareholder of DRB-HICOM has any interest, direct or indirect in NGISB Acquisition.

AKMK, a director in NGISB, NGSB (holding company of NGISB) and BBSB (the immediate holding company of NGSB) is deemed a person connected to TSSM, an indirect major shareholder of DRB-HICOM.

TSSM was deemed interested in NGISB Acquisition by virtue of his interest in DRB-HICOM through ESSB.

TSMKJ is deemed a person connected to TSSM and deemed interested in the NGISB Acquisition.

- (iii) Two (2) sale and purchase agreements ("SPA") between Konsortium Logistik Berhad ("KLB") and NGFZ and HICOM Vertex Sdn. Bhd. ("HVSB") and NGFZ dated 30 March 2015 respectively for a total acquisition of 200 acres of land for a total consideration of RM130.68 million from NGFZ ("Land Acquisitions").

The Land Acquisitions and the NGISB Acquisition are regarded as transactions entered into with parties connected to each other as the vendor for the Land Acquisitions i.e. NGFZ is a 100% owned subsidiary company of NGSB, the vendor for the NGISB Acquisition.

The Land Acquisitions were completed on 10 July 2015.

Save as disclosed in the NGISB Acquisition, none of the other directors, major shareholders and/or persons connected with a director or major shareholder of DRB-HICOM has any interest, direct or indirect in the Land Acquisitions.

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 2015 are as follows:

	RM'000
Ernst & Young Tax Consultants Sdn. Bhd.	4,856
Ernst & Young	1,259
Ernst & Young Advisory Services Sdn. Bhd.	1,123
	<hr/> 7,238 <hr/>

Statement of Directors' Responsibility

In Respect of the Preparation of the Financial Statements
For the Financial Year Ended 31 March 2015

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 of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of 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 2015 set out on pages 134 to 298, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements 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 9 July 2015.



Risk Management

Overview

Manoeuvring through the continuing uncertainties and challenges affecting regional economies and the domestic markets in FY2014, DRB-HICOM has managed to stay resilient in executing its key business initiatives and strategies. These achievements were realised, in part, through the on-going improvements made towards the risk management methodologies, aimed at driving and embedding a holistic risk culture and value creation into the mind-set of business entities across the Group. The Board of DRB-HICOM 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 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 outlined 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 defines 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 Operating Officer, Automotive Distribution & Manufacturing Sector, Chief Operating Officer, Finance & Corporate, Head, Internal Audit Division and Head, Risk Management Division attending as invitees to the Committee.

Risk Management Committee

The BRC of DRB-HICOM 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.



Risk Management (Continued)

DRB-HICOM Berhad's Three Lines of Defense

In providing assurance on the effective implementation of the Enterprise Risk Management programme, 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

Key personnel from Risk Management Division regularly and periodically conduct 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, validated and managed 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.

Human Capital Risks

The Group is acutely aware of risks impacting its human capital management programmes. 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 programmes. These programmes define and align the job accountabilities and responsibilities towards meeting the strategic goals and objectives of the Group.

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

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.

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.

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.

Risk Management (Continued)

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

To further offset risks to the Group's reputation, ongoing enhancement towards the brand and image of the Group is performed through various Corporate Responsibility ("CR") programmes organised by Group Communications Division. Details of these initiatives are noted on page 122 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.

Business Risk Clusters

DRB-HICOM Group Risk Management Division continuously introduces new and effective approaches in strengthening and enhancing the risk intelligence process through the establishment of business risk clusters. The risk clustering methodology provides a more holistic perspective towards providing a spectrum of key risk areas to be managed as illustrated in Diagram 1.0

Diagram 1.0



Key objectives to the risk clustering approach are:

- Providing a clearer and direct linkage between risk and reward measurement by reconciling business objectives against identified key risks;
- Prioritising key risks to be managed through data analytics that provides quantified exposure values;
- Monitoring and assessing the adequacy, timeliness and effectiveness of action plans in managing pertinent key business risks;
- Anticipating future events/emerging risks via trend analysis;
- Performing statistical data analysis for better-informed decision making processes;
- Managing risks and assessing the relevancy of the risk appetites in tandem with changes to business environment and regulations;
- Nurturing and instilling concerted efforts in managing risks within specific business sectors; and
- Fostering proactive risk management and risk awareness across the Group.

Training & Development

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

Enterprise Risk Reporting

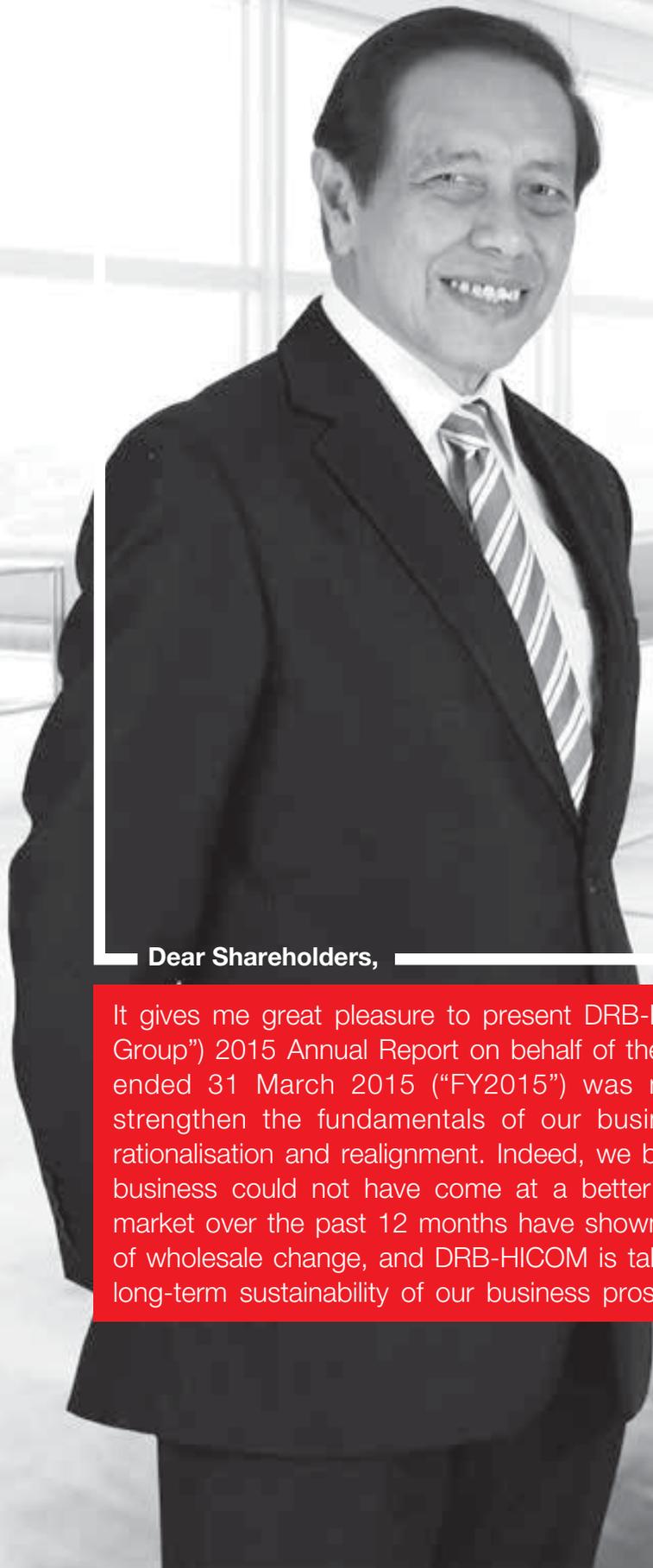
The Group's Enterprise Risk Management Process provides for regular review and reporting. Such reports include an assessment on the significance of existing and emerging key risks impacting the Group's businesses as well as an evaluation of the effectiveness of controls and action plans put in place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

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

Moving Forward

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

Chairman's Statement



Dear Shareholders,

It gives me great pleasure to present DRB-HICOM Berhad's ("DRB-HICOM or the Group") 2015 Annual Report on behalf of the Board of Directors. The financial year ended 31 March 2015 ("FY2015") was marked by our continued efforts to strengthen the fundamentals of our business through the twin processes of rationalisation and realignment. Indeed, we believe that our efforts to reposition our business could not have come at a better time. Developments in the Malaysian market over the past 12 months have shown that we are in the burgeoning stages of wholesale change, and DRB-HICOM is taking the necessary steps to ensure the long-term sustainability of our business prospects.

A key consideration is the continuing volatility of the global markets that has started to affect the local market. Even though the US market is showing signs of recovery, the Eurozone continues to struggle with liquidity and sovereignty issues. Closer to home, China's economic growth has started to taper thus sparking off an exodus of capital on Asian shores. Nevertheless, the Malaysian economy proved to be resilient and robust sustained by domestic demand as well as by national infrastructure projects under the Economic Transformation Programme.

Nevertheless, we must remain guarded against new developments which may both directly and indirectly affect our businesses. Slumping commodity prices, particularly in crude oil and crude palm oil, and the continued weakness of the Ringgit Malaysia against major trading currencies have introduced new uncertainties into the market, as has the dip in investor confidence in the Malaysian market.

For instance, we have seen slowdowns in both our Property, Asset and Construction ("PAC") and Automotive sectors as consumers wait on the sidelines. Uncertain financing for property and cars and volatile industry prices have contributed to consumer hesitation, thereby weakening sales in those business sectors. Some consumers adopted wait-and-see attitudes in advance of the enforcement of the Goods and Services Tax ("GST") as they believed that car prices would come down after the new tax was implemented.

We believe that DRB-HICOM's Management team has performed admirably in the context of the challenges and in mitigating impacts of developments that arose in this past financial year. In addition to maintaining our financial health, Management has continued to strengthen our three main business sectors – Automotive, Services and PAC. We believe that these improvements will put us in good stead in the present financial year and in those to come.

Financial Performance

DRB-HICOM's financial performance for FY2015 was satisfactory in light of the challenging operating environment. The decline in total revenue to RM13.69 billion from RM14.2 billion and profit before tax to RM502.21 million from RM801.7 million year-on-year ("YoY") failed to meet the high standards that the organisation had set for itself, but nonetheless showed great resilience in the face of challenging circumstances.

The decline in Group income was due primarily to a soft automotive environment in the country and slower property sales. Additionally, stiffer financing guidelines from Bank Negara Malaysia ("BNM") meant that fewer applicants were successful in obtaining loans for asset purchases, thus weighing down our sales. Consumer sentiments to a certain extent were also affected by the introduction of the GST in April 2015.

DRB-HICOM's financial position was partially bolstered by a number of disposals undertaken in the previous financial year. In FY2015, the Group disposed off a number of non-core assets including its 51% stake in Scott & English Trading (Sarawak) Sdn. Bhd. for RM648,892 and the sale of approximately 613.79 acres of land in Johor for a total consideration of RM534.73 million. We also realised gain of RM97.47 million in FY2015 from the sale of our insurance interests represented in Uni.Asia General Insurance Berhad.

Despite the relatively weaker performance, I am pleased to report that DRB-HICOM's financial state remains healthy and hence the Board of Directors is proposing the issue of a final single-tier dividend of 4.5 sen to be approved by our shareholders at our upcoming Annual General Meeting. This dividend matches our payout from the previous year, and satisfies our policy of paying between 20% and 30% of our net operating profit to our shareholders. The dividend is evidence of our commitment towards creating shareholder value and our appreciation for our shareholders' continued support and confidence in our enterprise.

Chairman's Statement (Continued)

Strengthening Fundamentals

To further shore up our businesses and extend our competitive advantage, DRB-HICOM has taken deliberate steps to enhance the value chains within our organisation. This is the continuation of a trend that we have started over the last couple of years, which has seen us taking ownership of national vehicle brand PROTON and its concomitant parts.

We have continued to strengthen our position in the Automotive sector in the past financial year through the acquisition of global car rental company AVIS' Malaysian franchise. This acquisition will no doubt create internal synergies within our Automotive businesses while at the same time expand our reach into the industry by tapping into a new vein of opportunities for us. In addition, the acquisition will dovetail with our interests in the hospitality business, as well as offer new opportunities for our other Automotive business units.

I am also pleased to report that our International College of Automotive ("ICAM") in Pekan, Pahang is on the cusp of being given university status. As the college has only been around for over five years, obtaining university status in such a short time is a splendid achievement by any measure. It has continued to grow over the past financial year – albeit not as quickly as we would have liked – and its emphasis on quality of education has been recognised by international observers.

To further broaden the college's scope, ICAM has already established several collaborations and is in the midst of adding more global names in higher learning to our list of partnerships. Currently, ICAM offers three degree and nine diploma programmes. The degree programmes include Bachelor of Engineering (Hons) in Manufacturing Systems Engineering offered in collaboration with Liverpool John Moores University, United Kingdom, and the Bachelor of Business Administration (Hons) in Marketing Management in collaboration with Malaysia's Multimedia University. One of the latest offerings by ICAM is the Bachelor of (Hons) Industrial Technology Management programme, a degree programme offered in collaboration with Universiti Malaysia Pahang.

We have also seen satisfactory growth in the Services sector, particularly in the areas of waste management and logistics. Following its success in cleaning up garbage strewn along the MRR2 overnight, Alam Flora was awarded with the management of the Taman Beringin transfer station in Kepong.

Meanwhile, we see our interests in logistics, anchored on Pos Malaysia, yielding long-term value for our Group and we have further expanded our capabilities in this area through the acquisition of DRB-HICOM Asia Cargo Express Sdn. Bhd. (formerly known as Gading Sari Aviation Services Sdn. Bhd.). The acquisition plugs the gap in our logistics services by providing air cargo transport services to East Malaysia and ensures that we now have full logistics services catering to the entire country. We anticipate logistics to be a significant contributor to our bottom line in the years to come as trade borders are becoming more open day by day.

In the PAC sector, we remain confident our performance will rebound stronger following the relatively slower year in FY2015. Guidelines introduced by BNM to curb property speculation had the unintended effect of dissuading other investors from purchasing property owing to the difficulty in obtaining financing. While we were spared the brunt of the impact in FY2014, we saw a significant number of our interested home buyers turned away by lending institutions in the financial year just ended. Nevertheless, we believe that our properties, located in strategic centres around the country, offer good value for money and will continue to prove to be attractive propositions in the coming years.

Outlook

We expect the next financial year ending 31 March 2016 to remain challenging as the economic situation remains volatile. However, the implementation of the GST in April 2015 has introduced additional elements of uncertainty into the local market, which have impacted consumer sentiment. While we believe that the effect of the GST is temporary, we remain prudent as our businesses, particularly the ones oriented towards the consumer, may be impacted during this transition period.

In view of the prevailing uncertainties in the global economic condition, the Group will continue to intensify its marketing efforts to expand and sustain its revenue streams while remaining vigilant on its costs, financial and risk management. Notwithstanding the challenging market conditions, the Group remains positive in its outlook and performance for the next financial year.

We also believe that certain business sectors, such as PAC, will improve on past year's performance and we expect to see positive contributions from selected businesses in our Services portfolio. Our recent acquisition, Composites Technology Research Malaysia Sdn. Bhd. ("CTRM"), is showing positive signs of turnaround post-acquisition thanks to our introduction of more efficient management and manufacturing practices. I wish to take this opportunity to congratulate the management on the proactive measures taken to turn the Group around, which is a strong testament to the DRB-HICOM culture and spirit.

Meanwhile, the management has been taking additional measures to move some of our existing businesses further up the value chain. For instance, we are looking to venture into mechatronics in our Automotive sector to realign the business to incorporate the latest technology. It is clear to us that this is the way forward in the Automotive sector, and we must innovate to keep pace with our competitors.

From this perspective, the past financial year has been revelatory as it has given us the impetus to reflect on the Group's strengths and shortcomings, and for us to plan for the way forward. The timing is apt as we are now presently in the final year of our second 5-Year Plan ("5YP") and at the early stages of drafting our strategy for the next 5YP.

It is our view that Malaysia will undergo a major transition over the next five years as it transforms into a high-income economy. This is but a short circa 1,800 days away, and, if accomplished, will bring wholesale change to the local market. From this perspective, DRB-HICOM must transform itself to remain a relevant organisation in the country, both in terms of serving consumers as well as the greater economy.

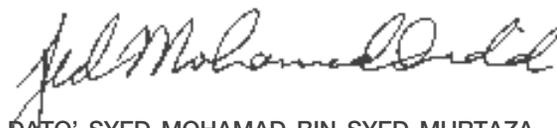
Acknowledgements

On behalf of the Board of Directors, I would like to express our gratitude to all our stakeholders for their contributions and support, which have been instrumental to our continuing success. We are grateful to our shareholders for their support of the Group. We continue to be focused on building long-term shareholder value in all our business activities and hope to sustain our relationships with all our stakeholders.

I would also like to thank my fellow Board members in both my personal capacity and as the Chairman of DRB-HICOM board for their expert guidance and input in steering the Group. The presence of differing opinions and healthy debate has ensured that the course we take is always in the best interests of the Group, and that the strategies we execute have the highest possibility of success.

Finally, I would like to acknowledge the crucial role played by DRB-HICOM's management and indeed, the contribution of each and every member of Warga DRB-HICOM, because none of this would have been possible without their hard work and effort. We are at the threshold of a momentous time for Malaysia, and I would like to exhort everyone to continue our efforts in the years to come as this will be a tremendously exciting time for all of us.

Thank you.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



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Group Managing Director's Review of Operations

The last financial year ended 31 March 2015 ("FY2015") DRB-HICOM ("the Group") continued to see strategic changes made in our stable of companies in our bid to transform and improve ourselves into a more efficient and effective enterprise to face the many challenges ahead.

Our efforts in this area were made no easier by the challenging operating conditions and economic landscape that we expect to continue through this current financial year. Nevertheless, we are excited about the prospects and believe that the Group will emerge stronger and better. The acquisitions of DRB-HICOM Asia Cargo Express Sdn. Bhd. (formerly known as Gading Sari Aviation Services Sdn. Bhd.) and DRB-HICOM EZ-Drive Sdn. Bhd. (formerly known as Sistem Sewa Kereta Malaysia Sdn. Bhd.), a local franchise of AVIS Malaysia, will complement our existing logistic services and automotive service sectors.

I am particularly happy with our acquisition of DRB-HICOM Asia Cargo Express Sdn. Bhd. ("DHACE") as its presence in our logistics ecosystem plugs the vital air freight gap that we had identified in the area. Together with our other units – Pos Malaysia Berhad ("POS") and Konsortium Logistik Berhad ("KLB") – we are well on our way towards the creation of a complete end-to-end integrated logistics solution for both commercial and consumer clients. This will augment our position into being one of Malaysia's premier logistics companies.

We are also confident that our strategic acquisition of the local franchise of AVIS will fit well with our existing automotive service businesses and create synergistic value for them and for our clients. It also dovetails into our hospitality businesses to create added value for our guests.

Meanwhile, we have continued to dispose off non-core assets to realign our focus on business areas where we have competitive advantages. As such, we have disposed off our interests in the insurance industry through the sale of Uni.Asia General Insurance Berhad to Liberty Seguros, Compania de Seguros y Reaseguros, S.A. and Uni.Asia Life Assurance Berhad to Pramerica BSN Holdings Sdn. Bhd.

We also sold our stake in Scott & English Trading (Sarawak) Sdn. Bhd. and concluded another strategic land sale in Johor Bahru, which was also aimed at enhancing the value of our remaining landholdings in the southern region of the country while bolstering our cash holdings. In April 2015, we also disposed off our entire 30% interest in Johnson Controls Automotive Holding (M) Sdn. Bhd. to Johnson Controls Holding Japan TYK.



The key takeaway from our mergers and acquisitions (“M&A”) activities in FY2015 as well as our disposal of assets in non-core areas is the Group’s discipline of focus while ensuring that key business units continue to perform to the best of their abilities. Indeed, a number of business units, some of them recent acquisitions, reached critical milestones this past financial year, not the least of which was the delivery of the first set of AV8 defence vehicles to the Malaysian Army in December of last year by our defence unit DRB-HICOM Defence Technologies Sdn. Bhd. (“DEFTECH”), ahead of schedule. These units have been deployed immediately by the Malaysia Army and put into operational service in East Malaysia.

While our efforts to rationalise and realign our group of over 90 active companies has so far yielded positive results, we need to remain prudent and alert, as we believe that the Malaysian market is currently in a period of transition and will remain volatile in the foreseeable future, as was seen in many of the global and regional markets. As such, we must remain cautious and selective in our future M&A activities to maintain adaptability in seizing opportunities when they present themselves. We believe that there is still room for growth in our ecosystem and will endeavour to realise it while at the same time paring down our non-essential holdings.



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Group Managing Director's Review of Operations (Continued)

Financial Performance

The last financial year was by no means a vintage year for DRB-HICOM. Group revenue fell 3.6% year-on-year ("YoY") to RM13.69 billion from RM14.2 billion a year ago, while profit before tax ("PBT") fell 37% to RM502.21 million from RM801.74 million (restated) for the same time period. The Group's lower PBT is attributable to lower profit contribution from certain companies in the Automotive sector, which contributed approximately 79% of the Group's total revenue.

Nevertheless, revenue contribution from the Automotive sector remained sturdy, rising marginally to contribute RM10.8 billion to the Group's topline from RM10.7 billion a year ago. The Services sector, meanwhile, fell marginally to contribute RM2.6 billion to the Group's topline, from RM2.7 billion. The decline in Services income is due primarily to DRB-HICOM's disposal of its insurance interests in Uni.Asia General Insurance Berhad. Meanwhile, the defence, aero-structure, logistics and solid waste management sub-sectors put in strong performances to mitigate the impact of the disposals and the marginal performances of the Automotive sector.

The Property, Asset and Construction sector posted the biggest decline in income contribution, with total revenues amounting RM298.2 million, from RM759.8 million the previous financial year. The property market was quite sluggish in the previous year and this is expected to carry over to the current financial year. Stringent property financing has impacted our property sales and high property influx is also a contributing factor to this unremarkable performance by our Property, Asset and Construction sector. The Group acknowledges the challenges faced within the property market and hence, is taking proactive and remedial measures to boost the performance and potential of our Property, Asset and Construction sector.

Procurement and Cost Optimisation

The Group's procurement process is governed by the DRB-HICOM Group Procurement Policy ("GPP") and compliance is monitored via regular assessments. The aim of the Group's policy is to maximise cost efficiency through the identification of competitive suppliers and service producers, while at the same time reducing the procurement process time. We have embarked on the use of the Ariba E-Sourcing platform, which is an integrated procurement solution that connects us to over 1.7 million companies, while at the same time facilitating effective and efficient bidding and negotiations.

In the meantime, staff have been encouraged to make more stringent assessments in the procurement of external consultants and to take into greater consideration the introduction of the Goods and Services Tax ("GST") that came into force on 1 April 2015. Group Procurement is expected to play a more active role in helping staff decide on procurement decisions in a bid to maximise value and reduce costs.

The upgrade of our procurement process is in line with our cost optimisation strategy, which aims to transform us into a leaner and more profitable enterprise. Our cost optimisation strategy is in response to continuing global economic uncertainties and changing business landscapes, which have affected our revenue and cost of inputs.

Since the Q1 of 2015, DRB-HICOM has adopted a number of staff policies designed to help us achieve this goal. Some of the policies enacted include:

i. Policy on recruitment

The Group's Human Capital Division has issued a group-wide recruitment freeze effective 11 February 2015. Future increases in manpower must be supported by productivity increases and endorsed by relevant sector heads.

ii. Policy on Business Travel

Staff at Grade 8 and above are now entitled to Business Class travel only for journeys with more than six hours flying time. Previously, the policy was applicable to journeys with more than three hours flying time.

iii. Policy on Business Accommodations

Business accommodations are capped at 4-star rated facilities for all staff for both local and international accommodations.

iv. Policy on Subsistence Allowance

The subsistence allowance for staff travelling outstation has been reduced to RM120 a day from RM200 a day in West Malaysia and to RM150 a day from RM230 a day in East Malaysia. The subsistence allowance for staff on overseas assignments have also been reviewed under this new guideline.

Strategic Direction

DRB-HICOM's strategic direction is specified in each of its 5-Year Plans ("5YP"). Under the current 5YP ending 31 March 2016, we are focused on strengthening the fundamentals of our key business segments of Automotive, Services and Property, Asset and Construction. A key part of this strategy sees us building a complete end-to-end supply chain for each of these areas and ensuring that they become self-sustainable and value creating entities.

The Automotive sector continues to be the single largest income generator for us and will remain the cornerstone of our enterprise. We are continuing to integrate the recent acquisition of PROTON with the rest of the ecosystem and to restore the national carmaker back to its position as the No. 1 carmaker in the country. Although PROTON's car sales suffered from the soft automotive market in FY2015, it has managed to score significant wins in its bid to transform itself.

Automotive Sector

The Group left no stone unturned in the past year to reverse PROTON's economic fortunes. From improvements to its talent pool to a revised strategy to expand its market potential abroad, PROTON is presently undergoing a wholesale transformation to seek new opportunities in both domestic and foreign markets. One outcome of this was the signing of a memorandum of understanding with Japanese carmaker Suzuki in June 2015 to seek out new opportunities in Malaysia together.

Meanwhile, we are also looking at ways to enhance the value creation capabilities of our existing assets. One area in which we are particularly interested is the development of mechatronics in our automotive component manufacturing line. Mechatronics, the fusion of electronics and mechanical engineering, has become ubiquitous in modern cars and will become even more so as our cars become increasingly sophisticated.

Group Managing Director's Review of Operations (Continued)

We anticipate heightened competition in an increasingly crowded automotive marketplace and hence have continued our efforts to enhance business efficiencies focused on Quality, Cost and Delivery throughout the value chain.

Our non-passenger automotive business segments have reached important milestones in their respective operations. Our defence unit, DEFTECH, delivered the first set of 12 AV8s to our defence forces on schedule in December 2014. In addition, DEFTECH managed to deliver an additional five units ahead of schedule in February 2015. The AV8s were subsequently deployed in Lahad Datu, and proved to exceed operational expectations.

With respect to CTRM, it gives me great pleasure to report that our investment into the unit acquired in 2013 is starting to yield dividends. CTRM was facing an uncertain future when it was first acquired, but prospects have improved considerably over the past 17 months.

The new management we put in place has improved the fundamentals of CTRM so much so that we have acquired new contracts worth RM6.8 billion that will see us through to 2020. Under our direction, CTRM has acquired three new autoclaves bringing the total number of autoclaves available to 12. We expect that the new additions will not only boost our capacity significantly but has also made CTRM the single largest autoclave facility in the world.

DRB-HICOM is very pleased to include CTRM within our portfolio of companies owing to its unique and invaluable contribution to the global aviation industry. Parts manufactured in our very own backyard in Batu Berendam, Melaka, are in high demand by the biggest aircraft manufacturers of the world including both Airbus and Boeing. CTRM continues to fly the Malaysian flag high and we are proud to be a key part of the story. It is cause for personal pride that every Boeing or Airbus flying the global skies contains a component that comes from Malaysia, from the DRB-HICOM group of companies.

Services Sector

Our focus in the Services sector continues to be trained on completing our logistics supply chain, which we foresee will yield significant business opportunities for us. Logistics remains an undertapped industry in Malaysia with the Malaysian Institute of Economic Research ("MIER") forecasting the industry to be worth approximately RM207 billion by 2017. The industry is presently valued at about RM130 billion and hence has significant room for growth.

The purchase of DHACE in FY2015 significantly bolstered our air freight capabilities, and complements our logistics activities represented by Pos Malaysia and KLB. The inclusion of DHACE in our ecosystem means that we now have direct air freight traffic to and from East Malaysia, which in turn has direct cost implications for Pos Malaysia activities and for other logistics-related entities within our ecosystem.

Moreover, we expect DHACE to develop new revenue streams independent of Pos Malaysia and other DRB-HICOM units once it reaches full maturity. This may involve the transport of freight beyond Malaysian borders to anywhere within a 4.5 hour flight radius, thus securing our place as a regional air freight player.

To further complete our logistics business, DRB-HICOM is pleased to announce that KLB launched its first vehicle carrier, the MV Zarah Sofia on 3 June 2015, in its first foray into the Roll-on, Roll-off ("RORO") vehicle transportation business. MV Zarah Sofia has a load capacity of 2,500 vehicles, and is expected to make between two and three shipments each month between Peninsular and East Malaysia. The RORO businesses, together with the DHACE acquisition and other rationalisations, is part of the DRB-HICOM's strategy to create an intermodal logistics solution and integrated management supply chain to provide end-to-end logistics solutions.

Meanwhile, our efforts to realign Pos Malaysia in the face of global declining mail volumes have started to show green shoots. This can be seen from the record revenue numbers posted by the company in FY2015, driven by strong growth in its Courier, Express and Parcels (“CEP”) division. This is, in turn, being driven by the growth in e-commerce, which is now ubiquitous in our country as we transition into a high-income nation.

As for our non-logistics-related Services business, I am pleased to report that all our major units including Alam Flora and ICAM are showing positive traction. Alam Flora is presently finalising its negotiations with the Kelantan State Government to manage solid waste in Kelantan while ICAM is on the verge of obtaining university status. These developments are paving the way forward towards a sustainable future for our Services sector.

Property, Asset & Construction Sector

While property sales in FY2015 were affected by new financing guidelines, we remain convinced that our property offerings are too good to remain depressed for long. The PAC segment has always been DRB-HICOM’s sleeping giant and we expect greater take-up of our upper-middle properties as Malaysians grow to be more affluent.

Presently, we have over 4,000 acres of land in Tanjung Malim, Johor Bahru, Melaka and the Klang Valley. Our strategy has always seen us deliver limited quantities of well-developed quality homes, and we will not be changing this strategy any time in the foreseeable future. We are working on developing a new branding for our property offerings focused on lifestyle living and homes, and we anticipate that this plan will come to fruition within two to three years.

At the same time, we continue to make strategic sales of some of our landholdings annually to parties whom we believe will be able to create additional value in the area. We are thereby effectively growing the value of our land banks through this strategy, and expect to see a resurgence in the PAC sector in the next iteration of our 5YP.

Managing Talent

The execution of our strategies hinges on a crucial factor, namely having the right people in place to take advantage of the current opportunities in the business environment. Our workforce of over 60,000 people continues to be the most valuable asset of our Group, and Management continues to maintain staff development and talent management as key priorities. As Warga DRB-HICOM, each of our staff has every opportunity to progress to the highest level, and we keep a watchful eye on those who display dedicated leadership and skills.

Our robust succession planning means that we have at least two potential replacements for every senior management post and we take special care to expose them to all areas of the business. Training is driven primarily by our training arm, @theAcademy, which provides structured and skills enhancement courses both locally and overseas through job assignments. Through these programmes as well as Management-led leadership coaching, we are confident that we are building a sustainable generation of Warga DRB-HICOM who will be more than capable of taking over the reins of the business in the years to come.

Finally, we are cognisant that just as we have high expectations of our employees, they have high expectations of us. In addition to doing our utmost to ensure a cohesive working culture conducive to building camaraderie and an enduring team ethic, at DRB-HICOM we believe that a continuous working relationship must run from the Board of Directors to the management to the staff on the ground, and this is a thread that we value highly in all our businesses. In this way, we believe that we are paving the way forward into the future.



Group Managing Director's Review of Operations (Continued)

Giving Back to Communities

As responsible corporate citizens, we are aware of our duty and responsibility to contribute positively to the communities and markets in which we operate. We take special pride in helping create an environment sustainable to our stakeholders, and our corporate responsibility ("CR") activities have been designed to do just that.

While our CR activities have been documented in detail in the relevant section in this Annual Report, I would like to take this opportunity to highlight some of the activities that we are most proud of. This includes our support of Yayasan Nurul Yaqeen where we contributed RM100,000 to help children suffering from long-term illnesses to continue their studies while in hospital. Education continues to be the best guarantee of future success and we feel we must do all that we can to ensure all children have the same opportunity to meet their full potential.

As part of our initiative to support and boost the Malaysian tertiary education sector, the Group has established bonding and privileged scholarships to cover all tuition costs for high achievers wishing to study at ICAM. Funded by annual contributions from DRB-HICOM companies, the bonding scholarship and privileged scholarship require candidates achieve a minimum of 5As in SPM, inclusive of English and Mathematics.

While the bonding scholarship covers tuition, the privileged scholarships provides daily allowances for students whose household income is less than RM2,500 per month. Significantly, both scholarships come with employment opportunities following successful completion of studies with students serving an employment bond of five plus two (5 + 2) years at any of the Group's companies.

Meanwhile, DRB-HICOM, as one of the leading conglomerates in the country, feels that it has an important responsibility to help our fellow *rakyat* when natural disaster strikes. As such, we were eager to do our part when record floods devastated parts of the country. The Group contributed more than RM5 million to provide basic necessities to over 20,000 school children and 10,000 families. We deployed our own motor units to ensure that aid was speedily delivered to give our less fortunate brethren some relief from the flooding.

The two examples above are a small portion of our activities which include public education, supporting the arts and environmental conservation. Again, I would like to invite readers to turn to the relevant section in this Annual Report to find out more about some of our activities and to see if they would like to join our efforts in giving back to the communities.

Moving Forward

While Malaysia as a whole continued to show strong and sustainable growth from a macro perspective, growing 6.0% in the 2014 calendar year compared to 4.7% the year before, developments such as the new financing guidelines from Bank Negara Malaysia ("BNM"), the coming into force of the National Minimum Wage system, the introduction of the Goods and Services Tax ("GST") and generally weaker than expected automotive sales had a negative impact on our businesses.

Weakness in the global economy has also started to encroach into the Malaysian space, which forced the Government to revise its gross domestic product forecast for 2015 downwards from between 5.0% and 6.0% to between 4.5% and 5.5% in January 2015. Continued volatility in commodity prices and a Ringgit that has weakened against most major currencies continue to affect consumer sentiments, and may have a knock-on impact on our consumer-focused businesses.

There is also no sign that the Government is considering the reversal of recently enacted regulatory policies that may continue to weigh down our prospects. The National Automotive Policy continues to encourage greater competition within the entire automotive industry with pricing expected to come off between 20% and 30% in the next four years. While we welcome the move to create a more sustainable domestic industry, we anticipate more headwinds for our automotive units in the years to come.

In weathering these challenges and to mitigate potential crisis that may arise, DRB-HICOM has instituted various mechanisms to optimise our internal business processes, deployed prudent and effective cost and financial management methodologies as well as enforced strong business governance, risk management, procurement and whistleblowing policies throughout the Group. Frugality remain our key focus in driving costs and expenses to a minimum, with emphasis on budget travel and accommodation in business hotels across the Group.

We recognise that we must transform to become a more nimble and adaptable organisation, although this does not mean losing our focus on our key channels of growth. This is no mean feat for an organisation that employs over 60,000 people but we believe that our results these past few years show that we are on the right track.

We remain confident that we will be able to hit our revenue and profitability targets by 2020 thanks to our efforts in strengthening our fundamentals. We cannot overlook the value of the investments we are making into human capital development in this regard, and I believe those have begun to yield dividends as well.

Acknowledgements

None of our achievements would have been possible without the individual contributions of each and every one of our Warga DRB-HICOM, and their efforts must be acknowledged first and foremost. The next few years will be challenging, but exciting times for all of us and, together, we shall prevail in achieving the ambitious targets that we have set for ourselves.

I would also like to thank my colleagues on the Management team for their continued support and hard work in executing our business strategies. I would also like to thank the Board of Directors for their continued counsel and advice in steering DRB-HICOM onto the path of long-term sustainability and profitability.

I reserve special thanks to the government regulators, vendors, partners, customers and shareholders for your continued faith in us, the advice that you have given us, and for your continued support of all our enterprises. Without your participation and patronage, we would have never been able to get to where we are today. Your contributions have been invaluable in all that we do, and we hope that we will continue to enjoy the privilege of working with you and serving you in the years to come.



**BRIGADIER GENERAL (K) TAN SRI DATO' SRI HAJI
MOHD KHAMIL BIN JAMIL**

Group Managing Director

DRIVING PERFORMANCE

To further strengthen the automotive sector and drive performance, we have continued to concentrate on building our capabilities and efficiencies across our operations. We are continuously innovating on quality and design whilst entering into strategic collaborations with partners.





94 Automotive Sector

DRB-HICOM's Automotive sector reported vehicle sales growth of 227,223 units in FY2015 from 225,162 units in FY2014. The slower-than-expected growth of vehicle sales was due in part to the implementation of the GST, which introduced uncertainty in potential buyers. The marginal increase in DRB-HICOM's automotive sales was in line with the overall industry trend, which saw total industry volume ("TIV") grow 1.6% to 666,465 units in the 2014 calendar year. Despite being a new record high for Malaysian vehicle sales, TIV growth rate fell short of forecast by two (2) percentage points.

Automotive continues to be the biggest revenue contributor to the Group, accounting for approximately 79% of the Group's total revenue. With over 30 companies covering the entire value chain of the industry, DRB-HICOM's business units are involved in the manufacture, assembly, distribution and maintenance of vehicles, as well as the manufacture of automotive components. The Group's interests in the sector were further expanded by the acquisition of the AVIS franchise in April 2014.

It was a busy year in terms of new launches for DRB-HICOM. PROTON introduced its new compact offering, the Iriz, while DRB-HICOM's new distribution agreement with Jeep saw the launch of four models for the sports utility vehicle ("SUV") and luxury SUV segments. At the same time, existing distribution lines saw facelifts for several foreign marques including Honda and Audi.

Automotive Distribution

DRB-HICOM's distribution capabilities are represented by 14 companies distributing local and foreign-manufactured passenger cars, commercial vehicles and motorcycles. The Group held a 34% market share of TIV as at the end of FY2015.

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

ACM is a dealer for Isuzu trucks in Malaysia. Total vehicle sales for ACM grew 17% year-on-year ("y-o-y") to 1,945 vehicles in FY2015 from 1,665 vehicles the previous year, driven by the introduction of Isuzu's new light duty ELF series trucks. ACM's position as the No. 1 Isuzu dealership in Malaysia is supported by a network of six Sales, Service, and Spare Parts ("3S") centres, which provide integrated post-sale services. To further improve its customer service levels, ACM focused on streamlining operations and upgrading staffing capabilities under its continuous improvement programme in FY2015. The company expects to increase sales through enhanced sales and marketing activities including targeted promotional campaigns.

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

DHAS provides end-to-end logistics solutions for the automotive industry, from the import of completely built up ("CBU") vehicles and completely knocked down ("CKD") kits to the final delivery of vehicles to the dealer network. DHAS also conducts pre-delivery inspection ("PDI") for nine imported vehicle makes, namely Audi, BRP, Honda, Isuzu, Jeep, Mitsubishi, Suzuki, TATA and Volkswagen. Finally, DHAS also provides accessory installation services for both CBU and CKD cars at its PDI centres in Pekan, Pahang and in Shah Alam, Selangor.

DHAS took a major step forward in FY2015 to expand its presence and capabilities in the country with the completion of two land transactions: the acquisition of 45 acres of land in the East Coast Economic Region (“ECER”) and the signing of a long-term lease for 51 acres of land in the Port Klang Free Trade Zone. With these, DHAS now has one of the largest vehicle yards in the country with 143 acres of space that will be used for vehicle storage, inspections and vehicle preparation activities.

DHAS aims to further grow and expand its PDI, in-house forwarding and clearance business. This will enhance DHAS' distribution of CBU vehicles from Port Klang and CKD vehicles from Pekan.

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

DHCV, formerly known as HICOM Commercial Automotive Sdn. Bhd. and USF-HICOM (Malaysia) Sdn. Bhd., is a 100% wholly-owned subsidiary of DRB-HICOM and the distributor of TATA commercial vehicles in Malaysia. TATA vehicles were launched on 21 January 2015 and the vehicles available through DHCV at present include the Xenon pickup truck, the Prima Prime Mover and the Ultra 512 series of light commercial vehicles.

Edaran Otomobil Nasional Berhad (“EON”)

As part of the Group’s restructuring plan, EON disposed its PROTON distributorship and is now focused on the newly acquired Jeep business and the CAN-AM Spyder Roadster manufactured by BRP Australia Pty Ltd. EON launched four Jeep models – the Grand Cherokee, Cherokee, Wrangler and Compass – in the Malaysian market in FY2015 as its inaugural offering. To support the distribution of the Jeep line, the first Jeep 3S Centre was launched in Glenmarie, Shah Alam on 28 November 2014. The state-of-the-art facility is designed to function as both a showroom for Klang Valley customers and as an integrated after-sales support facility.

Euromobil Sdn. Bhd. (“Euromobil”)

Total vehicle sales for Euromobil fell to 1,433 units in FY2015 from 3,047 units in the previous year. The sharp drop in sales is attributable to the expiry of the Government’s excise duty exemption for CBU hybrid vehicles on 1 January 2014, which had a direct impact on the sales of Euromobil’s Audi A6 Hybrid vehicles. The negative development was however mitigated by the increase in non-A6 Hybrid vehicle sales, which grew 29% y-o-y. Going forward, Euromobil expects to increase the sale of all vehicles in its stable through the implementation of targeted campaigns in FY2016.

HICOM Auto Sdn. Bhd. (“HASB”)

HASB, a dealer of Volkswagen cars in Malaysia, experienced a decline in vehicle sales against target. To support the brand, Volkswagen Group Malaysia (“VGM”) conducted several consumer promotion programmes and enhanced after-sales services.

HASB’s Volkswagen distribution market share increased to 7.1% in FY2015 from 4.9% in the previous year. To further build on this platform, HASB is expediting the construction of its 3S centres to provide better sales and after-sales support. HASB’s Seremban and Bayan Lepas Service Centres were among the Top 10 Best Service Centres nationwide, reinforcing HASB’s position as a leading after-sales service provider.

Honda Malaysia Sdn. Bhd. (“Honda Malaysia”)

Honda Malaysia continued its strong showing in FY2015. Vehicle sales increased by 44.9% to 83,160 units sold from 57,392 units the year before. A key driving factor for the increase in vehicle sales was the expansion of the company’s production capacity. The recently modernised Line 2 plant effectively doubled production capacity to 100,000 units, and has been operating at full capacity to meet demand.



Automotive Sector (Continued)

Vehicle sales were also boosted by the launch of the new Honda City in March 2014, accounting for 50.7% of total vehicles sold. Meanwhile, models introduced in FY2014 continued to enjoy strong demand with the Honda Jazz Petrol and Honda Accord representing 18.4% and 13.5% of vehicles sold respectively. The Honda HRV, an SUV crossover, made its debut in February 2015 to immediate and strong customer reception with over 13,000 vehicle bookings made by the end of the financial year.

To support future demand, Honda Malaysia has set aside RM125 million to upgrade and modernise existing plant and machinery. The company will also expand and upgrade its dealer network to increase its scope and enhance customer experience. This includes short-term plans to expand its dealer network in Sabah and Sarawak, as well as to increase the localisation and specialisation of core functions and further improve cost controls. Honda Malaysia aims to capture 10% of the domestic automobile market in FY2016 and increase vehicle sales to 92,000 units.

Isuzu Malaysia Sdn. Bhd. (“Isuzu Malaysia”)

Isuzu Malaysia markets and distributes Isuzu commercial vehicles including the light-duty ELF trucks, medium-duty FORWARD trucks, heavy-duty GIGA trucks, prime mover GIGA Prime and the D-Max pickup trucks. Isuzu Malaysia is presently the market leader for commercial vehicles (excluding pickup trucks) in the country, selling 6,787 units in FY2015 accounting for 27% share of market. Meanwhile, it sold 6,032 D-Max pickup trucks driven by the launch of a new limited edition variant for the Isuzu D-Max. Moving forward, Isuzu plans to launch its new sports utility vehicle, which will compete in the Malaysian passenger car segment.

Mitsubishi Motors Malaysia Sdn. Bhd. (“MMM”)

MMM, the official distributor of Mitsubishi Motors vehicles in Malaysia, recorded a milestone year in FY2015 after posting record sales of 14,184 units (up 13% from 12,572 units in FY2014). Vehicle sales were boosted by the introduction of new variants including the Triton VGT GS and the Lancer GTE and a new facelift for the Pajero. MMM also introduced the ASX Designer Edition, which is the product of a collaboration with Malaysian designer Rizalman Ibrahim.

MMM also hosted the Mitsubishi Red Peak Challenge, a first-of-its-kind event in Malaysia. To commemorate this event, MMM launched the Mitsubishi Triton VGT Red Peak Limited Edition for customers in East Malaysia.

Meanwhile, the locally assembled Mitsubishi ASX was feted for its build quality and standard and clinched three awards in FY2015: Auto Allianz’s Best Local Assembled SUV, Autocar ASEAN’s Best Small/Midsize SUV and Cars, Bikes and Trucks’ Small/Midsize SUV (4X2) of the Year. Presently, only the Mitsubishi ASX (both the 2-wheel drive and 4-wheel drive models) is locally assembled while other models are imported as CBU units from Thailand and Japan.

MMM presently has 57 showrooms, of which 49 are 3S Centres and with a further 53 service outlets throughout the country.

Motosikal dan Enjin Nasional Sdn. Bhd. (“MODENAS”)

MODENAS is primarily involved in the manufacture and assembly of motorcycles, and is a leading manufacturer in the 100cc moped category with a market share of 53%. In FY2015, MODENAS increased its total vehicle sales by 20% to 51,540 units. This is despite an industry-wide decline in motorcycle TIV to 541,332 units in the 2014 calendar year from 601,527 units the year prior. MODENAS holds a 9% market share in the Malaysian motorcycle industry. MODENAS is presently collaborating with foreign brands and manufacturers in the areas of research, development and manufacturing to expand its product offering. MODENAS will introduce new models meeting the Euro 3 emissions standard in FY2016, which is expected to further help it grow its market share.

PROTON Holdings Berhad (“PROTON”)

PROTON continued its countrywide transformation campaign to integrate the Group’s corporate culture, values, vision and mission into its entire chain of vendors, intermediaries and stakeholders. Nevertheless, challenging external conditions continued to hamper PROTON’s performance.

In FY2015, PROTON launched enhanced models of its existing marques including the Saga Executive, Persona Executive, Suprima S and Exora. Further boosting the

new Exora's appeal is its four-star rating under the ASEAN New Car Assessment Programme ("NCAP") making it one of the safest and most affordable multi-purpose vehicles ("MPV") in the market.

To further enhance its product offerings, PROTON launched the Iriz in September 2014. The Iriz is a compact car built on an entirely new platform and engine, and features active and passive safety features in all models. Rated five-stars under the ASEAN NCAP, the Iriz is a hallmark of PROTON's commitment to developing safe cars for all consumers.

In addition to enhancing its internal processes and talent management programme, PROTON has initiated steps to assess the feasibility of entering regional markets in collaboration with existing automotive companies. Countries under consideration include Indonesia, Bangladesh, China and Saudi Arabia.

Implementation of transformation initiatives for the national carmaker is expected to continue in the near future as it strives towards reclaiming its position as the No.1 carmaker in the country.

Suzuki Malaysia Automobile Sdn. Bhd. ("SMA")

Despite challenging external conditions, SMA managed to launch the new S-Cross in November 2014 featuring a 1.6 litre engine, the world's first Double Sliding Panoramic Sunroof and fuel consumption of 17.5 kilometres per litre. SMA also enhanced the 1.6 litre Swift Sport and 1.3 litre Jimny for the local market. Stiff competition in the CKD segment saw SMA's sales decreased to 3,804 units in FY2015 from 5,713 units the year before. The Suzuki Swift CKD accounted for 85% of total sales.

SMA rolled out an aggressive marketing campaign in FY2015 which included the launch of a new Suzuki Malaysia website, its social media presence, and a regional campaign for the AFF Suzuki Cup 2015. SMA also held a nationwide mega roadshow and launched a new 3S Centre in Jalan Klang Lama, Kuala Lumpur. At the same time, the fourth Suzuki Service Camp (Suzuki@Work) was conducted to provide after-sales service and maintain customer satisfaction.



DRB-HICOM EZ-Drive Sdn. Bhd. ("DRB-HICOM EZ-Drive")

DRB-HICOM EZ-Drive is DRB-HICOM's latest automotive acquisition. Formerly known as Sistem Sewa Kereta Malaysia Sdn. Bhd. ("SSKM"), DRB-HICOM EZ-Drive is the franchise holder of AVIS Rent a Car, a global name in the car rental business. The company represents DRB-HICOM's first foray into the vehicle rental business, which complements the vehicle leasing business currently being undertaken by DRB-HICOM Leasing Sdn. Bhd.

DRB-HICOM EZ-Drive has seven operating locations throughout the country, including at the Kuala Lumpur International Airport, Kuala Lumpur International Airport 2, downtown Kuala Lumpur, Penang International Airport, Kuantan Airport, Johor Bahru and Melaka. The company plans to expand its car rental business to East Malaysia by August 2015. DRB-HICOM expects the company to realise synergies with its existing automotive assets to maximise customer satisfaction by providing quality and well-maintained rental vehicles.



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Automotive Sector (Continued)



DEFENCE

DRB-HICOM continues to play an integral role in developing and manufacturing armoured and logistics vehicles for the Malaysian Armed Forces. While its flagship company, DRB-HICOM Defence Technologies Sdn. Bhd. ("DEFTECH"), continues to be focused on the development of land and sea defence units, its materials manufacturing arm Composites Technology Research Malaysia Sdn. Bhd. ("CTRM") has expanded its presence in the aerospace and civilian sectors.

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

DEFTECH is DRB-HICOM's wholly-owned unit responsible for the design, development and manufacture of armoured vehicles for the Malaysian Armed Forces. Its long-term strategy is to develop an indigenous land combat system as well as an airborne surveillance, control and combat system through strategic collaborations with various stakeholders. In doing so, DEFTECH aims to become Malaysia's prime defence contractor.

The last financial year saw DEFTECH reach a significant milestone with the delivery of the first batch of its AV8 Gempita armoured vehicles to the Malaysian Armed Forces. The 12 units were delivered in December 2014 and have been deployed in East Malaysia. A second batch of 69 vehicles will be delivered in 2015. The Malaysian Army has a standing order of 257 units comprising 12 variants of the AV8 with DEFTECH.

DEFTECH is also working on the production of the three-tonne Handalan II military truck for the Malaysian Armed Forces. The Handalan series was first developed by DEFTECH in collaboration with Isuzu in 1996 with 2,618 units commissioned by the end of 2014. The Handalan II truck will be an upgrade on the original iteration and the product of extensive research and development. DEFTECH is also working on producing 20 AV4 Mine Resistant Ambush Protected ("MRAP") armoured vehicles for the Malaysian Armed Forces by the end of 2016. The first AV4 is expected to be completed and ready for testing by November 2015.

At the same time, DEFTECH is involved in the production and maintenance of civilian vehicles. In FY2015, DEFTECH delivered 18 units of prisoner transports to the Malaysian Immigration Department, and is presently working with Alexander Dennis Malaysia to assemble city buses for Syarikat Prasarana Malaysia Berhad. A total of 115 buses are being assembled at DEFTECH's Pekan facility and will be delivered by September 2015.

Meanwhile, DEFTECH's wholly-owned unit Defence Services Sdn. Bhd. ("DSSB") handles the maintenance, repair and overhaul ("MRO") of the Armed Forces' vehicles including its main battle tank PENDEKAR PT91M, its ADNAN armoured personnel carrier and Handalan trucks. DSSB also provides MRO services for civilian vehicles including the vehicles of DRB-HICOM's wholly-owned logistics unit Konsortium Logistik Berhad ("KLB").

To expand its reach overseas, DSSB is presently in discussion with representatives from Cambodia and Saudi Arabia to undertake the MRO of their tanks and armoured vehicles. The company is also conducting feasibility studies to work with Polish Defence Holding to refurbish and upgrade existing military vehicles.

Composites Technology Research Malaysia Sdn. Bhd. ("CTRM")

CTRM, a subsidiary of DEFTECH, has established itself as a Center of Excellence for composites aerostructures for major aerospace companies and aircraft manufacturers in the world. With five subsidiary companies under its wing, CTRM's business and expertise span the commercial & military aerospace and non-aerospace, general aviation and defence industries.

The Malaysian aerospace industry has been identified by the Malaysian Government as a key economic thrust for the country, and this was reinforced in the Malaysian Aerospace Industry Blueprint 2030 launched in March 2015 at the Langkawi International Maritime and Aerospace Exhibition. CTRM's strategy is to leverage on this national thrust to further develop the Malaysian aerospace industry, and become a leading player in the composite technology subsector in the region.

CTRM saw a significant turnaround in its performance driven mainly the performance of its main subsidiary CTRM Aero Composites. Two of CTRM's main customers – Spirit Aerosystem and UTC Aerospace Systems confirmed the extension of existing contracts thus further enhance the company's order book. CTRM's financial performance has exceeded internal targets and is poised to grow further under the established management team.

CTRM has inked strategic collaborative agreements with parties both foreign and domestic as part of its expansion plan to support its overall manufacturing capabilities. It is also working closely with in-house business units Pos Malaysia Berhad, KLB and OSI to explore potential synergies.

The last financial year saw CTRM boost its capabilities through its investment in three new autoclaves, three non-destructive testing machines and two computer numerical control ("CNC") machines. It also completed Phase 1 of its building expansion programme with a new power substation to support its expanded production capacity.

Manufacturing and Engineering

DRB-HICOM's manufacturing and engineering activities are focused on the development of automotive and motorcycle components and assembly. Our original equipment manufacturer ("OEM") parts are used by world renowned makes of cars, and strategically developed to support our own assembly and manufacturing lines as well as those of other car manufacturers.

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

HAMM is a manufacturer of foreign automotive marques and commercial vehicles. At present, HAMM assembles vehicles for Mercedes-Benz Malaysia Sdn. Bhd. (Mercedes-Benz C, E and S class, and the Actros), Suzuki Malaysia Automobile Sdn. Bhd. (Suzuki Swift), Volkswagen (Passat, Polo Notchback, Polo Hatchback and Jetta) and Mitsubishi Fuso (Fuso Light Duty and Heavy Duty trucks). For the financial year under review, HAMM assembled a total of 18,636 units.

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Automotive Sector (Continued)

HAMM expects FY2016 to remain a challenging year due to the expected reduction in demand for Volkswagen makes. Nevertheless, HAMM plans to mitigate this through increasing productivity, reducing costs and improving efficiency.

To meet the higher painting specification by foreign OEMs, HAMM will invest RM217 million into a new paint shop which expected to commence operations in September 2016. HAMM will continue to realign its products and plant, as well as secure long-term contracts to ensure business growth and sustainability.

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

HHMM has been a manufacturer and assembler of Honda motorcycle components and engines since 1985. In FY2015, HHMM sold 95,738 engine units, which failed to meet its internal sales targets. Poor customer response to new motorcycle models and the absence of export sales contributed to lower performance. HHMM is presently working together with Boon Siew Honda to identify product issues, and also exploring new sources of revenue to offset weakness in engine sales.

HICOM Diecastings Sdn. Bhd. (“HDSB”)

HDSB is the main aluminium casting supplier in the region for engine components such as cover cylinder heads, timing chain covers, oil pumps, fuel pipes, steering housing and brackets for automotive and non-automotive OEMs and motorcycle engine assemblers. Its list of customers includes PROTON, Perodua, ZF Steering (M) and Honda in Malaysia, Mazda and NSK in Japan, Magna Powertrain in Canada, and PT ADM in Indonesia. HDSB employs the technology of renowned global names including Ryobi Ltd, Japan, and DongSeo Machine and Tools from Korea through technical assistance collaborations.

HDSB experienced a dip in performance in FY2015 due mainly to the higher cost of inputs including aluminium prices and direct labour and transport costs. Going forward, HDSB expects improved contributions from the construction of OEM PROTON and MODENAS parts, and will also diversify its revenue stream through its export business. HDSB will conduct a quality drive to improve production standards and post-sales service to enhance customer confidence in the company.

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

HTS is the largest plastic component parts manufacturer in Malaysia, and remains the country’s largest OEM plastic automotive vendor with a wide range of core products including instrument panels, door trims, bumper fascia, door brackets and class-A surface-painted and chrome-plated products. Its customers range from PROTON and Perodua to Honda, Toyota, Nissan and Volkswagen. HTS also produces parts for the Thai market.

HTS’ performance in FY2015 was negatively impacted by a sharp drop in Thai TIV, which fell to 1.99 million units in 2014 from 2.46 million units in 2013. Increasing competition from competing OEM carmakers also affected company performance. Moving forward, HTS will focus on cost optimisation, efficiency improvements and explore export opportunities for plastic components.

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

HYMM is primarily involved in the manufacture and assembly of Yamaha motorcycle engines and parts. In FY 2015, the company sold 140,202 engine units, representing an 11% decrease from the year before. Despite weaker industry sales, HYMM retained its market leading position in the motorcycle engine market as Yamaha holds one-third of the market share.

ISUZU HICOM Malaysia Sdn. Bhd. (“IHM”)

IHM manufactures Isuzu commercial vehicles including Isuzu’s N-Series light duty trucks, which earned the distinction of being the best-selling light duty truck in Malaysia for the fifth consecutive year. IHM also manufactures Isuzu’s F-Series heavy duty trucks and the D-Max pickup trucks. IHM assembled 6,321 vehicles in FY2015, representing a small increase from 6,234 units the year before. IHM expects to launch new models and variants for the Isuzu 700P F-Series and N-Series trucks, as well as the new 3.0 litre D-Max in FY2016.

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 including PROTON, Perodua, Volvo and Toyota. The company’s production line includes stamping, welding, ED painting and assembly of the components. OSI has its own in-house expertise to undertake product and tooling design, and has the capacity to conduct 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, OSI has diversified into emissions control technologies through its joint venture company Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd.

OSI experienced a performance dip in FY2015 as customers made smaller-than-expected purchases. To counteract this slippage, OSI will diversify into the truck-mounted equipment assembly segment, as well as into replacement equipment market (“REM”) parts manufacturing.

PHN Industry Sdn. Bhd. (“PHN”)

PHN is a first-tier metal stamping vendor for PROTON, Perodua and Honda. Its services encompass the entire value chain of the stamping process from the design to the mass production of automotive dies. In FY2015, PHN supplied components for the manufacture of several new models including:

- i. Proton Iriz
- ii. Honda City
- iii. Honda Jazz
- iv. Honda HRV
- v. Perodua Axia

PHN exceeded internal targets in FY2015 due to an increase in sales to PROTON, Honda and Perodua. PHN expects the bulk revenue to continue to come from sales to PROTON and PROTON-related projects, especially with the launch of the Proton Iriz, Exora and Saga SV.

At the same time, PHN will participate in the development of Honda’s new Civic models, which have been targeted for mass production by May 2016. PHN will be responsible for preparing the tooling and production lines, as well as for the supply of assembly parts.

Moving Forward

DRB-HICOM’s Automotive sector was largely affected by the slower-than-expected growth in TIV as well as by increasing competition in the automotive industry. Uncertainty in the economic environment due to the introduction of the GST has also dampened consumer appetite, which has in turn slowed vehicle sales.

We expect operating conditions to become even more challenging as the price of vehicles are expected to be reduced by between 20% and 30% by 2017 in accordance with the National Automotive Policy (“NAP”). While our units are striving to increase cost efficiencies to ensure that our vehicles are priced competitively, we will need to move further up the value chain to realise values in the automotive business.

DRB-HICOM has already started making safety and energy efficiency a core focus in our locally made vehicles. We have started moving into higher value-added segments such as mechatronics with technology partners to secure the long-term sustainability of our automotive ecosystem. The move into the car rental business will also help us tap into new channels of revenue that leverage on the growth in the Malaysian tourism and hospitality sectors.

The coming into force of the ASEAN Economic Community (“AEC”) by the end of 2015 will herald a new chapter in regional trade agreements. Towards this end, we would have to strengthen our business fundamentals to meet the new challenges and take advantage of new opportunities from the AEC. This will reinforce our position as the only full-fledged automotive OEM in the region.



SEIZING OPPORTUNITIES

We will provide ingenious products, services and solutions of the highest quality and deliver more value to our customers. From solid waste management, vehicle inspection and airport services to financial and postal services, our diversified services sector is focused on operational efficiency and service excellence.





104 Services Sector

DRB-HICOM's businesses in the Services sector are some of the fastest growing in our portfolio, and we continue to explore strategic fits that will create synergies with our existing stable of companies. Since our acquisition of Pos Malaysia Berhad in 2011, we have made the logistics business a key strategic pillar in our platform, and have demonstrated our commitment to its growth with our acquisition of DRB-HICOM Asia Cargo Express Sdn. Bhd. ("DHACE") in FY2015.

At the same time, we are also actively looking at ways to rationalise our portfolio to create greater efficiencies and a leaner operating entity. To this end, we have disposed of our interests in the insurance sub-sector through the sale of Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad. We believe that the outcome of these transactions is a leaner and stronger Services segment with strong foundations underpinned with strategic synergies.

Logistics

DRB-HICOM is a relative newcomer to the logistics business, but we have made a statement of intent with our acquisitions over the past few years. We believe that logistics remains an under-tapped industry in Malaysia and the region, and that opportunities are still available for end-to-end solution providers such as ourselves.

According to the MIER, the Malaysian logistics business has the potential to be worth more than RM200 billion by 2017. The industry is presently valued at only half that amount, and hence has ample opportunities for DRB-HICOM.

Our logistics business is anchored by two flagship companies: KL Airport Services Sdn. Bhd. which provides the first mile service of logistics and transport support and Pos Malaysia Berhad which provides the last mile service. To further support the last mile service, the Group acquired DHACE in FY2015 to provide air cargo services.

KL Airport Services Sdn. Bhd. ("KLAS")

KLAS is primarily involved in the provision of aviation ground services including ground handling, cargo handling, inflight catering, aircraft maintenance and engineering services. By and large, the performance of the aviation industry as a whole determines the prospects and growth of KLAS.

While global aviation continues to grow in general, 2014 was a year of contrasts for the Malaysian aviation industry due to the tragic disasters involving two MAS aircrafts. Against this grim backdrop, the global aviation market continued to grow although the International Air Transport Association ("IATA") noted that Malaysian aviation suffered a decline owing to the air disasters.

Nevertheless, the overall aviation outlook is expected to improve in 2015 compared to 2014, with passenger traffic growth expected to increase to 7.0% from 5.7%. Cargo is also expected to grow, albeit less aggressively, to 4.5% from 4.3% for the same period. Some of the key drivers bolstering the industry outlook include lower crude oil prices – the savings on which will be passed on to passengers and stronger worldwide GDP growth.

KLAS' financial performance was impacted by the decline in the Malaysian aviation industry as the weaker industry translated into fewer flights into and out of the airports in which KLAS operates. In FY2015, KLAS registered a pre-tax profit of RM7.2 million. The company provided ground services to 12,781 flights from Kuala Lumpur and 4,535 flights from Penang, which represented a decline of 23% and 16% respectively.

On the cargo front, KLAS handled 137,084 tonnes of cargo in Kuala Lumpur and 23,245 tonnes in Penang, representing a decline of 13% and 1% for each respective airport. Total inflight meals sold in FY2015 amounted to 2.5 million, which declined 11% from the 2.8 million meals sold in the previous financial year.

In view of the industry's uncertain environment, KLAS has embarked on a number of strategies designed to secure additional revenue channels. Foremost on its list of priorities is the securing of the Low Cost Carrier Terminal ("LCCT"), which to be redeveloped into a regional cargo hub.

The new regional cargo hub is expected to be commissioned in March 2016. At the same time, KLAS will undertake a number of cost management strategies to improve the performance of its inflight catering division and to increase the work satisfaction levels of its staff.

Further brightening KLAS' prospects is its successful acquisition of new airlines as customers including Flynas, Hong Kong Dragon Airlines, Aseman Airlines and Mega Maldives. However, we believe this segment of the business providing ground services to new airlines has limited growth prospects hence focus will be geared towards the development of aviation non-ground handling-related revenue streams.

In terms of its performance, KLAS is proud to report that its key performance indicators have once again outperformed industry benchmarks. The following table provides an overview of its achievements:

Category	KLAS	Industry
Not more than 2 mishandled baggage per 1,000 passengers	1	2
Not more than 3 cases of mishandled cargo per month	1	3
Not less than 98.5% on time departure	99.7%	98.5%

Konsortium Logistik Berhad ("KLB")

KLB is an integrated logistics services provider with solutions in the areas of haulage, freight forwarding, shipping and chartering; shipping agency; distribution; oil and gas; and warehousing. KLB became a wholly-owned indirect subsidiary of DRB-HICOM via KLAS following an equity purchase in February 2014. DRB-HICOM plans to develop KLB into a leading centralised integrated logistics provider with the capability of transporting freight over land, sea and air.

KLB comprises five business units covering the areas of:

- i. Automotive logistics;
- ii. Haulage;
- iii. Freight forwarding;
- iv. Logistics, distribution and warehousing; and
- v. Project logistics.

Since becoming a part of the DRB-HICOM family, KLB has been undergoing a 3-Year Transformation Plan ("FY2015-FY2018") which will place the company on the optimal path and direction to ensure long-term sustainability. This includes identifying revenue growth drivers and restructuring costs to ensure KLB will become a competitive and relevant logistics player.

Some of the new business segments being introduced recently for KLB in addition to its traditional logistics business include:

- i. Establishment of a Roll-on Roll-off ("RORO") Vessel and Car Distribution Centre ("CDC") hub in Sabah and Sarawak to provide a seamless logistics solution for the Group's automotive sectors as well as other customers.
- ii. Creating a dedicated halal supply chain for our customers.
- iii. Providing cross-border land transport and distribution solutions for both local and foreign clients.

Supporting the development of the new business will be the establishment of a new Integrated Logistics Hub in Bukit Kayu Hitam strategically located at the Malaysian-Thailand border. The new complex will complement the



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Services Sector (Continued)

immigration, customs and quarantine complex which is expected to come online in 2017. The integrated hub, which will be built on a 100-acre piece of land, will comprise an inland container depot, bonded and non-bonded warehouses, haulage services and facilities to support the automotive and halal industries.

Over the long term, KLB is expected to play a synergistic role with KLAS and recently acquired DHACE to provide complete land, sea and air logistics solutions.

Pos Malaysia Berhad (“Pos Malaysia”)

Since its acquisition by DRB-HICOM in 2011, Pos Malaysia has been focusing on supporting the growth of e-commerce in view of the global declining trend in mail volume. Advancements in communications technology and a growing trend to migrate to electronic documentation and communication have hastened the decline in traditional mail services, which has in turn shaped our business activities at Pos Malaysia.

Pos Malaysia has accelerated its investment into building capacity for its Courier, Express and Parcels (“CEP”) division, which was the key driver of revenue growth in FY2015. Revenue for the CEP segment grew 21.5% for the financial year under consideration, propelling Pos Malaysia to its highest revenue of RM1.5 billion. This was mitigated by additional investments made, hence resulting in a year-on-year decline in pre-tax profit by 18.8% to RM181.3 million.

Expectations of sustained consumer demand augurs positively for Pos Malaysia, particularly with respect to the sustained growth of e-commerce.

Meanwhile, the Group is midway through its strategic transformation programme to enhance its core operations and diversify its revenue stream. Under the first strategic transformational thrust, Pos Malaysia has made investments into enhancing its IT infrastructure and the automation and mechanisation of its operational processes.

Pos Malaysia has also successfully rolled out its Postal Retail System (“PRS”) in stages to post offices nationwide. PRS is an IT platform consolidating Pos Malaysia’s range of over-the-counter services onto an integrated platform. The company has also completed the construction of its

Integrated Parcel Centre (“IPC”), which is an automated sorting hub designed to improve service quality and manpower productivity. The IPC is currently undergoing commissioning works.

Under the second strategic thrust, Pos Malaysia has embarked on a number of initiatives to rebalance revenue streams and to increase contributions from its Ar-Rahnu, insurance, direct mail and transshipment businesses.

Concessionaires

Alam Flora Sdn. Bhd. (“Alam Flora”)

Alam Flora was incorporated as a special purpose company to undertake the privatisation of solid waste management (“SWM”) services within the vested concession areas covered in the Federal Territories of Kuala Lumpur and Putrajaya and the states of Selangor, Pahang, Kelantan and Terengganu. On 1 September 2011, the Malaysian Government granted Alam Flora the concession to conduct collection and public cleansing management services for a period of 22 years in the Federal Territories of Kuala Lumpur and Putrajaya and the state of Pahang.

Presently, Alam Flora collaborates closely with 13 Local Authorities (“LAs”) to provide public cleansing and waste management for 33 zones. The company is presently near the closing stages of an agreement to privatise and take over SWM and public cleansing services in Kelantan and Terengganu. These agreements, when struck, will make Alam Flora the largest private SWM provider in the country.

At the same time, Alam Flora is expanding its non-concession SWM business, namely the collection of solid waste from commercial and industrial sectors, as well as construction waste, integrated facilities management, public cleansing and the management of landfills. These non-concession activities are managed by Alam Flora’s wholly-owned subsidiary DRB-HICOM Environmental Services Sdn. Bhd. (“DHES”).

For FY2015, Alam Flora grew its revenue by 31% to RM739.44 million from RM565.10 million a year ago. Profit before tax and zakat rose 42% to RM80.45 million from RM56.53 million.



PUSPAKOM Sdn. Bhd. (“PUSPAKOM”)

PUSPAKOM was given the first Government concession to undertake all mandatory inspection of commercial and public motor vehicles in 1994. This concession was extended by 15 years in 2009 and will last until 2024. It presently carries out about three million inspections annually in the interests of road safety and determining vehicle roadworthiness. PUSPAKOM's revenue grew 1.25% in FY2015 to total RM145.6 million from RM143.8 million in FY2014. The increase was due to a higher volume of inspections conducted during the financial year.

PUSPAKOM also undertakes non-concession business, which conducts inspections for private vehicle users. This segment grew by RM0.743 million to RM25.5 million in FY2015, driven by an increase in collections from the Premier Services segment.

Future prospects for PUSPAKOM are driven mainly by TIV growth, which has slowed in velocity in recent years. The weakening of the Ringgit against the US Dollar will also have an impact on the cost of materials and supplies, which represents approximately 50% of PUSPAKOM's planned capital expansion.



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Services Sector (Continued)

However, we believe that PUSPAKOM will benefit from the implementation of the new National Automotive Policy which places a strong focus on road safety. We believe that this will encourage greater voluntary inspection of private vehicles and passenger cars, which will boost the non-concession segment of its business.

To leverage on this positive development, PUSPAKOM is gearing up its Premier Services, which provides vehicle inspections at the customer's premises. It has also embarked on the rollout of dedicated inspection centres to provide integrated inspection services throughout the country. Four branches were operationalised as dedicated inspection centres in FY2015 as part of a phased rollout of these centres.

Other Services

Bank Muamalat Malaysia Berhad ("Bank Muamalat")

The Malaysian economy continued to show resilience in the face of softer operating conditions elsewhere in the global economy, expanding 6.0% in 2014. The continued resilience of the domestic economy, supported by consumer spending, bodes well for our interests in the finance sector as banking services tend to grow in tandem with economic expansion.

Although the Malaysian economy has been forecast to hold steady in 2015, with the Government projecting growth of between 4.5% and 5.5%, prudent regulations introduced by Bank Negara Malaysia with regards to tighter regulatory capital requirements may stifle the loans business. Nevertheless, these same regulations have created a well-capitalised banking sector with ample liquidity.

Bank Muamalat performed reasonably well in the financial year under review given an increasingly competitive environment driven by the rising cost of funds. As a result, profit before tax ("PBT") for FY2015 came in at RM122 million from RM208 million a year before. Revenue, however, remained strong coming in above the RM1 billion threshold for the second consecutive year.

Gross financing grew 12.6% year-on-year to RM13.7 billion, mainly due to a strong expansion of 52.2% in the residential property financing segment. Bank Muamalat's

total assets stood at RM22.4 billion for FY2015 with a financing portfolio of RM13.7 billion. Bank Muamalat's gross impaired financing ratio continued to improve and stood at 2.5%, down 0.2 percentage points from the previous year, as at March 2015. The downward trend is expected to continue further as the Bank continues its focus on maintaining a robust underwriting process and credit risk policies.

Bank Muamalat's continued initiatives in FY2015 are to diversify its funding base to ease any funding profile concentration risk concerns. One of the initiatives implemented was the "Oh yeah" deposit campaign, which grew total deposits to RM19.6 billion as at March 2015 from RM17.6 billion in the preceding year.

Bank Muamalat is also pleased to report that it has successfully completed the installation of its new core banking system – the Muamalat Banking System – which is a single integrated, comprehensive and complete suite of Shariah-compliant banking solutions. This new core banking system has established the foundation for the Bank to achieve accelerated growth through improved efficiency and enhanced product rollouts tailored to customer dynamics.

HICOM University College Sdn. Bhd. ("HICOM University College")

HICOM University College owns and manages the ICAM and Akademi Saga ("AS"). ICAM is based in Pekan, Pahang while AS is in Shah Alam, Selangor.

ICAM is a tertiary education institution focused on building skills in all automotive-related disciplines and was designed to provide a steady stream of talent for the Group's human capital needs, as well as to nurture young talent from around the region.

AS is a vocational training institution focused on building after sales skills for DRB-HICOM automotive sector operations.

ICAM presently offers 14 programmes: three of which are degree-conferring, nine of which are diploma-conferring and two of which are foundation programmes (in Business and Engineering).

Of the three degree programmes, the Bachelor of Engineering (Honours) in Manufacturing Systems Engineering is offered in collaboration with Liverpool John Moores University, United Kingdom while the Bachelor of Business Administration (Honours) in Marketing Management is offered in collaboration with Multimedia University.

The College recently introduced its Bachelor of Industrial Technology Management programme, which is a programme conducted in collaboration with Universiti Malaysia Pahang. ICAM expects its home-grown degree programmes to cater to the growing needs of the automotive industry for highly skilled professionals with managerial aptitude.

ICAM convened its second convocation on 14 March 2015 with 347 graduates from the third, fourth and fifth cohorts receiving their diplomas from both engineering and business faculties. The College has been recognised as an “approved centre” by the Business and Technology Education Council (“BTEC”) of the United Kingdom, which is an accreditation widely-recognised by universities and professional bodies globally.

Currently, AS has 150 students enrolled in three programmes namely Sijil Kemahiran Malaysia (“SKM”) Level 2 and 3 as well as Diploma Kemahiran Malaysia (Automotive After Sales programmes) which are all registered under Jabatan Pembangunan Kemahiran (“JPK”), Ministry of Human Resource (“MHR”).

In addition, AS offers short courses for Advanced Automotive Maintenance (“AMM”) and Vocational Training Officer (“VTO”).

Multi Automotive Service and Assist Sdn. Bhd. (“MASA”)

MASA became an indirect, wholly-owned subsidiary of DRB-HICOM in January 2014. The company is primarily involved in the provision of roadside recovery services, which makes up almost 90% of the company’s turnover. MASA maintains round-the-clock call centre operations and support via a nationwide network of more than 250 service representatives.

MASA posted a higher revenue of RM4.241 million for the financial year ended 31 March 2015 compared to RM3.22 million for the corresponding period a year ago due mainly to greater membership, higher call centre management fees and towing revenue collected from our clients. However, revenue fell short of internal targets due to the non-materialisation of business arrangements with potential clients. Pre-tax profit for MASA came in at RM175,000 for FY2015 from RM2,000 in the preceding year. PBT was boosted by the increase in revenue and lower overheads arising from management fees for seconded staff, vehicle expenses, travelling expenses and other administrative expenses.

To support its future growth, MASA has embarked on a transformation strategy to offer more comprehensive packages to clients, and to capitalise on the synergy within the DRB-HICOM Group.

Moving Forward

DRB-HICOM is keenly aware that it will need to develop revenue channels to support its automotive business which has grown increasingly competitive over the years. The past few years has seen us strengthen specific arms within the Services sector while paring down our interests in others. This is a deliberate rationalisation of our Services offering, which is aimed at strengthening our fundamentals in core areas in order to build robust platforms to support future growth.

We believe that there will be greater demand for top-notch services by Malaysians who are growing ever more affluent. There has been a gradual shift of our service offerings into areas that can best capitalise on this development, for example the focus on supporting e-commerce activities. Meanwhile, we are building up our businesses which have received concessions from the Government to become self-sustaining entities capable of sustaining themselves by providing services to the private sector.

DRB-HICOM believes there is still more room for growth in the Services segment and expects it to eventually grow to or at least be on par with the Automotive sector.





ADDING VALUE

We will continue to maximise value from our existing portfolio, while exploring and evaluating opportunities for growth. We have added value to our land bank via development and we have unlocked the value of our assets through sale.



112 Property, Asset & Construction Sector

The Property, Asset and Construction (“PAC”) Division is an integrated real estate solutions provider involved in property development, asset management, construction, hospitality and leisure. With a Gross Development Value (“GDV”) of RM4.3 billion, the PAC division will continue to play an important role in the Group’s performance in the years to come. Whilst the Group’s business is in developing properties, its greater role is in developing the nation through building homes for all levels of society.

Currently, the division has several projects covering close to 4,152 acres strategically located within matured and fast growing corridors in the Klang Valley, Iskandar Malaysia and Perak. The projects, comprising townships, affordable as well as luxury residences, integrated high-rise developments, and commercial and industrial centres, offer significant potential for revenue growth in the foreseeable future.

The PAC division recorded a revenue of RM298.2 million in FY2015 excluding the one-off disposal of land in the previous FY, PAC’s contributions rose 9% from RM274.5 million a year ago.

Property

The Group’s Property interests are focused on the development and sale of land from the Group’s 600-hectare land bank in Johor, Melaka and within the Klang Valley. The Group leverages on the growing affluence of Malaysian consumers by developing lifestyle-oriented homes that appeal to increasingly sophisticated tastes.

The financial year under review was marked by the completion of the disposal of 614 acres of land in Johor for a total consideration of RM534.73 million.

Glenmarie Properties Sdn. Bhd. (“GPSB”)

GPSB reported revenue of RM35.20 million for the financial year under review, which fell short of internal targets. Lower project management fees and slower property sales affected GPSB’s financial performance, resulting in a lower PBT of RM14.64 million for FY2015.

GPSB is the Group’s flagship property development arm, responsible for the design and development of the entire Glenmarie stable of properties. These include some of the most exclusive properties in the Klang Valley such as the Glenmarie Gardens and Laman Glenmarie. Details of GPSB’s property development projects are as follows:

- i. **Glenmarie Gardens** comprises luxury bungalows sprawled across 26 acres of prime freehold estate with an overall GDV of RM441.35 million. Phases 1 and 2 of the project were completed in March and September 2013 respectively. Phase 3, the final phase comprising 31 bungalow units, is to be launched in August 2015 with a GDV of RM213.22 million.
- ii. **Villa@Glenmarie Gardens**, comprising 28 units of 3-storey Villas adjacent to the Glenmarie Gardens development, is another signature project that was launched in May 2015 with a GDV of RM112.87 million. The launch of Villa@Glenmarie Gardens is expected to be another milestone for Glenmarie Properties Sdn. Bhd., offering the owners a panoramic view of the 36-hole Glenmarie Golf & Country Resort.



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Property, Asset & Construction Sector (Continued)

- iii. **Laman Glenmarie** boasts 385 units of 2- and 3-storey link houses in Section U1A with a GDV of RM387.79 million. Its two final phases, Phases 2B1 and 2B2, were launched in October 2013 and June 2014 respectively. The houses in Phase 2B1, with a GDV of RM92 million, are priced between RM1 million and RM1.5 million and are expected to be completed by October 2015. Phase 2B, featuring 32 units of 3-storey superlink houses with a GDV of RM53.2 million, was launched in June 2014 with all units fully sold.
- iv. **Glenmarie Cove** is a low-density, gated and guarded riverfront development comprising bungalows and semi-detached homes in Klang. Glenmarie Cove has a GDV of RM1.37 billion and is currently undergoing re-development planning to enhance its development components and features, and to be aligned with market demand which is registering strong interest in link houses followed by clusters, semi-detached houses and bungalows. The proposed re-development is a strategic move to reposition Glenmarie Cove to enable it to compete with current and upcoming developments within a 5km radius of Glenmarie Cove.
- v. **Glenmarie Johor** – Since establishing its brand within the Klang Valley, GPSB has moved south to bring its expertise and unique properties to Iskandar Malaysia in Johor as part of its long-term expansion plan. Located within the Iskandar Region, Phase 1A comprising 189 units of link houses was launched in May 2015.

In recognition of the quality of its homes, GPSB has bagged the Global Leadership Award 2014's Lifestyle Premier Development award for its Glenmarie Cove development project, which features a first-of-its-kind riverfront resort-living concept along the Langat River in Klang, Selangor.

Proton City Development Corporation Sdn. Bhd. ("PCDC")

PCDC is a joint venture between DRB-HICOM and Perusahaan Otomobil Nasional to develop Proton City, a township spanning 4,000 acres in Tanjung Malim, Perak. PCDC aims to provide integrated residential, commercial and industrial components to offer residents the best in modern living.

For the year under review, PCDC has launched two residential properties – Jasmine Residence and Maple Residence. Revenue has rose to RM24 million representing an increase of 16.6% from the previous financial year.

Asset and Facility Management

Glenmarie Golf & Country Club ("GGCC")

Located in Glenmarie, GGCC has always been a popular venue for corporate golf tournaments. The TSM Golf Challenge, organised by the TSM Golf Foundation, is the brainchild of YB Tan Sri Muhyiddin Yassin, the former Deputy Prime Minister of Malaysia, to promote junior golf development in Malaysia. After hosting the event for five consecutive years, GGCC is proud to report that it is now the "Home of the TSM Golf Challenge". In the same year, GGCC was awarded *Corporate Branding in Lifestyle Golf 2014/2015* by The Brand Laureate for its efforts in promoting the Glenmarie brand.

Holiday Inn Kuala Lumpur Glenmarie ("HIKLG")

HIKLG managed to increase its group booking and revenue by 10.6% during the financial year under review. However, the hotel cannot take too much joy in this achievement as the greater number of bookings was due in part to the unfortunate tragedy of MH370 in the first quarter of 2014. HIKLG played a small part in the recovery efforts, serving as one of the hotels accommodating MH370 search and rescue teams, as well as victims' families.

HIKLG continues to maintain its high standards in the hospitality sector, winning several awards in the financial year under consideration including:

- i. HR Asia's Best Companies To Work For In Asia 2014
- ii. IHG SMIP Leaders Meeting 2014: Excellence in Guest Experience
- iii. IHG SMIP Leaders Meeting 2014: Excellence in Loyalty Recognition
- iv. IHG: Outstanding Performance of the Year
- v. AON Hewitt Best Employers Malaysia 2015.

Vivanta Rebak Island Resort, Langkawi

Rebak Island Resort completed its first full year under its new brand, Vivanta Rebak Island Langkawi, under the Taj group of hotels. To facilitate the transition, a number of changes were made including relocating the arrival and departure jetty from Port Langkasuka to Port Cenang. Following the rebranding exercise, the resort was awarded the TripAdvisor 2015 Certificate of Excellence.

For FY2015, the resort garnered a total revenue of RM23.2 million, with its revenue per average room ("REV PAR") topping the table within its competitive set. Moving forward, Rebak plans to introduce the improved Jiva Spa experience for its guests. The spa is scheduled for completion in early 2016.

Lake Kenyir Resort, Taman Negara, Terengganu

The resort, also known as the Home of the Hornbills, comprises 135 traditional Malay timber chalets. The resort registered a revenue of RM2.6 million with an average occupancy of 14% in FY2015, but the resort is optimistic that performance will improve in tandem with the ongoing development of the Tasik Kenyir area. Tasik Kenyir is a haven for nature lovers and ecotourists. It comprises 340 islands, 14 waterfalls, two cave systems, and contains an abundance of freshwater fish, exotic wildlife and flora and fauna. There is also ongoing development of tourist attractions at Tasik Kenyir such as the newly opened Water Theme Park at Pulau Poh and the Duty-Free Zone

at Pulau Bayas, which will open in the second quarter of 2016. In addition, the opening of the Second Phase of Lebuhraya Pantai Timur ("LPT") will also lure more visitors to Tasik Kenyir with a reduced travelling time.

Construction

All of DRB-HICOM's construction activity is undertaken by HICOM Builders Sdn. Bhd. ("HBSB"), which completed a number of projects in FY2015 including the refurbishment of the International POS Hub in KLIA and factory upgrading works for KLB in Prai, Penang.

HBSB is presently building 104 cluster houses for Proton City Development Corporation Sdn. Bhd. in PCDC Parcel 18, Tanjung Malim, as well as a student hostel for ICAM, and the Institute Latihan Perindustrian for Pos Malaysia. The combined contract values of the ongoing projects total RM59 million.

HBSB is also undertaking the development of the integrated Immigration, Customs, Quarantine and Security Complex ("ICQS") by Northern Gateway Infrastructure Sdn. Bhd. with an estimated contract value of RM300 million.

HBSB continues to strengthen its project management capabilities to explore greater opportunities from outside the Group.

Moving Forward

DRB-HICOM's PAC Division is largely dependent on the sales of residential property, which is expected to remain challenging under the current property financing guidelines specified by Bank Negara Malaysia. However, our strong financial position allows us to bid our time to hold on to our land banks, which are situated mainly in prime growth areas. In the meantime, we will continue to execute our existing strategy, which calls for the construction of quality homes. We expect to see a better performance from PAC in FY2015/2016.



DRB-HICOM's employees represent the core of the Group's 178 subsidiaries and more than 90 operating companies, comprising more than 60,000 Warga DRB-HICOM (the DRB-HICOM family) with different ethnicities and diversity. As the business continues to expand and become more competitive, DRB-HICOM's Group synergy will play a vital role in ensuring our business objectives are accomplished.

Human Capital Development

We take pride in providing a cohesive working environment that allows our employees to utilise their expertise and skills to the best of their ability. This is achieved through a high-performance culture that we continue to strengthen with our Human Capital Development initiatives.

Valuing Our People

The contributions from our employees are anchored on the following value propositions, which translate the Group's diversity into the energy and synergy to achieve our goals. DRB-HICOM's Value Propositions are illustrated below:



- D – Disposition
- E – Etiquette
- C – Conduct
- O – Order
- R – Respect
- U – Uprightness
- M – Mannerism

DRB-HICOM's Shared Values

DRB-HICOM's Shared Values

In maintaining the Group's position as a leading conglomerate and ensuring we continuously excel in all that we do, Group Human Capital has developed a range of talent development initiatives to further develop and nurture our employees. These include leadership development, which represents an area that DRB-HICOM will continue to invest in. Among the initiatives introduced thus far is the Executive Coaching Programme, enabling our leaders to focus on their respective development needs.

DRB-HICOM also recognises its potential to become an Employer of Choice by offering an exciting, innovative and cohesive workplace that allows our employees to realise their true potential within the diverse industries in which the Group operates. As one of Malaysia's largest conglomerates, our employees are provided with invaluable career opportunities to gather experience and broaden their expertise across a range of businesses. This is one of the key strengths that we offer to our employees, working collaboratively in achieving our common goals.

Organisational Learning

Organisational Learning provides a platform of comprehensive blended learning and development to our employees as we inspire them, paving the way to sustain the Group's high-performance culture. The Group's learning and development efforts have been crystallised into a formal structure that is centred on the @theAcademy in Port Dickson, which caters to the learning needs of our staff Group-wide.

Learning and development initiatives in 2014 saw the Group in enforcement mode for our Learning Passports. The Learning Passports are provided to each employee to validate their completion of learning modules and in April 2014, a Learning Passport Audit Exercise was conducted. The audit exercise showed that 74% of audited companies complied with the audit criteria.

The Group has also made training and development a mandatory category under our Performance Management System (“PMS”). In tandem with the Learning Passport, which bears proof of training attended, the PMS places emphasis on the need for training and learning, including on-the-job training, and provides a platform for structured and documented learning. Under the PMS, the training and development category is given a weightage of 5%, with each employee required to fulfil mandatory training hours.

In the year under review, the Group recorded a 38% annual growth in training programmes conducted, pointing to a gradual increase in the take-up rate of training programmes. Programmes held as part of our annual training calendar during the year included in-house programmes conducted by internal trainers for PROTON, Glenmarie Properties Sdn. Bhd., Edaran Otomobil Nasional Berhad and DRB-HICOM EZ-Drive Sdn. Bhd. Internal expertise was also tapped to conduct highly customised core programmes such as Interpersonal Skills, Dynamic Presentation Skills, Vision, Mission and Values (“VMV”) and Decorum as well as Teaming for Excellence for HICOM-HONDA Manufacturing Malaysia Sdn. Bhd. (“HHMM”), DRB-HICOM EZ-Drive Sdn. Bhd. and Edaran Otomobil Nasional Berhad.

The VMV and Decorum Programme, introduced as a pilot in November 2013, was made mandatory in the training calendar for all Group companies following its launch during our Human Capital Conference in December 2014. Seven sessions of the programme have since been conducted in-house for CTRM, through which 100 employees were trained at each of the sessions.

Cost savings initiatives were also undertaken as part of learning and development efforts during the year. Under organisational learning, vendor procurement training programmes aimed at centralising vendors for the @theAcademy resulted in savings of 48%, while the

utilisation of internal trainers allowed the Group to record savings of 26%. The Group also undertook cost savings for the @theAcademy operations, which resulted in savings of 51%. The @theAcademy has also recorded a steady increase in revenue of 42% since its launch in 2012, and reported a 53% growth in its occupancy rate in FY2014/2015 from FY2013/2014.

Training Programmes conducted by Organisational Learning



High Team Dynamic, Outdoor Activities – Pos Malaysia



High Impact Discussion in Small and Large Group – CTRM



High Impact Presentation, Discussion, Brainstorming – VMV & DECORUM

118 Human Capital Development (Continued)

Growing Talent

The Group Human Capital division identified the following key strategies for Talent Management for FY2014/2015:

- i. Develop a robust leadership pipeline through succession planning.
- ii. Create high-skilled internal talent pools at all levels.
- iii. Implement a structured development plan to build individuals' readiness to achieve organisational role and personal objectives.

In view of these strategies, the following initiatives were embarked upon during the year:

- i. DRB-HICOM Top Talent Development Programme.
- ii. Succession Planning Exercise.
- iii. Executive Coaching Programme ("ECP").

The DRB-HICOM Top Talent Programme focuses on developing high performers who have been identified as possessing the potential to become future leaders. The one-year programme consists of leadership programmes, one-on-one coaching and projects. As at June 2015, 40 talents from Senior Manager to General Manager level have been identified under the Top Talent Programme.



DRB-HICOM Top Talent Development Programme – Batch 1

Succession Planning represented one of our major focuses in FY2014/2015. The exercise was aimed at ensuring an adequate pool of talent for business continuity and identifying second-liners. Under the exercise, pivotal positions at the Group level were determined, while a series of assessments were conducted to identify the potential successors for each position. Moving forward, a structured Individual

Development Plan ("IDP") will be developed for each potential successor.

Fourteen leaders underwent the Executive Coaching Programme in FY2014/2015. The year-long programme comprised one-on-one coaching sessions with an external coach and was aimed at preparing leaders for greater roles and responsibilities within the Group.

Ethics and Decorum

Ethical conduct represents an integral component of our corporate culture. This is reinforced by our Code of Business Ethics and Business Practice which provides clear guidelines for each of our representatives on acceptable and unacceptable behaviour when dealing with all our stakeholders.

The desired behaviours are further reinforced through our corporate culture which instils unity among employees across all our companies and subsidiaries, underlined by our seven value propositions which define our identity and what we expect of our Warga DRB-HICOM. These values are continuously emphasised at team-building sessions and other employee engagement initiatives.

Human Resources Management System

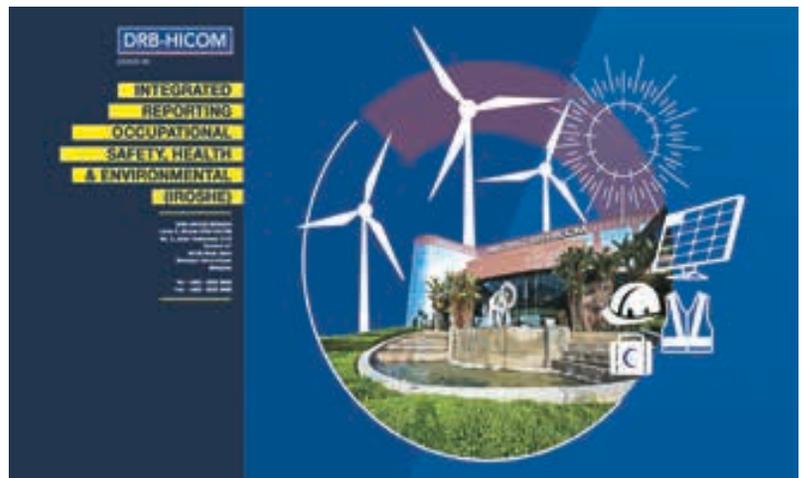
During the year, three of the Group's subsidiaries, KLAS, DHAS and HICOM University College, embarked on a new Human Resources Management System (HRMS). The system provides employees with access to their personal information and will enable them to manage their own employee benefits. At the same time, the system improves the coordination and management of the Group's human capital data and analytics. It is at the final stage of deployment, with the Performance Management module targeted to be rolled out to users by August 2015.

The Group plans to implement the second phase of the HRMS to the other Operating Companies by the fourth quarter of 2015.

Safety, Health and Environment

DRB-HICOM acknowledges our duty to ensure a safe and conducive work environment for all our employees and other stakeholders. We are committed to ensure the highest level of Safety, Health and Environment (“SHE”) in all our operations and have implemented a comprehensive framework of guidelines and procedures which supports our SHE efforts.

At the Group level, we have introduced an Integrated Reporting Occupational Safety, Health and Environment (“IROSHE”) System to collect data related to SHE for the purpose of analysing and monitoring. The IROSHE system will help in generating effective reports and analysis from the data collected. For the waste, energy and water consumption data of the Group's Companies and help to contribute to cost savings and generate profits from the waste management.



IROSHE Webpage

Human Capital Engagement

Employee engagement activities play an important role in promoting unity among our employees. Throughout FY2014/2015, the Group's companies continued to engage with employees through walkabouts, town hall and *teh-tarik* sessions to identify pressing matters and concerns.





PARTNERING COMMUNITIES

As a consumer-driven organisation, we are conscious of our role within society. We undertake various programmes to lend a helping hand to those in need. We support national initiatives to enhance the general well-being of society. We are also committed towards environmental sustainability and numerous other social causes.

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Corporate Responsibility

DRB-HICOM believes firmly that it owes a duty of care to the markets in which it operates. As one of Malaysia's leading conglomerates, we are aware that our business activities have a keen influence and impact in the marketplace, and we strive to ensure that our impact is positive overall. It is thus vital for us to exercise care in all that we do to ensure DRB-HICOM continues to represent a positive influence on the social landscape.

In exercising responsible corporate citizenship, we are conscious that value creation in our business transcends the bottom line. Our Corporate Responsibility (“CR”) activities are founded on the four pillars of Community, Marketplace, Workplace and the Environment in accordance with Bursa Malaysia’s guidelines. These four areas delineate the extent of the impact of our activities, and specify the audience to whom our CR activities are targeted. Our CR activities are therefore aimed at improving the wellbeing of those around us and the environment in which we operate to ensure a sustainable future for all.

It is this philosophy that guides DRB-HICOM as we strive to consider the needs of our people, industries, society and the environment in operating our various businesses. Anchored on the four pillars of CR, we have undertaken an integrated approach to making meaningful contributions both within the DRB-HICOM community and the public. We have also continued to expand our CR role by serving more aspects in each pillar.

From innovating new technologies, providing quality products and services to nurturing a pool of talent, greening the environment and giving back to the community, we seek to secure not only the sustainability of our business, but also of our society and surroundings.

Reaching Out to the Community

Aid Efforts for Natural Disasters

“Nobody can stop a natural disaster, we are the cause and we are the remedy.” – Santosh Kalwar

In the fourth quarter of 2014, the East Coast of Malaysia was hit by severe flooding, which caused millions of Ringgit of damage to both private and public property. Tens of thousands were forced to flee their homes as landslides and floodwaters destroyed buildings, roads, homes and offices. More than 100,000 people were evacuated at the height of the flood, making the 2014 floods the worst in the nation’s history.

To help those affected by the flood, the DRB-HICOM Group in conjunction with Yayasan Albukhary pledged a sum of RM5 million to provide basic necessities to flood-stricken areas. Our contribution were focused on providing school provisions (uniforms, socks, shoes, bags and stationery) to more than 20,000 school children and gas stoves to 10,000 families. To ensure the systemic distribution of our contribution, we worked closely with various Government bodies such as Majlis Keselamatan Negara, Jabatan Pendidikan Negeri and Majlis Agama Islam Kelantan to ensure timely delivery of the aid, which was transported to the identified areas via our logistics company KLB.

124 Corporate Responsibility (Continued)

In Pahang, DRB-HICOM Group played an active role in Pekan, where a Flood Action Committee (“FAC”) Centre was set-up in HAMM. The members of FAC comprising Isuzu HICOM, HAMM, DEFTECH, DHAS, PUSPAKOM, Pos Malaysia and Bank Muamalat worked together to provide assistance to the surrounding areas.

Our HICOM Handalan and 4WD vehicles were used to transport daily necessities to inaccessible areas while ICAM, located in Pekan, was deployed as a temporary shelter for more than 100 families affected by the floods. Tents and daily meals were provided to the families by our staff whilst waiting for floodwaters to recede. In an added effort to keep the families warm and feel welcomed, ICAM together with Jabatan Kebajikan Masyarakat organised a series of activities including talks and other programmes to bring the people together.

In addition to our direct contribution to the flood victims, we continued to support NGO efforts to provide flood relief. In FY2015, DRB-HICOM contributed RM250,000 to Mercy Malaysia to support their efforts in providing medical relief and other health-related activities in flood-stricken areas and RM100,000 to the Kelantan State Government to help fund victims in the state.

Education

“Education is the most powerful weapon we can use to change the world.” – Nelson Mandela

The value of education cannot be overstated. Education continues to be the best guarantee of a sustainable future for both students as well as for employers. Malaysia is presently facing a dearth of talent in key skill areas, which will be exacerbated by the increase in competition in the marketplace. The only sustainable solution to the talent gap is for us to increase the number of local talents to fill these positions, and we believe that education is a key enabler.



Moreover, we must also bear in mind that Malaysia is presently undergoing a transformation to move up the value chain. This means that there will be a growing demand for higher-skilled people as high-value jobs begin to replace low-skill jobs in the market. If Malaysians are to succeed in this new environment, they must be equipped with the necessary skills and education, thus placing even greater importance on the necessity of education.

To this end, DRB-HICOM established its very own ICAM to encourage our warga DRB-HICOM to pursue further studies and enhance their knowledge. This has been reinforced by the provision of scholarships from respective subsidiary companies to their staff to ensure that our workforce and the workforce of our subsidiaries are at the cutting-edge of automotive know-how.

Our Group also provides sponsorship of tuition fees for deserving financially challenged students because we believe that we have a duty to nurture local talent wherever it can be found. To ensure only eligible students receive the aid, a committee reviews applications and nominates only the most deserving.

In conjunction with the start of the 2015 school year, DRB-HICOM sponsored back-to-school aid for two orphanages, Pertubuhan Baitul Mahabah, Seremban, Negeri Sembilan and Raudhatul Al-Fareez, Gombak, Kuala Lumpur. The aim of these funds is to help less fortunate students with their school expenses such as books, uniforms and other school necessities. Our hope is that our contribution will make school expenses less of a burden for those most in need.

Public Engagement

Alam Flora

As the country's leading private waste disposal management specialist, DRB-HICOM's wholly-owned unit Alam Flora recognises that it has an obligation and duty to educate and raise general awareness about proper waste disposal and management methods. To enhance public awareness on environmental issues, Alam Flora conducted engagement sessions with various residents' committees and schools in Kuala Lumpur and Putrajaya to help them understand the impact of their waste disposal habits on the environment such as separating hazardous waste from regular waste.

Alam Flora also led the line in encouraging the public to work together, through 'gotong-royong' sessions, to maintain the cleanliness of their housing estates and other public areas. These sessions were also held in Bukit Bintang and Petaling Street, which are key tourist attractions.



Bank Muamalat

In fulfilling its role to engage with the Muslim community, Bank Muamalat sponsored and co-organised six episodes of the Forum Perdana Ehwat Islam programme aired live on RTM TV1. Forum Perdana Ehwat Islam is a discussion-based programme focused on general Islamic knowledge as it pertains to contemporary issues including Islamic Financing. Through this programme, Bank Muamalat hopes to enhance the level of general knowledge in the community, particularly with respect to developments that have a specific impact on the Islamic faith.

Feeding the Less-Privileged

DRB-HICOM is aware of its responsibility to the less-fortunate in society, and believes that it has a duty to help restore some parity through charitable efforts. In this spirit, DRB-HICOM, together with its subsidiaries PROTON and Bank Muamalat, prepared and delivered meals for the 1Charity Soup Kitchen. The 1Charity Soup Kitchen plays an important role in helping the homeless not only in terms of ensuring they have a hot meal, but that they receive the necessary counselling and referrals for long-term care.

DRB-HICOM contributed a total of RM20,000 towards 1Charity, while PROTON sponsored a PROTON Exora to help the organisation carry out its charitable mission. Meanwhile, Bank Muamalat made its branch in Jalan Melaka, Kuala Lumpur available to the charity as a distribution point for its meals.



126 Corporate Responsibility (Continued)



Contributing to the Marketplace

Culture and Arts

DRB-HICOM is a proud patron of the arts as we believe that it plays an important role as a cultural expression of our heritage. We have been a long-time supporter of the theatrical industry, and we continued to do so in FY2015 through the sponsorship of two plays: P. Ramlee The Musical Season 2 and Seussical – The Broadway Musical.

The total value of our sponsorship came up to RM320,751 in the past year, and saw us purchase seats for less-fortunate children from welfare homes. Children from Rumah Bakti Nursyaheera, Chempaka Welfare Homes, Pusat Penjagaan Siddharthan and Rumah Suci Rohani were given the opportunity to watch the shows through our sponsorship programmes.

Vehicle Safety

DRB-HICOM's unit PUSPAKOM plays an important role in ensuring that commercial vehicles meet minimum standards of safety, but we believe that we also have a role to play in ensuring that passenger vehicles meet similar standards. To that end, PUSPAKOM conducted free vehicle checks during the Chinese New Year and Hari Raya festive seasons to ensure vehicles were roadworthy for the *balik kampung* out of the city. The inspection covered comprehensive eight-point checks including identification check, emission test, side-slip test, above and undercarriage check, brake test, suspension test and tinted glass test. Our hope is that these free checks will raise the general level of public awareness about the need for vehicle checks as safe vehicles prevent accidents and save lives.

For the Love of Our Environment

“The only way forward, if we are going to improve the quality of the environment, is to get everybody involved.” – Richard Rogers

DRB-HICOM is keenly aware of its duty to care for the environment. The degradation of the environment remains the single largest threat to the long-term survivability of not only us, but our species as a whole, and hence we believe that we must contribute our part to mitigate our footprint as much as possible. A large part of this involves raising public awareness, and we are committed to doing our part through our units and other means.



Environment

“He that plants trees loves others beside himself.” – Thomas Fuller

With the aim of inculcating the spirit of patriotism and appreciation of nature, DRB-HICOM sponsored national solo climber Mohd Noor Mat Amin in his record-breaking climbing expedition up Mount Kinabalu known as 'Mission 57H57Y', in which he scaled the mountain four times in a span of 57 hours non-stop from 22-24 August 2014. The aim of this sponsorship programme is to raise awareness of the natural beauty of our Malaysian countryside, and to encourage others to participate in environmental conservation.

Malaysia is home to unique flora and fauna, and will depend on the continued conservation efforts through the years to prevent extinction. In part, this means inculcating the right attitudes in our future generation, and hence we sponsored an expedition in December 2014 for 30 orphans to experience nature for themselves.

Reduce, Reuse, Recycle (3R)

“The more we recycle, the less we need to mine.” – *Wilfred Visser*

As a responsible corporate citizen, environmental awareness at DRB-HICOM starts at home. Together with Alam Flora, we organised the Environmental Awareness Programme featuring a host of fun-filled activities to raise awareness on recycling amongst warga DRB-HICOM. On the same day, we re-launched the use of 3R bins around Wisma DRB-HICOM.

Alam Flora champions the 3R Programme by raising awareness and implementation of programmes. Awareness programmes were held in various housing areas, Government offices, schools and NGOs, with initiatives held jointly with stakeholders including DBKL, Setia Wangsa Housing Estate and Sekolah Menengah Kebangsaan Sulaiman in Bentong, Pahang.

To ensure the implementation of the 3R Programme among students, Alam Flora donated collection boxes to schools in Putrajaya. Alam Flora also established the Cyberview Recycling Centre to further enhance 3R acceptance amongst the Cyberview community.

DRB-HICOM in conjunction with DHES conducted an awareness campaign in the Baitul Barakah Mawabbah orphanage in Sepang to educate the children on the importance of recycling.

Adoption

“Saving one animal won’t change the world, but it will change the world for that one animal.”

– *Vicki Davis*

DRB-HICOM has been a sponsor and participant of Zoo Negara’s conservation programme through animal adoption and volunteer participation since 2013. We continued to extend our support of the Zoo in FY2015, when PUSPAKOM adopted a Red-legged Pademelon, a species of wallaby found in Australia and New Guinea while DRB-HICOM adopted an orangutan named Kathy and our total contribution to Zoo Negara was RM22,500.



128 Corporate Responsibility (Continued)

Workplace

“Ability is what you are capable of doing, Motivation determines what you do, Attitude determines how well you do it.” – Lou Holtz

Our Warga are our greatest asset and their welfare is of utmost importance to us. Not just our employees, our Warga DRB-HICOM also comprises our employees' families. In promoting harmony at the workplace, DRB-HICOM Group continued to organise family days during the year to strengthen the bond among staff and family members.



Education

Underscoring the importance we place on education, DRB-HICOM continued its long-standing programme designed to reward and incentivise the children of our employees to excel in their studies. In FY2015, a total of 196 Warga DRB-HICOM children who sat for the PT3, SPM and STPM examinations received the award for high achievers. Additionally, for the first time, DRB-HICOM provided financial aid to selected Warga DRB-HICOM for the 2015 school term.

In meeting our commitment to the continuous and sustained learning of our workforce, we established the DRB-HICOM Learning Centre this past financial year. The DRB-HICOM Learning Centre was developed with a specific goal in mind, namely to create a platform for the continued learning and development of our staff in line with the Group's direction.



Sahabat DRB-HICOM

Sahabat DRB-HICOM is our very own volunteer programme designed as a platform to encourage our Warga to be sensitive to community needs through social work with various charities and organisations. We believe that a well-developed sense of social responsibility should be a core trait of all our staff, and hence we hope that the creation of a dedicated platform such as Sahabat DRB-HICOM will encourage and inculcate the spirit of volunteerism in our Warga. To date, we have joined forces with 150 Sahabat and have conducted eight programmes.

Safety & Health Campaign

Our staff's well-being is a foremost concern for DRB-HICOM, and hence we have committed ourselves to encourage them to not take their health for granted. This ranges from personal care to operational health and safety, the latter of which is key for our businesses that include activities in industrial environments.

Various campaigns were organised during DRB-HICOM Health & Safety Week in April 2014 to help improve the wellbeing of our employees. Throughout the week, talks on road safety, diet and nutrition and basic safety and driving were held. Following the success of the Health & Safety Week, PUSPAKOM organised a similar programme for its Warga.

Directors' Report and Financial Statements

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130 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 2015.

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. 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	385,148	128,450
Attributable to:		
Owners of the Company	300,287	114,049
Holders of Perpetual Sukuk	14,401	14,401
Non-controlling interest	70,460	–
	385,148	128,450

Dividends

Dividends paid by the Company since 31 March 2014 were as follows:

	RM'000
In respect of the financial year ended 31 March 2014:	
Single tier final dividend of 4.5 sen per share paid on 30 October 2014	86,996
In respect of the financial year ended 31 March 2015:	
Single tier interim dividend of 1.5 sen per share paid on 28 April 2015	28,999
Total dividends paid	115,995

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 2015, 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 59 and 60 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)
Brig. Gen. (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	(Group Managing Director)
Tan Sri Marzuki bin Mohd Noor	
Dato' Noorrizan binti Shafie	
Dato' Ibrahim bin Taib	
Datuk Haji Abdul Rahman bin Mohd Ramli	
Datuk Ooi Teik Huat	
Ong Ie Cheong	

Directors' Interests

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

	Number of ordinary shares of RM1.00 each			
	As at 1 April 2014	Acquired	Disposed	As at 31 March 2015
<u>Holding Company</u>				
<u>Direct interest</u>				
Brig. Gen. (K) 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.



132 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 le Cheong	(Independent Non-Executive Director)

Statutory Information on the Financial Statements

Before the statements of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise 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.

Statutory Information on the Financial Statements (Continued)

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.

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

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

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

In the opinion of the Directors:

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

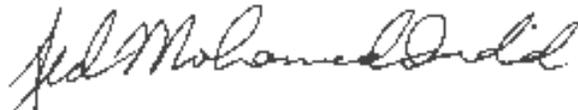
Holding Company

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 9 July 2015.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



BRIG. GEN. (K) TAN SRI DATO' SRI HAJI MOHD KHAMIL BIN JAMIL
Group Managing Director

134 Statements of Comprehensive Income

For the Financial Year Ended 31 March 2015

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Revenue	4	13,687,839	14,200,742	305,198	707,882
Cost of sales	5	(11,728,480)	(11,534,003)	-	-
Gross profit		1,959,359	2,666,739	305,198	707,882
Other income					
- gain on bargain purchase arising from acquisition of a subsidiary company	52(ii)(f)	-	118,267	-	-
- gain on disposal of subsidiary companies	53(i) (a)&(b)/ (iii)(a)	97,424	83,069	-	-
- others		457,642	524,815	27,294	5,810
Selling and distribution costs		(462,679)	(483,974)	-	-
Administrative expenses		(1,344,450)	(1,684,731)	(32,530)	(29,443)
Other expenses		(114,398)	(231,671)	(10,785)	(4,741)
Finance costs	9	(392,054)	(368,585)	(162,719)	(188,149)
Share of results of jointly controlled entities (net of tax)	19(d)	26,781	35,485	-	-
Share of results of associated companies (net of tax)	20(h)	274,586	142,327	-	-
Profit before taxation	6	502,211	801,741	126,458	491,359
Taxation	10	(117,063)	(151,471)	1,992	(45,022)
Net profit for the financial year		385,148	650,270	128,450	446,337
Other comprehensive income/(loss)					
<u>Items that will not be reclassified to profit or loss:</u>					
(Loss)/gain on valuation of post-employment benefit obligations		(4,641)	6,221	-	-
Fair value adjustment on properties, plant and equipment and prepaid lease properties		15,147	2,315	-	-
<u>Items that will be reclassified subsequently to profit or loss:</u>					
Net gain/(loss) on fair value changes of investment securities: available-for-sale		19,902	(8,796)	-	-
Currency translation differences of foreign subsidiary companies		(2,335)	(112,018)	-	-
Share of other comprehensive income of an associated company		-	77	-	-

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
<u>Reclassification adjustments:</u>					
Gain/(loss) on fair value changes of securities: available-for-sale					
		789	(8,958)	-	-
		-	2,217	-	-
Other comprehensive income/(loss) for the financial year (net of tax)					
		28,862	(118,942)	-	-
Total comprehensive income for the financial year					
		414,010	531,328	128,450	446,337
Net profit for the financial year attributable to:					
		300,287	462,169	114,049	446,337
		14,401	-	14,401	-
		70,460	188,101	-	-
		385,148	650,270	128,450	446,337
Total comprehensive income for the financial year attributable to:					
		318,023	351,856	114,049	446,337
		14,401	-	14,401	-
		81,586	179,472	-	-
		414,010	531,328	128,450	446,337
Basic earnings per share (sen)	12	15.53	23.91		

136 Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 RM'000	2014 (Restated) RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	13	5,562,954	5,605,728
Concession assets	14	230,651	242,139
Prepaid lease properties	15	53,412	58,070
Investment properties	16	560,325	540,505
Land held for property development	17(a)	728,086	733,306
Jointly controlled entities	19	390,252	413,371
Associated companies	20	1,307,016	1,226,189
Intangible assets	21	1,392,565	1,106,909
Deferred tax assets	22	123,588	219,773
Investment securities: financial assets at fair value through profit or loss	23(a)		
– Banking		118,657	98,710
Investment securities: available-for-sale	23(b)		
– Banking		5,411,269	5,608,740
– Non-banking		46,238	131,031
Investment securities: held-to-maturity	23(c)		
– Banking		139,042	–
– Non-banking		–	45,569
Trade and other receivables	29	155,336	378,359
Other assets	24	509	633
Banking related assets			
– Financing of customers	25	10,259,671	8,410,371
– Statutory deposits with Bank Negara Malaysia	26	757,721	648,721
		27,237,292	25,468,124

		2015	2014
	Note	RM'000	(Restated) RM'000
Current Assets			
Assets held for sale	27	63,405	5,799
Inventories	28	2,364,414	2,038,213
Property development costs	17(b)	320,695	257,711
Trade and other receivables	29	4,321,091	3,749,070
Reinsurance assets	42	–	211,478
Tax recoverable		266,422	81,093
Investment securities: available-for-sale	23(b)		
– Banking		1,024,210	456,507
– Non-banking		–	982
Investment securities: held-to-maturity	23(c)		
– Non-banking		–	41,263
Banking related assets			
– Cash and short-term funds	32	1,226,944	1,087,047
– Financing of customers	25	2,998,566	3,287,185
Short term deposits	30	1,872,889	2,356,570
Cash and bank balances	31	588,519	691,184
Derivative assets	33	74,975	20,796
		15,122,130	14,284,898
Total Assets		42,359,422	39,753,022

138 Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 RM'000	2014 (Restated) RM'000
Equity and Liabilities			
Equity			
Share capital	34	1,719,601	1,719,601
Reserves		5,850,985	5,591,882
Equity attributable to owners of the Company		7,570,586	7,311,483
Perpetual Sukuk	35	822,291	–
Non-controlling interest		959,290	1,200,065
Total Equity		9,352,167	8,511,548
Non-Current Liabilities			
Deferred income	36	139,509	103,660
Long term borrowings	37	4,832,149	5,359,595
Provision for liabilities and charges	38	3,110	1,807
Provision for concession assets	39	74,574	43,742
Post-employment benefit obligations	40	34,791	33,099
Deferred tax liabilities	22	91,292	76,945
Banking related liabilities			
– Deposits from customers	41	51,826	45,976
		5,227,251	5,664,824
Current Liabilities			
General insurance contract liabilities	42	–	691,616
Deferred income	36	50,869	58,445
Trade and other payables	43	5,960,620	5,290,502
Provision for liabilities and charges	38	195,653	182,843
Provision for concession assets	39	17,557	27,281
Bank borrowings	44		
– Bank overdrafts		21,835	14,806
– Others		2,065,779	1,764,843
Current tax liabilities		35,084	43,868
Banking related liabilities			
– Deposits from customers	41	18,870,198	17,260,467
– Deposits and placements of banks and other financial institutions	45	408,836	101,074
– Bills and acceptances payable	46	67,723	105,004
Derivative liabilities	33	56,851	6,902
Dividend payable		28,999	28,999
		27,780,004	25,576,650
Total Liabilities		33,007,255	31,241,474
Total Equity and Liabilities		42,359,422	39,753,022

The notes set out on pages 147 to 298 form an integral part of the financial statements

Company Statement of Financial Position

139

As at 31 March 2015

	Note	2015 RM'000	2014 RM'000
Assets			
Non-Current Assets			
Property, plant and equipment	13	623	896
Investment properties	16	144,316	151,400
Subsidiary companies	18	8,485,228	7,465,374
Jointly controlled entities	19	4,686	9,800
Associated companies	20	676,970	676,970
		9,311,823	8,304,440
Current Assets			
Trade and other receivables	29	693,751	997,271
Tax recoverable		42,743	40,192
Short term deposits	30	384,218	221,780
Cash and bank balances	31	1,914	2,807
		1,122,626	1,262,050
Total Assets		10,434,449	9,566,490
Equity and Liabilities			
Equity			
Share capital	34	1,719,601	1,719,601
Reserves		4,257,623	4,259,569
Equity attributable to owners of the Company		5,977,224	5,979,170
Perpetual Sukuk	35	822,291	–
Total Equity		6,799,515	5,979,170
Non-Current Liabilities			
Long term borrowings	37	2,331,091	2,584,302
Deferred tax liabilities	22	2,100	2,769
		2,333,191	2,587,071
Current Liabilities			
Trade and other payables	43	956,746	614,010
Bank borrowings – Others	44	315,998	357,240
Dividend payable		28,999	28,999
		1,301,743	1,000,249
Total Liabilities		3,634,934	3,587,320
Total Equity and Liabilities		10,434,449	9,566,490

The notes set out on pages 147 to 298 form an integral part of the financial statements

140 Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 March 2015

Note	Issued and fully paid ordinary shares		Non-distributable					Equity attributable to owners of the Company			Total RM'000
	Number of shares ('000)	Nominal value (Note 34) RM'000	Share Premium (Note 47) RM'000	Merger Reserve (Note 48) RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves (Note 49) RM'000	Retained Earnings RM'000	Perpetual Sukuk (Note 35) RM'000	Non-controlling Interest RM'000	
At 1 April 2014	1,933,237	1,719,601	20,701	911,016	(89,405)	(15,440)	271,832	4,487,828	-	1,199,852	8,505,985
Prior years' adjustments	-	-	-	-	-	-	-	5,350	-	213	5,563
As restated	1,933,237	1,719,601	20,701	911,016	(89,405)	(15,440)	271,832	4,493,178	-	1,200,065	8,511,548
Total comprehensive income for the financial year	-	-	-	-	(2,902)	14,626	6,012	300,287	14,401	81,586	414,010
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	807,890	-	807,890
Transactions with owners	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in shareholding in subsidiary companies	-	-	-	-	-	-	(639)	(4,662)	-	(13,882)	(19,083)
Disposal of subsidiary companies	-	-	-	89,023	-	-	18,047	(44,821)	-	(157,490)	(95,241)
Subscription of redeemable preference shares in a subsidiary company by non-controlling interest	-	-	-	-	(222)	-	222	-	-	3,530	3,530
Subscription of ordinary shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	27	-	1,975	2,002
Transfer of a subsidiary company's reserves	-	-	-	-	-	-	-	(29,114)	-	-	(29,114)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(66,996)	-	-	(66,996)
Final dividend in respect of financial year ended 31 March 2014	-	-	-	-	-	-	-	(28,999)	-	-	(28,999)
Interim dividend in respect of financial year ended 31 March 2015	-	-	-	-	-	-	-	(28,999)	-	-	(28,999)
At 31 March 2015	1,933,237	1,719,601	20,701	1,000,039	(92,529)	(814)	324,688	4,598,900	822,291	969,290	9,352,167

Note	Issued and fully paid ordinary shares			Non-distributable					Equity attributable to owners of the Company			Total RM'000
	Number of shares ('000)	Nominal value (Note 34) RM'000	Share Premium (Note 47) RM'000	Merger Reserve (Note 48) RM'000	Currency Translation Differences RM'000	Available-for-sale Reserve RM'000	Other Reserves (Note 49) RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non-controlling Interest RM'000		
At 1 April 2013	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 income for the financial year	-	-	-	-	(111,670)	(9,473)	10,830	462,169	351,856	179,472	531,328	
Transactions with owners												
Effect of changes in shareholdings in subsidiary companies	-	-	-	-	-	-	-	4,955	4,955	(4,737)	218	
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	(3,574)	(3,574)	
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	11	-	-	-	-	-	-	(84,579)	(84,579)	-	(84,579)	
Interim dividend in respect of financial year ended 31 March 2014	11	-	-	-	-	-	-	(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	4,493,178	7,311,483	1,200,065	8,511,548	

The notes set out on pages 147 to 288 form an integral part of the financial statements

142 Company Statement of Changes in Equity

For the Financial Year Ended 31 March 2015

	Issued and fully paid ordinary shares		Non-distributable		Distributable		Equity attributable to owners of the Company		Perpetual Sukuk (Note 35) RM'000	Total RM'000
	Number of shares (Note 34) '000	Nominal value (Note 34) RM'000	Share Premium (Note 47) RM'000	Merger Reserve (Note 48) RM'000	Retained Earnings (Note 51) RM'000	Equity attributable to owners of the Company RM'000	Equity attributable to owners of the Company RM'000			
2015										
At 1 April 2014	1,933,237	1,719,601	20,701	2,318,321	1,920,547	5,979,170	-	-	5,979,170	
Total comprehensive income for the financial year	-	-	-	-	114,049	114,049	14,401	807,890	128,450	
Net issuance of Perpetual Sukuk	-	-	-	-	-	-	-	807,890	807,890	
Transactions with owners										
Final dividend in respect of financial year ended 31 March 2014	-	-	-	-	(86,996)	(86,996)	-	-	(86,996)	
Interim dividend in respect of financial year ended 31 March 2015	-	-	-	-	(28,999)	(28,999)	-	-	(28,999)	
At 31 March 2015	1,933,237	1,719,601	20,701	2,318,321	1,918,601	5,977,224	822,291	6,799,515		
2014										
At 1 April 2013	1,933,237	1,719,601	20,701	2,318,321	1,587,788	5,646,411	-	-	5,646,411	
Total comprehensive income for the financial year	-	-	-	-	446,337	446,337	-	-	446,337	
Transactions with owners										
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	2,318,321	1,920,547	5,979,170	-	-	5,979,170	

The notes set out on pages 147 to 298 form an integral part of the financial statements

Statements of Cash Flows

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For the Financial Year Ended 31 March 2015

	Group		Company	
	2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Cash Flows From Operating Activities				
Net profit for the financial year	385,148	650,270	128,450	446,337
Adjustments for non-cash items:				
Allowance for investment securities and financing of customers (net)	100,454	16,254	-	-
Amortisation of				
- concession assets	11,488	11,417	-	-
- intangible assets	131,083	160,818	-	-
- prepaid lease properties	1,499	615	-	-
Depreciation of property, plant and equipment	532,997	570,485	273	354
Doubtful debts (net of write backs)	11,725	31,985	-	-
Finance costs	392,054	368,585	162,719	188,149
Impairment loss of/(reversal of impairment loss)				
- intangible assets	1,937	35,032	-	-
- investment in an associated company	-	7,293	-	-
- land held for property development	(22,147)	-	-	-
- property, plant and equipment	1,497	3,138	-	-
Inventories written off/down (net of write backs)	12,274	851	-	-
Loss on fair value adjustments of investment securities: financial assets at fair value through profit or loss	-	358	-	-
Loss/(gain) on dilution of shares in a jointly controlled entity	20	-	(15,342)	-
Loss on disposal of intangible assets	-	17	-	-
Provision for concession assets	25,892	23,443	-	-
Provision for liabilities and charges (net)	41,426	80,449	-	-
Taxation	117,063	151,471	(1,992)	45,022
Write off of property, plant and equipment	4,539	6,761	-	-
Amortisation of deferred income	(59)	(3,499)	-	-
Dividend income (gross)	-	(277)	(283,166)	(691,630)
Gain on disposal of				
- assets held for sale	(46)	(599)	-	-
- associated companies	-	(3,832)	-	-
- concession assets	-	(930)	-	-
- investment properties	-	(16)	-	-
- investment securities: available-for-sale	(10,928)	(12,590)	-	-
- investment securities: financial assets at fair value through profit or loss	(4,420)	(7,604)	-	-
- property, plant and equipment	(2,464)	(15,692)	-	-
- subsidiary companies	(97,424)	(83,069)	-	-
(Gain)/loss on fair value adjustments of investment properties	(892)	(15,007)	8,377	3,841
Gain on bargain purchase arising from acquisition of a subsidiary company	-	(118,267)	-	-
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities	-	(773)	-	-

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Statements of
Cash Flows

For the Financial Year Ended 31 March 2015

	Group		Company	
	2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Cash Flows From Operating Activities (Continued)				
Interest income	(65,132)	(101,400)	(17,830)	(7,532)
Marked to market gain on derivatives (net)	(4,230)	(28,561)	-	-
Reversal of impairment loss of investment securities: available-for-sale (net)	(21,934)	(1,148)	-	-
Unrealised foreign exchange differences (net)	(21,627)	(37,851)	-	-
Share of results of jointly controlled entities (net of tax)	(26,781)	(35,485)	-	-
Share of results of associated companies (net of tax)	(274,586)	(142,327)	-	-
Cash inflow/(outflow) before working capital changes	1,218,426	1,510,315	(18,511)	(15,459)
Amounts due from customers on contracts	437,689	(4,066)	-	-
General insurance contract liabilities	17,960	(84,583)	-	-
Inter-company balances	(44,083)	(34,467)	(586,192)	(43,357)
Inventories	(342,247)	173,016	-	-
Property development costs	(36,166)	250,544	-	-
Trade and other receivables	(892,206)	363,148	(8,471)	5,192
Trade and other payables	801,762	(434,982)	298	(9,342)
Financing of customers	(1,636,266)	(1,610,554)	-	-
Statutory deposits with Bank Negara Malaysia	(109,000)	(36,000)	-	-
Deposits from customers	1,615,581	(1,266,675)	-	-
Deposits and placements of banks and other financial institutions	307,762	90,300	-	-
Bills and acceptances payable	(37,281)	(27,746)	-	-
Recourse obligation on financing sold to Cagamas	-	(61,679)	-	-
Net cash inflow/(outflow) from operations	1,301,931	(1,173,429)	(612,876)	(62,966)
Interest received	69,226	96,049	9,302	4,915
Dividend received from				
- subsidiary companies	-	-	152,454	526,859
- jointly controlled entities	23,600	24,009	2,744	2,450
- associated companies	141,851	65,124	127,968	50,300
- other investments	-	277	-	-
Finance costs paid	(394,551)	(292,378)	(161,923)	(176,897)
Taxation paid (net of refunds)	(213,018)	(80,880)	(1,227)	49,932
Provision for liabilities and charges paid	(67,692)	(132,965)	-	-
Deferred income received	63,671	45,780	-	-
Deferred capital grants utilised	(15,652)	(13,768)	-	-
Post-employment benefit obligations paid	(18,967)	(24,638)	-	-
Provision for concession assets paid	(7,255)	(62,195)	-	-
Net cash inflow/(outflow) from operating activities	883,144	(1,549,014)	(483,558)	394,593

	Group		Company	
	2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Cash Flows From Investing Activities				
Acquisition of investment securities by insurance subsidiary companies	-	(496,993)	-	-
Acquisition of investment securities by a banking subsidiary company	(11,133,124)	(7,748,235)	-	-
Acquisition of additional shares in subsidiary companies	(19,083)	(3,375)	-	(138,500)
Additional investment in an associated company	(2,100)	(1,400)	-	-
Additional cost incurred for land held for property development	(941)	(2,285)	-	-
Net cash outflow from acquisition of subsidiary companies	(78,436)	(440,592)	-	-
Net cash (outflow)/inflow from disposal of subsidiary companies	(273,437)	29,205	-	-
Proceeds from disposal of a jointly controlled entity/associated companies	20,456	35,407	20,456	-
Proceeds from disposal/maturity of investment securities by insurance subsidiary companies	35	480,024	-	-
Proceeds from disposal of investment securities by a banking subsidiary company	10,425,816	6,334,414	-	-
Proceeds from disposal of property, plant and equipment/assets held for sale	21,055	27,486	-	-
Purchase of property, plant and equipment/ investment properties/intangible assets	(900,033)	(958,594)	(1,175)	(1,528)
Redemption of preference shares by a jointly controlled entity	5,000	5,000	-	-
Redemption of available-for-sale securities by a banking subsidiary company	234,748	1,824,425	-	-
Subscription of ordinary shares in a subsidiary company by non-controlling interest	2,002	58,500	-	-
Net cash (outflow)/inflow from investing activities	(1,698,042)	(857,013)	19,281	(140,028)
Cash Flows From Financing Activities				
Dividends paid to non-controlling interest	(156,494)	(312,877)	-	-
Dividends paid to shareholders	(115,994)	(106,328)	(115,995)	(106,328)
Fixed deposits held as security/maintained as sinking fund	(235,694)	(204,354)	-	-
Net proceeds from issuance of Perpetual Sukuk	807,890	-	807,890	-
Proceeds from bank borrowings	4,421,967	5,750,773	-	-
Repayment of borrowings/hire purchase and finance leases	(4,652,775)	(5,392,617)	(295,427)	(477,213)
Loans from subsidiary companies (net of repayment)	-	-	229,354	443,129
Net cash inflow/(outflow) from financing activities	68,900	(265,403)	625,822	(140,412)

146 Statements of Cash Flows

For the Financial Year Ended 31 March 2015

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Net (Decrease)/Increase In Cash and Cash Equivalents		(745,998)	(2,671,430)	161,545	114,153
Effects of foreign currency translation		57,933	(28,269)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,278,336	5,978,035	224,587	110,434
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		2,590,271	3,278,336	386,132	224,587
(a) Cash and cash equivalents at end of the financial year comprise the following:					
Short term deposits		1,872,889	2,356,570	384,218	221,780
Cash and bank balances		588,519	691,184	1,914	2,807
Cash and short-term funds of a banking subsidiary company		1,226,944	1,087,047	-	-
Bank overdrafts		(21,835)	(14,806)	-	-
		3,666,517	4,119,995	386,132	224,587
Less: Fixed deposits held as security/sinking fund	30(b)	(1,058,204)	(822,510)	-	-
Less: Bank balance in respect of Automotive Development Fund		(18,042)	(19,149)	-	-
		2,590,271	3,278,336	386,132	224,587
(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					
		14,129	22,545	118	1,155

The notes set out on pages 147 to 298 form an integral part of the financial statements

Notes to the Financial Statements

– 31 March 2015

1 Corporate Information

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. The principal activities of the subsidiary companies, jointly controlled entities and associated companies are described in Note 3. 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 58.

The comparatives for 31 March 2014 have been restated with adjustments arising from the completion of the purchase price allocation exercises as disclosed in Note 52(ii).



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– 31 March 2015

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:

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
IC Interpretation 21	Levies
Annual improvements to FRSs 2010 – 2012 Cycle	
Annual improvements to FRSs 2011 – 2013 Cycle	

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.

(ii) Adoption of Malaysian Financial Reporting Standards Framework (“MFRS”)

The Malaysian Accounting Standards Board, on 2 September 2014, has announced the effective date for Transitioning Entities to apply the MFRS Framework beginning on or after 1 January 2017. Therefore, the Group as a transitioning entity will have to adopt the MFRS Framework for annual periods beginning on or after 1 January 2017.

2 Summary of Significant Accounting Policies (Continued)

2.3 Impact of new MASB pronouncements

The Group and the Company has not adopted the following published standards that are applicable to the Group and to the Company beginning on or after 1 April 2015.

FRS 9	Financial Instruments
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 – 2014 Cycle	

The Group and the Company is currently assessing the impact of the adoption and application of the above amendments.

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 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.
- (ii) Potential voting rights are considered when assessing control only when such rights are substantive.
- (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.

The Group's subsidiary companies are listed in Note 3.

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– 31 March 2015

2 Summary of Significant Accounting Policies (Continued)

2.4 Basis of consolidation (Continued)

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 at 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 profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings.

The total assets and liabilities of subsidiary companies are included in the consolidated 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 owners. Gains and losses resulting from disposal of shares in subsidiary companies to non-controlling interest are recognised in equity. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recognised as equity.

2.6 Jointly controlled entities

A jointly controlled entity is an enterprise which is neither a subsidiary company nor an associated company of the Group but over which there is a contractually agreed sharing of control by the Group with one or more parties over the strategic operating, investing and financial policy decisions. The decisions require the unanimous consent of the parties sharing control and 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 financial statements of the jointly controlled entities used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. When the reporting dates of the Group and a jointly controlled entity are different, the jointly controlled entity is required to prepare additional financial statements as of the same date as that of the Group for consolidation purposes.

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.

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.

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– 31 March 2015

2 Summary of Significant Accounting Policies (Continued)

2.8 Investments in subsidiary companies, jointly controlled entities and associated companies

Investments in subsidiary companies, jointly controlled entities and associated companies are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

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

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 unless they are designated as effective hedging instruments as defined by FRS139) 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 are subsequently measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2 Summary of Significant Accounting Policies (Continued)

2.9 Financial assets (Continued)

(ii) Loans and receivables (Continued)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. 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 subsequently 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's 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

– 31 March 2015

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.

2 Summary of Significant Accounting Policies (Continued)

2.10 Impairment of financial assets (Continued)

(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.

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) 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 2015

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 profit or loss 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 Other assets

Other assets represent transferable corporate memberships in golf and country clubs. The golf membership acquired is measured initially at cost. Following initial recognition, it is measured at cost less any accumulated impairment losses. Gain or loss arising from disposal of the golf membership is measured as the difference between the net disposal proceeds and the carrying amount and is recognised in profit or loss.

2 Summary of Significant Accounting Policies (Continued)

2.15 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 profit or loss 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 profit or loss.

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:

Leasehold land	16 – 910 years
Buildings, golf course and improvements	3 – 98 years
Plant and machinery	3 – 30 years
Motor vehicles	2 – 10 years
Office equipment	2 – 10 years
Furniture and fittings	2 – 20 years

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

2.16 Concession assets

Concession assets arise from the right to charge users of the public services and are 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 profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements

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2 Summary of Significant Accounting Policies (Continued)

2.17 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.

2.18 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 profit or loss.

Goodwill arising on the acquisition of subsidiary companies is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in which it operates.

Goodwill on acquisitions of jointly controlled entities and associated companies is included in investment in jointly controlled entities and associated companies respectively. Such goodwill is tested for impairment as part of the overall carrying amount.

2 Summary of Significant Accounting Policies (Continued)

2.19 Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. Following initial recognition, 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 profit or loss 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) 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.



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2 Summary of Significant Accounting Policies (Continued)

2.19 Intangible assets other than goodwill (Continued)

(iii) Research and development cost (Continued)

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.

(iv) 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 profit or loss in the financial year in which they are incurred.

2.20 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.

2 Summary of Significant Accounting Policies (Continued)

2.20 Property development activities (Continued)

(i) Land held for property development (Continued)

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 profit or loss.

(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 the lower of cost and net realisable value. Where revenue recognised in profit or loss 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 are recognised in accordance with the terms of the sale and purchase agreements.

Notes to the Financial Statements

– 31 March 2015

2 Summary of Significant Accounting Policies (Continued)

2.21 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.

2.22 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.

2 Summary of Significant Accounting Policies (Continued)

2.22 Reinsurance (Continued)

Gains or losses on buying reinsurance are recognised in profit or loss immediately at the date of purchase and are not amortised.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsurer 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 reinsurer. Investment income on these contracts is accounted for using the effective yield method when accrued.

2.23 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.

2.24 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.

Notes to the Financial Statements

– 31 March 2015

2 Summary of Significant Accounting Policies (Continued)

2.24 Income taxes (Continued)

(ii) Deferred tax (Continued)

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

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 profit or loss, 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.

2.25 Share capital

(i) Classification

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the reporting date. Dividends proposed after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date. Upon the dividend becoming payable, it will be accounted for as a liability.

2 Summary of Significant Accounting Policies (Continued)

2.26 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 the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the repayment period of the borrowings.

(ii) Capitalisation of borrowing cost

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are recognised in profit or loss in the period they are incurred.

2.27 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 resulting 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 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.

Notes to the Financial Statements

– 31 March 2015

2 Summary of Significant Accounting Policies (Continued)

2.27 Financial liabilities (Continued)

(ii) Other financial liabilities (Continued)

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.

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.

2.28 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.

2.29 Provisions

(i) Warranty and sales returns

A provision is made for the estimated liability on all products 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 the historical data of service and sales returns.

2 Summary of Significant Accounting Policies (Continued)

2.29 Provisions (Continued)

(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 such 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 the Service Concession Agreement.

(iv) Claims liabilities in relation to a general insurance subsidiary company

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

2.30 Grants

Grants are recognised at their fair values 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 are 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.



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2 Summary of Significant Accounting Policies (Continued)

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 profit or loss 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.

(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.

2 Summary of Significant Accounting Policies (Continued)

2.31 Employee benefits (Continued)

(iv) Post-employment benefits – Defined benefit plan (Continued)

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.

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.

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.

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.



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2 Summary of Significant Accounting Policies (Continued)

2.32 General insurance underwriting results (Continued)

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.

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 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.

2 Summary of Significant Accounting Policies (Continued)

2.33 Construction contracts (Continued)

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.

2.34 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 profit or loss 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 profit or loss 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.

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2 Summary of Significant Accounting Policies (Continued)

2.35 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivables. Other than revenue and other income recognition policies mentioned elsewhere in the summary of significant accounting policies, set out below are other significant revenue and other income 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) Vehicle leasing income

Leasing income is recognised over the period of lease agreement.

(e) Fee income for an aircraft leasing company

Fee income is recognised upon rendering of services and customers' acceptance.

(f) 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.

2 Summary of Significant Accounting Policies (Continued)

2.35 Revenue and other income recognition (Continued)

(ii) Rendering of services (Continued)

(g) Provision of total logistics services and inventory solutions

- Shipping agency fees
Income is recognised on completion of shipping operation.
- 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.

(h) Fees

Tuition fees for both academic programmes and short courses are recognised over the duration of courses. Registration and enrolment fees are recognised upon commencement of the courses.

(i) 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.

(iii) **Construction contracts**

Revenue from construction contracts are accounted for by the stage of completion method as described in Note 2.33.

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2 Summary of Significant Accounting Policies (Continued)

2.35 Revenue and other income recognition (Continued)

(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 the 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.

2.36 Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) **Foreign currency transactions**

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

2 Summary of Significant Accounting Policies (Continued)

2.36 Foreign currency translation (Continued)

(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 arise on translation are taken directly to other comprehensive income.

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

2.37 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.

2.38 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.



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2 Summary of Significant Accounting Policies (Continued)

2.39 Fair value measurements

Except for lease transactions, the 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.

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 2015 therein are shown below:

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
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	Manufacturing, assembly, 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	Manufacturing, assembly and distribution of 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

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3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Gadek (Malaysia) Berhad:				
Mega Consolidated Sdn. Bhd.	100.00	100.00	Dormant	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
* Uni.Asia Capital Sdn. Bhd.	51.00	51.00	Dormant	31 March
Subsidiary companies of Uni.Asia Capital Sdn. Bhd.:				
\$* Uni.Asia General Insurance Berhad	–	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	96.87	Investment holding and development and production of aircraft composites components	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
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

3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Composites Technology Research Malaysia Sdn. Bhd.:				
* Composites Testing Laboratory Asia Sdn. Bhd.	96.87	96.87	Composites laboratory testing services	31 March
* CTRM Aero Composites Sdn. Bhd.	96.87	96.87	Manufacturing of aerospace and non-aerospace composite components	31 March
* CTRM Aviation Sdn. Bhd.	96.87	96.87	Leasing of aircrafts and maintenance support service	31 March
* CTRM Systems Integration Sdn. Bhd.	96.87	96.87	Design, research and development of aircraft avionics and the production and marketing of market mission systems equipment and services	31 March
* Unmanned Systems Technology Sdn. Bhd.	49.40	49.40	Design, research and development, production and marketing of unmanned aircraft systems	31 March
* Aerotech Design Malaysia Sdn. Bhd.	96.87	96.87	Dormant	31 March
* CTRM Composites Engineering Sdn. Bhd.	96.87	96.87	Dormant	31 March
* CTRM Excelnet Engineering Sdn. Bhd.	84.08	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	Investment holding and distributor and retailer of Jeep and other motor vehicles and their related spare parts including servicing of motor vehicles	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 assembly of motor vehicles and other road transport vehicles	31 March

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– 31 March 2015

3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of HICOM Holdings Berhad: (Continued)				
HICOM Diecastings Sdn. Bhd.	100.00	100.00	Manufacturing and supply of diecast parts for motorcycles, automobiles and other applications	31 March
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	100.00	Manufacturing stamped metal parts, sub-assembly of automotive components for the motor industry and design and manufacturing of dies	31 March
[§] Oriental Summit Industries Sdn. Bhd.	100.00	70.00	Contract manufacturing of motorcycle and automobile parts and components	31 March
Alam Flora Sdn. Bhd.	97.37	97.37	Management of integrated solid waste	31 March
Scott & English (Malaysia) Sdn. Bhd.	70.00	70.00	Investment holding	31 March
HICOM-Teck See Manufacturing Malaysia Sdn. Bhd.	51.00	51.00	Manufacturing 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
* NSE Development Sdn. Bhd.	100.00	100.00	Dormant	31 March
^{§*} HICOM Petro-Pipes Sdn. Bhd.	100.00	51.00	Dormant	31 March
* Scott & English Electronics Holdings 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
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
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	Manufacturing, assembly and sale 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
^g Symphony Lotus Limited	100.00	100.00	Investment holding and importation and distribution of motor vehicles and related spare parts	31 March
Miyazu (Malaysia) Sdn. Bhd.	66.00	66.00	Development, manufacturing and sale of products and services relating to dies, moulds and jigs	31 March
Proton Engineering Research Technology Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of Symphony Lotus Limited:				
^{k*} Beijing Lotus Cars Sales Co., Ltd.	100.00	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

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3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Proton Marketing Sdn. Bhd.:				
^f Proton Cars (UK) Limited	100.00	100.00	Distribution of motor vehicles	31 March
^a Proton Cars Australia Pty. Limited	100.00	100.00	Importation and distribution of motor vehicles and related spare parts	31 March
Proton Edar Sdn. Bhd.	100.00	100.00	Sale 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
HICOM-Potenza Sports Cars Sdn. Bhd.	100.00	100.00	Dormant	31 March
ⁱ Proton Motor Pars Co. (Private Joint Stock)	100.00	100.00	Dormant	31 March
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 (under voluntary liquidation)	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	Manufacturing 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	Dormant	31 March
^f Lotus Motorsports 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
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
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
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	Sale 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:				
^f Lotus Lightweight Structures Limited	100.00	100.00	Manufacturing 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:				
^a Lotus Cars Australia Pty. 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
	2015 %	2014 %		
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	100.00	Sale of motor vehicles, related spare parts and accessories	31 March
^h PT Proton Edar Indonesia	100.00	100.00	Sale of motor vehicles, related spare parts and accessories	31 March
^l Proton Singapore Pte. Limited	100.00	100.00	Dormant	31 March
Subsidiary company of Automotive Corporation Holdings Sdn. Bhd.:				
* Automotive Corporation (Malaysia) Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and related spare parts and accessories	31 March
Subsidiary company of USF-HICOM Holdings Sdn. Bhd.:				
* DRB-HICOM Commercial Vehicles 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
Subsidiary company of HICOM Premier Malaysia Sdn. Bhd.:				
* Euro Truck & Bus (Malaysia) Sdn. Bhd.	100.00	100.00	Dormant	31 March

3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
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 Glenview Sdn. Bhd.	51.00	51.00	Investment holding and property development	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-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
Subsidiary companies of EON:				
DRB-HICOM Leasing Sdn. Bhd.	100.00	100.00	Provision of leasing of passenger and commercial vehicles	31 March
EON Auto Mart Sdn. Bhd.	100.00	100.00	Sale of motor vehicles and related spare parts and servicing of vehicles	31 March
Euromobil Sdn. Bhd.	100.00	100.00	Importation, 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	100.00	Provision of emergency roadside vehicle assistance and supply of auto related products and services	31 March
[§] DRB-HICOM EZ-Drive Sdn. Bhd. (formerly known as Sistem Sewa Kereta Malaysia Sdn. Bhd.)	100.00	–	Provision of car rental, leasing of passenger and commercial vehicles	31 March

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3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of EON: (Continued)				
EONMobil Sdn. Bhd.	100.00	100.00	Dormant	31 March
EON Technologies Sdn. Bhd.	100.00	100.00	Dormant	31 March
EON Trading Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary company of EON Technologies Sdn. Bhd.:				
DRB-HICOM Northern Gateway Sdn. Bhd. <i>(formerly known as EON Network Systems Sdn. Bhd.)</i>	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
* HICOM Builders Sdn. Bhd.	100.00	100.00	Property development, civil engineering and building construction	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
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
* Glenmarie Asset Management Sdn. Bhd.	100.00	100.00	Dormant	31 March
Jubli Premis Sdn. Bhd.	100.00	100.00	Dormant	31 March
* HICOM Vertex 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
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of HICOM Megah Sdn. Bhd.:				
* ^l 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
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, manufacturing and sale 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	100.00	Provision of total logistics services and inventory solutions	31 March
^{\$} DRB-HICOM ASIA Cargo Express Sdn. Bhd. <i>(formerly known as Gading Sari Aviation Services Sdn. Bhd.)</i>	100.00	–	Provision of air cargo transport	31 March

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3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Konsortium Logistik Berhad:				
* Aman Freight (Malaysia) Sdn. Bhd.	100.00	100.00	Freight and forwarding and other related services	31 March
* Cougar Logistics (Malaysia) Sdn. Bhd.	100.00	100.00	Freight and forwarding, warehousing and other related services	31 March
* Diperdana Kontena Sdn. Bhd.	100.00	100.00	Logistics related services	31 March
* KP Asia Auto Logistics Sdn. Bhd.	100.00	100.00	Warehousing and inventory solutions, forwarding, shipping and transport agent	31 March
* KP Distribution Services Sdn. Bhd.	100.00	100.00	Distribution services	31 March
* Malaysian Shipping Agencies Sdn. Bhd.	100.00	100.00	Shipping agency services, freight and forwarding and other related services	31 March
* Pengangkutan Aspacs Sdn. Bhd.	100.00	100.00	Freight and forwarding and other related services	31 March
* PNSL Berhad	100.00	100.00	Shipping agency and chartering services	31 March
* Westport Distripark (M) Sdn. Bhd.	100.00	100.00	Business of a distribution park	31 March
* Asia Pacific Freight System Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Diperdana Selatan Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Diperdana Utara Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Diperdana Terminal Services Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Kaypi Logistics Depot Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Kaypi Southern Terminal Sdn. Bhd.	100.00	100.00	Dormant	31 March
* North Terminal Sdn. Bhd.	100.00	100.00	Dormant	31 March
* ⁿ KPB Sadao ICD Co. Ltd.	49.00	49.00	Dormant	31 March

3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary companies of Aman Freight (Malaysia) Sdn. Bhd.:				
* Aman Freight Services Sdn. Bhd.	100.00	100.00	Dormant	31 March
* Maya Perkasa (M) Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of Malaysian Shipping Agencies Sdn. Bhd.:				
* Konsortium Logistik (Sabah) Sdn. Bhd.	100.00	100.00	Forwarding and related services	31 March
* Konsortium Logistik (Sarawak) Sdn. Bhd.	100.00	100.00	Dormant	31 March
Subsidiary companies of PNSL Berhad:				
* PNSL Risk Management Sdn. Bhd.	100.00	100.00	Insurance agency service	31 March
^{\$*} Parcel Tankers Malaysia Sdn. Bhd.	51.00	100.00	Shipping agency and chartering services	31 March
Subsidiary company of DRB-HICOM ASIA Cargo Express Sdn. Bhd.:				
^{\$p} Gading Sari Aviation Services Ltd.	100.00	–	Provision of aircraft leasing services	31 March
Subsidiary companies of Oriental Summit Industries Sdn. Bhd.:				
^{\$} Automotive Components Engineering Centre Sdn. Bhd.	100.00	70.00	Dormant	31 March
Subsidiary companies of Scott & English (Malaysia) Sdn. Bhd.:				
HICOM United Leasing Sdn. Bhd.	70.00	70.00	Sale, servicing and rental of machinery and equipment	31 March
^{\$} Scott & English Trading (Sarawak) Sdn. Bhd.	–	35.70	Trading of heavy machinery and equipment, spare parts and electrical appliances	31 March
^{*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

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3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
SUBSIDIARY COMPANIES (Continued)				
Subsidiary company of PHN Industry Sdn. Bhd.:				
* DRB-HICOM Mechatronics Sdn. Bhd. <i>(formerly known as Connemara Development Sdn. Bhd.)</i>	100.00	100.00	Dormant	31 March
Subsidiary company of Alam Flora Sdn. Bhd.:				
DRB-HICOM Environmental Services Sdn. Bhd.	97.37	97.37	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	Manufacturing of plastic injected parts and plastic injection moulds for automotive industry	31 March
Subsidiary companies of Intrakota Komposit Sdn. Bhd.:				
* Gemilang Komposit Auto Sdn. Bhd.	70.00	70.00	Dormant	31 March
* Mega Komposit Auto Sdn. Bhd.	70.00	70.00	Dormant	31 March
* S.J. Kenderaan 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
	2015 %	2014 %		
JOINTLY CONTROLLED ENTITIES				
Jointly controlled entity of DRB-HICOM Berhad:				
^{\$} Isuzu Malaysia Sdn. Bhd.	48.42	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	Manufacturing and assembly of motorcycle engines and components	31 March
HICOM-YAMAHA Manufacturing Malaysia Sdn. Bhd.	45.00	45.00	Manufacturing 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
	2015 %	2014 %		
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, manufacturing and sale of motor vehicles, accessories and components	31 March
@* POS Malaysia Berhad	32.21	32.21	Provision of postal and related services	31 March
Marak Unggul Sdn. Bhd.	29.99	29.99	Dormant	31 December
Associated companies of HICOM Holdings Berhad:				
ISUZU HICOM Malaysia Sdn. Bhd.	49.00	49.00	Manufacturing, assembly and sale of commercial vehicles	31 March
* Suzuki Motorcycle Malaysia Sdn. Bhd.	29.00	29.00	Investment holding and manufacturing, assembly and distribution of motorcycles and parts	31 December
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

3 Companies in the Group (Continued)

Name of Company	Effective Equity Interest		Principal Activities	Financial Year End
	2015 %	2014 %		
ASSOCIATED COMPANIES (Continued)				
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 Automobiles (China) Limited:				
* ^k Goldstar Proton Automobiles Co. Limited	49.00	49.00	Dormant	31 December
Associated companies of EON:				
* SRT-EON Security Services Sdn. Bhd.	40.00	40.00	Provision of security services	30 June
* Johnson Controls Automotive Holding (M) Sdn. Bhd.	30.00	30.00	Manufacturing of car seats, seat paddings, steering wheels, and other car interior parts, investment holding and property letting	30 September
Associated company of Oriental Summit Industries Sdn. Bhd.:				
^s Faurecia HICOM Emissions Control Technologies (M) Sdn. Bhd.	35.00	24.50	Manufacturing, assemble, deliver and sell automotive exhaust systems and vehicles components	31 December



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- \$ The changes in the effective equity interest/reclassification of these companies in the Group are as disclosed in Notes 52 and 53.
- * 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 Notes 37 and 44.
- 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.
- p The place of incorporation is Federal Territory of Labuan.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	9,281,193	10,231,242	–	–
Rendering of services	1,652,061	1,317,639	–	–
Construction contracts	1,384,041	504,969	–	–
Banking	1,042,824	974,755	–	–
Sale of land and development properties	180,883	648,371	–	–
Insurance business	146,837	523,766	–	–
Dividend income from subsidiary companies, associated companies and a jointly controlled entity (gross)	–	–	283,166	691,630
Interest income from subsidiary companies	–	–	8,429	2,701
Rental income from subsidiary companies and an associated company	–	–	13,603	13,551
	13,687,839	14,200,742	305,198	707,882

5 Cost of Sales

	Group	
	2015 RM'000	2014 RM'000
Cost of inventories	8,389,781	8,972,514
Cost of services rendered	1,403,568	877,719
Cost of construction contracts, sale of land and development properties	1,252,929	886,756
Cost of banking	562,908	390,585
Cost of insurance business	119,294	406,429
	11,728,480	11,534,003

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Notes to the Financial Statements

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6 Profit Before Taxation

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

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Allowance for investment securities and financing of customers (net)		100,454	16,254	–	–
Amortisation of					
– concession assets	14	11,488	11,417	–	–
– intangible assets	21	131,083	160,818	–	–
– prepaid lease properties	15	1,499	615	–	–
Auditors' remuneration		6,598	6,301	250	230
Depreciation of property, plant and equipment	13	532,997	570,485	273	354
Directors' emoluments	7	10,441	7,696	953	954
Doubtful debts (net of write backs)		11,725	31,985	–	–
Finance costs	9	392,054	368,585	162,719	188,149
Impairment loss of/(reversal of impairment loss)					
– intangible assets	21	1,937	35,032	–	–
– investment in an associated company		–	7,293	–	–
– land held for property development	17(a)	(22,147)	–	–	–
– property, plant and equipment	13	1,497	3,138	–	–
Inventories written off/down (net of write backs)		12,274	851	–	–
Loss on fair value adjustments of investment securities: financial assets at fair value through profit or loss		–	358	–	–
Loss on disposal of intangible assets		–	17	–	–
Loss/(gain) on dilution of shares in a jointly controlled entity		20	–	(15,342)	–
Provision for concession assets	39	25,892	23,443	–	–
Provision for liabilities and charges (net)	38	41,426	80,449	–	–
Rental of plant and machinery and equipment		45,772	33,655	–	–
Rental of premises		105,047	86,057	–	–
Research and development expenditure		40,653	66,861	–	–

6 Profit Before Taxation (Continued)

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

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Staff costs	8	1,845,537	1,826,435	-	-
Write off of property, plant and equipment	13	4,539	6,761	-	-
Amortisation of deferred income	36	(59)	(3,499)	-	-
Dividend income (gross)					
– quoted investments		-	(277)	(12,283)	(30,275)
– unquoted investments		-	-	(270,883)	(661,355)
Gain on disposal of					
– assets held for sale		(46)	(599)	-	-
– associated companies		-	(3,832)	-	-
– concession assets		-	(930)	-	-
– investment properties		-	(16)	-	-
– investment securities:					
available-for-sale		(10,928)	(12,590)	-	-
– investment securities:					
financial assets at fair value through profit or loss		(4,420)	(7,604)	-	-
– property, plant and equipment		(2,464)	(15,692)	-	-
– subsidiary companies		(97,424)	(83,069)	-	-
(Gain)/loss on fair value adjustment of investment properties	16	(892)	(15,007)	8,377	3,841
Gain on bargain purchase arising from acquisition of a subsidiary company	52(ii)(f)	-	(118,267)	-	-
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities		-	(773)	-	-
Interest income on					
– short term deposits		(65,132)	(101,400)	(9,401)	(4,831)
– subsidiary companies		-	-	(8,429)	(2,701)
Marked to market gain on derivatives (net)	33(b)	(4,230)	(28,561)	-	-
Realised foreign exchange differences (net)		(27,393)	(15,740)	-	-
Reversal of impairment loss of investment securities:					
available-for-sale (net)		(21,934)	(1,148)	-	-
Rental income		(20,963)	(22,128)	(13,603)	(13,551)
Unrealised foreign exchange differences (net)		(21,627)	(37,851)	-	-

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– 31 March 2015

7 Directors' Emoluments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive Directors:				
– fees	897	897	785	785
– allowances and other benefits	1,214	1,216	168	169
Executive Director:				
– salaries, bonuses, fees, allowances and other benefits	7,201	4,876	–	–
– defined contribution plan	1,129	707	–	–
	10,441	7,696	953	954

The estimated value of benefits-in-kind received by Directors amounted to RM23,525 (2014: RM13,500).

8 Staff Costs

	Note	Group	
		2015 RM'000	2014 RM'000
Salaries, wages, bonuses, allowances and other benefits		1,616,585	1,652,757
Defined contribution plan		175,731	163,218
Defined benefit plan	40(d)	16,496	10,097
Termination benefits		36,725	363
		1,845,537	1,826,435

9 Finance Costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on borrowings	383,676	356,285	161,667	180,815
Hire purchase and finance lease charges	1,314	2,760	-	-
Other finance charges	5,783	7,742	1,052	7,334
Unwinding of discount	1,281	1,798	-	-
	392,054	368,585	162,719	188,149

10 Taxation

	Note	Group		Company	
		2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
Statement of Comprehensive Income:					
Current taxation					
– Malaysian tax		25,688	170,040	1,190	45,915
– Foreign tax		26	1,757	-	-
– (Over)/under provision in respect of prior financial year		(11,437)	(82,277)	(2,513)	208
		14,277	89,520	(1,323)	46,123
Deferred taxation	22				
– Current year		109,266	72,853	(369)	(1,101)
– Effects of reduction in tax rate		2,884	-	(103)	-
– Over provision in respect of prior financial year		(9,364)	(10,902)	(197)	-
		102,786	61,951	(669)	(1,101)
Taxation recognised in profit or loss		117,063	151,471	(1,992)	45,022
Deferred taxation related to other comprehensive income:					
Deferred taxation	22	7,185	(2,244)	-	-

Income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimate assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016.

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10 Taxation (Continued)

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

	Group		Company	
	2015 RM'000	2014 (Restated) RM'000	2015 RM'000	2014 RM'000
<u>Numerical reconciliation of effective taxation charge</u>				
Profit before taxation	502,211	801,741	126,458	491,359
Tax calculated at the Malaysian tax rate of 25% (2014: 25%)	125,553	200,435	31,615	122,840
Tax effects of:				
– adjustment of opening deferred tax from reduction in income tax rate	2,884	–	(103)	–
– deferred tax recognised at different tax rate	(3,019)	–	25	–
– different tax rates	(38,828)	5,673	–	–
– expenses not deductible for tax purposes	128,500	133,783	43,808	10,272
– income not subject to tax	(164,847)	(128,915)	(74,627)	(88,298)
– tax allowance not recognised	1,884	45,350	–	–
– tax losses not recognised	182,826	67,127	–	–
– temporary differences not recognised	7,149	34,752	–	–
– utilisation of previously unrecognised tax allowances	(7,837)	(759)	–	–
– utilisation of previously unrecognised tax losses	(338)	(59,835)	–	–
– share of results of jointly controlled entities	(10,118)	(14,270)	–	–
– share of results of associated companies	(85,945)	(38,691)	–	–
(Over)/under provision of current taxation in respect of prior financial year	(11,437)	(82,277)	(2,513)	208
Over provision of deferred taxation in respect of prior financial year	(9,364)	(10,902)	(197)	–
Taxation charge	117,063	151,471	(1,992)	45,022

10 Taxation (Continued)

Unabsorbed tax losses, unutilised capital allowances, unutilised reinvestment allowances and other deductible temporary differences 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	
	2015 RM'000	2014 RM'000
Unabsorbed tax losses	3,646,022	2,916,072
Unutilised capital allowances	2,382,298	2,406,110
Unutilised reinvestment allowances	2,265,358	2,265,358
Other deductible temporary differences	179,954	151,358

11 Dividends

Dividends paid by the Company since 31 March 2014 were as follows:

	Group and Company	
	2015 RM'000	2014 RM'000
Dividend paid		
In respect of the financial year ended 31 March 2014:		
Single tier final dividend of 4.5 sen per share, paid on 30 October 2014 (2013: Final gross dividend of 0.5 sen per share, less taxation of 25% and tax exempt dividend of 4.0 sen per share)	86,996	84,579
Dividend paid/payable		
In respect of the financial year ended 31 March 2015:		
Single tier interim dividend of 1.5 sen per share, paid on 28 April 2015 (2014: Single tier interim dividend of 1.5 sen per share)	28,999	28,999

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 in respect of the financial year ended 31 March 2015 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 2016 when approved by shareholders.



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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	
	2015	2014 (Restated)
Net profit attributable to owners of the Company (RM'000)	300,287	462,169
Number of ordinary shares in issue ('000)	1,933,237	1,933,237
Basic earnings per share (sen)	15.53	23.91

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13 Property, Plant and Equipment (Continued)

GROUP	Note	Buildings, golf course and										Total RM'000	
		Freehold land RM'000	Short term leasehold land RM'000	Long term leasehold land RM'000	improve- ments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Capital work-in- progress RM'000			
2014 (Restated)													
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	52(ii)	42,435	-	25,751	187,997	68,956	78,315	10,803	3,273	16,369	433,899		
Disposal of a subsidiary company	53(iii)	(4,111)	-	-	(3,765)	-	(285)	(884)	(811)	-	(9,856)		
Additions		1,101	-	21,749	18,589	100,404	36,039	36,633	12,914	511,708	739,137		
Disposals		-	-	(573)	(2,465)	(466)	(7,032)	(485)	(355)	-	(11,376)		
Written off	6	-	-	-	(2,964)	(3,136)	(78)	(303)	(88)	(242)	(6,761)		
Depreciation charge	6	-	(120)	(982)	(92,641)	(345,135)	(20,286)	(94,546)	(16,775)	-	(570,485)		
(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	339,969	-	-	-	(549,631)	-		
Transfer (to)/from investment properties	16	(6,506)	-	11,393	28,375	-	-	-	-	50	50		
Transfer from land held for development	17(a)	-	-	-	-	-	-	-	-	-	(2,025)		
Transfer to property development costs	17(b)	-	-	-	(2,025)	-	-	-	-	(160)	(160)		
Transfer to intangible assets	21	-	-	-	-	(698)	-	-	-	-	(698)		
Transfer to inventories		-	-	-	-	-	-	-	-	-	-		
Transfer to assets held for sale		(350)	-	-	-	(2,511)	(2,161)	(329)	(111)	-	(5,462)		
Adjustments	(b)	2,391	-	-	-	-	-	-	-	-	2,391		
At 31 March 2014		1,143,407	5,053	119,251	2,144,546	1,341,777	161,254	335,495	53,716	301,229	5,605,728		
Cost		1,160,283	7,192	141,114	3,734,961	6,872,935	335,753	1,680,625	295,451	301,229	14,529,543		
Accumulated depreciation		-	(2,139)	(21,257)	(1,389,746)	(5,188,338)	(173,298)	(1,344,859)	(240,630)	-	(8,360,267)		
Accumulated impairment losses		(16,876)	-	(606)	(200,669)	(342,820)	(1,201)	(271)	(1,105)	-	(563,548)		
Net book value		1,143,407	5,053	119,251	2,144,546	1,341,777	161,254	335,495	53,716	301,229	5,605,728		

(b) The adjustments were related to gain on fair value adjustment arising upon the transfer of property, plant and equipment to investment properties in a subsidiary company.

13 Property, Plant and Equipment (Continued)

	Note	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
COMPANY						
2015						
At 1 April 2014		600	26	242	28	896
Depreciation charge	6	(200)	(17)	(48)	(8)	(273)
At 31 March 2015		400	9	194	20	623
Cost		12,154	525	393	42	13,114
Accumulated depreciation		(11,754)	(516)	(199)	(22)	(12,491)
Net book value		400	9	194	20	623
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

(c) Certain property, plant and equipment of the Group with a net book value of RM2,409,221,000 (2014: RM1,878,846,000) have been charged as security for bank borrowings (Notes 37 and 44).

(d) The details of motor vehicles, plant and machinery, and office equipment acquired under hire purchase and finance lease agreements included under property, plant and equipment of the Group are as follows:

	Group	
	2015 RM'000	2014 RM'000
Additions during the financial year:		
– Plant and machinery	6,856	19,619
– Motor vehicle	1,161	256
	8,017	19,875

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13 Property, Plant and Equipment (Continued)

- (d) The details of motor vehicles, plant and machinery, and office equipment acquired under hire purchase and finance lease agreements included under property, plant and equipment of the Group are as follows:
(Continued)

	Group	
	2015 RM'000	2014 RM'000
Net book value at financial year end:		
– Plant and machinery	30,497	35,965
– Motor vehicles	20,274	26,748
– Office equipment	–	1,090
	50,771	63,803

14 Concession Assets

		Group	
	Note	2015 RM'000	2014 RM'000
At 1 April		242,139	253,888
Reversals	39	–	(332)
Amortisation charge	6	(11,488)	(11,417)
At 31 March		230,651	242,139
Cost		269,717	269,717
Accumulated amortisation		(39,066)	(27,578)
Net book value		230,651	242,139

- (a) The concession assets of the Group with a net book value of RM218,328,000 (2014: RM229,118,000) have been charged as security for bank borrowings (Notes 37 and 44).
- (b) The details of plant and machinery acquired under hire purchase and finance lease agreements included under concession assets of the Group are as follows:

	Group	
	2015 RM'000	2014 RM'000
Net book value at financial year end	12,323	13,021

15 Prepaid Lease Properties

	Note	Short term leasehold land RM'000	Long term leasehold land RM'000	Total RM'000
Group				
2015				
At 1 April 2014		9,498	48,572	58,070
Amortisation charge	6	(582)	(917)	(1,499)
Adjustments	(a)	–	294	294
Transfer to investment properties	16	–	(3,246)	(3,246)
Transfer to property, plant and equipment	13	–	(207)	(207)
At 31 March 2015		8,916	44,496	53,412
Cost		9,588	46,341	55,929
Accumulated amortisation		(672)	(1,845)	(2,517)
Net book value		8,916	44,496	53,412
2014 (Restated)				
At 1 April 2013		–	11,772	11,772
Acquisition of a subsidiary company	52(ii)	9,588	36,001	45,589
Disposal of a subsidiary company	53(iii)	–	(244)	(244)
Amortisation charge	6	(90)	(525)	(615)
Transfer from investment properties	16	–	1,568	1,568
At 31 March 2014		9,498	48,572	58,070
Cost		9,588	51,015	60,603
Accumulated amortisation		(90)	(2,443)	(2,533)
Net book value		9,498	48,572	58,070

(a) The adjustments are relating to gain on fair value adjustment arising upon the transfer of prepaid lease properties to investment properties in a subsidiary company.

(b) Certain prepaid lease properties of the Group with net book value of RM5,885,000 (2014: RM6,030,000) have been charged as security for bank borrowings (Notes 37 and 44).

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16 Investment Properties

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 April		540,505	551,514	151,400	152,580
Additions		8,048	–	1,293	2,661
Changes in fair value during the financial year	6	892	15,007	(8,377)	(3,841)
Currency translation differences		14,420	13,884	–	–
Disposal		–	(70)	–	–
Disposal of a subsidiary company	53(i)&(iii)	(46,848)	(5,000)	–	–
Transfer from/(to) prepaid lease properties	15	3,246	(1,568)	–	–
Transfer from/(to) property, plant and equipment	13	40,062	(33,262)	–	–
At 31 March		560,325	540,505	144,316	151,400
The disclosure on income and expenses of investment properties are as below:					
Rental income		26,135	26,533	13,603	13,551
Direct operating expenses from investment properties that generated rental income during the financial year		10,701	12,112	1,259	888
Direct operating expenses from investment properties that did not generate rental income during the financial year		123	113	–	–

- (a) The fair value of the investment properties of the Group and of 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 RM439,244,000 (2014: RM427,255,000) have been charged as security for bank borrowings (Notes 37 and 44).
- (c) The fair value measurement of the investment properties is disclosed in Note 61.

17 Property Development Activities

(a) Land held for property development

	Note	Group	
		2015 RM'000	2014 RM'000
<u>At Cost</u>			
At 1 April			
Land		549,057	875,546
Development costs		206,396	198,373
Accumulated impairment losses		(22,147)	(22,147)
		733,306	1,051,772
Add: Costs incurred during the financial year			
– Land		–	2,285
– Development costs		24,622	6,484
		757,928	1,060,541
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		(38,965)	(34,532)
– Development costs		(13,024)	2,784
Transfer of land to property, plant and equipment	13	–	(50)
Reversal of impairment loss	6	22,147	–
		728,086	733,306
<u>At end of the financial year</u>			
Land		510,092	549,057
Development costs		217,994	206,396
Accumulated impairment losses		–	(22,147)
		728,086	733,306

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17 Property Development Activities (Continued)

(b) Property development costs

	Note	Group	
		2015 RM'000	2014 RM'000
<u>At cost</u>			
At 1 April			
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
Less: Completed developments in previous years			
– Land		(9,520)	(16,372)
– Development costs		(108,894)	(108,986)
– Accumulated costs charged to profit or loss		118,414	125,358
		–	–
Add: Costs incurred during the financial year			
– Land		60	1,714
– Development costs		106,829	117,666
Transfer from/(to) land held for property development	17(a)		
– Land		38,965	34,532
– Development costs		13,024	(2,784)
Less: Costs recognised as an expense in profit or loss during the financial year		(94,403)	(80,971)
Transfer to inventories			
– Land		(38)	(11,880)
– Development costs		(1,453)	(38,234)
Transfer of land from property, plant and equipment	13	–	2,025
At 31 March		320,695	257,711
<u>At end of the financial year</u>			
Land		149,472	120,005
Development costs		435,320	425,814
Accumulated costs charged to profit or loss		(264,097)	(288,108)
		320,695	257,711

(c) Included in land held for property development and property development costs is interest on borrowings capitalised for the financial year amounting to RM2,907,000 (2014: RM3,626,000).

(d) Land held for property development and property development costs with carrying value of RM424,688,000 (2014: RM411,842,000) have been charged as security for bank borrowings (Notes 37 and 44).

18 Subsidiary Companies

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	8,533,905	7,514,051
Less: Accumulated impairment losses	(48,677)	(48,677)
Total	8,485,228	7,465,374

- (a) The details of the subsidiary companies are listed in Note 3.
- (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 shares of a subsidiary company with carrying amount of RM3,030,308,000 (2014: RM3,030,308,000) has been charged as security for bank borrowings (Notes 37 and 44).
- (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

	2015	2014
Uni.Asia Capital Sdn. Bhd.	49.00%	49.00%
Bank Muamalat Malaysia Berhad	30.00%	30.00%
Horsedale Development Berhad	29.40%	29.40%
Uni.Asia General Insurance Berhad	-	65.27%

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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 Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000	Uni.Asia General Insurance Berhad RM'000	Others RM'000	Total RM'000
2015						
Carrying value of NCI	97,317	574,101	97,891	–	189,981	959,290
Net profit for the financial year attributable to NCI	32,625	26,831	4,000	11,615	(4,611)	70,460
2014 (Restated)						
Carrying value of NCI	131,137	541,322	103,624	255,103	168,879	1,200,065
Net profit for the financial year attributable to NCI	66,140	43,375	9,410	41,228	27,948	188,101

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:

	Uni.Asia Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000	Uni.Asia General Insurance Berhad* RM'000
<u>As at 31 March 2015</u>				
Non-current assets	–	16,891,643	256,962	–
Current assets	200,085	5,546,393	223,482	–
Non-current liabilities	–	(495,149)	(88,682)	–
Current liabilities	(1,477)	(20,088,193)	(58,799)	–
Net assets	198,608	1,854,694	332,963	–
<u>Financial year ended 31 March 2015</u>				
Revenue	–	1,063,515	132,499	150,331
Net profit for the financial year	291,212	89,280	18,582	17,796
Cash flows generated from operating activities	15,748	728,033	54,898	30,977
Cash flows generated from/ (used in) investing activities	374,519	(567,536)	8,005	(376)
Cash flows used in financing activities	(355,198)	(20,600)	(34,074)	(673)
Net increase in cash and cash equivalents	35,069	139,897	28,829	29,928
Dividends paid to NCI	141,708	–	10,290	–

* The figures are for the period from 1 April 2014 to the date of disposal (Note 53(i)(b)).

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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 Capital Sdn. Bhd. RM'000	Bank Muamalat Malaysia Berhad RM'000	Horsedale Development Berhad RM'000	Uni.Asia General Insurance Berhad RM'000
<u>As at 31 March 2014</u>				
Non-current assets	–	14,939,706	270,364	294,937
Current assets	211,785	5,121,984	229,305	907,048
Non-current liabilities	–	(458,863)	(91,571)	(35,504)
Current liabilities	(15,189)	(17,857,251)	(58,682)	(804,007)
Net assets	196,596	1,745,576	349,416	362,474
<u>Financial year ended 31 March 2014</u>				
Revenue	–	986,188	176,073	529,870
Net profit for the financial year	430,694	151,564	38,675	63,373
Cash flows generated from/ (used in) operating activities	43,818	(2,590,768)	40,439	50,177
Cash flows generated from/ (used in) investing activities	518,000	356,552	6,197	(2,825)
Cash flows used in financing activities	(452,530)	(20,431)	(10,512)	(45,300)
Net increase/(decrease) in cash and cash equivalents	109,288	(2,254,647)	36,124	2,052
Dividends paid to NCI	226,761	58,500	2,940	16,094

19 Jointly Controlled Entities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share of net assets	390,252	413,371	–	–
Unquoted shares, at cost	–	–	4,686	9,800

- (a) The details of the jointly controlled entities, all of which are unquoted, are listed in Note 3. During the financial year, the Group's effective interest in a jointly controlled entity, Isuzu Malaysia Sdn. Bhd. reduced from 49% to 48.42% as a result of internal re-organisation as disclosed in Note 53(ii)(a).
- (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:

	2015 RM'000	2014 RM'000
Non-current assets	1,872,910	1,834,649
Current assets	1,260,041	1,196,144
Non-current liabilities	(1,395,470)	(1,551,694)
Current liabilities	(894,986)	(699,371)
Net assets	842,495	779,728
Revenue	2,658,879	2,790,674
Expenses	(2,583,987)	(2,685,565)
Profit before taxation	74,892	105,109
Taxation	(20,978)	(29,333)
Net profit, representing total comprehensive income	53,914	75,776

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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:

	Group	
	2015 RM'000	2014 RM'000
Non-current assets	913,063	947,242
Current assets	610,265	584,877
Non-current liabilities	(697,504)	(775,591)
Current liabilities	(435,572)	(343,157)
Net assets	390,252	413,371
Net profit, representing total comprehensive income	26,781	35,485
Cash dividends received by the Group	23,600	24,009

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

– contracted	237	2,098
– not contracted	4,216	8,263
	4,453	10,361

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

20 Associated Companies

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share of net assets	1,307,016	1,226,189	–	–
Quoted shares, at cost	–	–	605,170	605,170
Unquoted shares, at cost	–	–	71,800	71,800
	1,307,016	1,226,189	676,970	676,970

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

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

Equity interest held by the Group

	2015	2014
Honda Malaysia Sdn. Bhd.	34.00%	34.00%
POS Malaysia Berhad	32.21%	32.21%

(c) Capital commitments for property, plant and equipment

	Group	
	2015 RM'000	2014 RM'000
– contracted	42,262	43,943
– not contracted	164,767	86,340
	207,029	130,283

(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 RM11,865,000 (2014: RM11,864,000). The Group has no obligation in respect of these losses.

(f) The investment in an associated company with carrying amount of RM605,170,000 (2014: RM605,170,000) has been charged as security for bank borrowings (Notes 37 and 44).

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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:

	Honda Malaysia Sdn. Bhd. RM'000	POS Malaysia Berhad RM'000	Others RM'000	Total RM'000
<u>As at 31 March 2015</u>				
Non-current assets	775,572	776,254	164,625	1,716,451
Current assets	1,514,621	904,326	634,102	3,053,049
Non-current liabilities	(157,761)	(45,774)	(16,266)	(219,801)
Current liabilities	(1,065,841)	(511,953)	(291,612)	(1,869,406)
Net assets	1,066,591	1,122,853	490,849	2,680,293
<u>Financial year ended 31 March 2015</u>				
Revenue	6,601,011	1,494,045	1,745,404	9,840,460
Expenses	(5,815,090)	(1,312,734)	(1,659,570)	(8,787,394)
Profit before taxation	785,921	181,311	85,834	1,053,066
Taxation	(183,156)	(54,261)	(19,679)	(257,096)
Net profit, representing total comprehensive income	602,765	127,050	66,155	795,970

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 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)

(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 2015</u>				
Group's share of net assets	362,641	361,671	240,993	965,305
Intangible asset	–	341,711	–	341,711
Carrying value of Group's interest in associated companies	362,641	703,382	240,993	1,307,016
Group's share of net profit, representing total comprehensive income	204,940	40,923	28,723	274,586
Cash dividends received by the Group	115,685	12,283	13,883	141,851
<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

21 Intangible Assets

	Note	Goodwill RM'000	Customer relationship 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	Core deposits RM'000	Total RM'000
Group										
2015										
At 1 April 2014		290,971	8,846	26,738	293,823	415,241	29,580	41,710	-	1,106,909
Acquisition of subsidiary companies	52(i)	74,701	-	-	-	-	-	-	-	74,701
Disposal of a subsidiary company	53(i)	-	-	(2,748)	-	-	-	-	-	(2,748)
Additions		-	-	12,571	75	341,932	-	-	-	354,578
Disposals		-	-	(2)	-	-	-	-	-	(2)
Transfer from/(to) property, plant and equipment	13	-	-	5,399	-	(14,436)	-	-	-	(9,037)
Amortisation charge	6	-	(2,359)	(23,896)	(98,912)	-	(5,916)	-	-	(131,083)
Currency translation differences		-	-	-	823	361	-	-	-	1,184
Impairment loss	6	-	-	-	(1,937)	-	-	-	-	(1,937)
Reclassification		-	-	115,470	256,780	(372,250)	-	-	-	-
At 31 March 2015		365,672	6,487	133,532	450,652	370,848	23,664	41,710	-	1,392,565
Cost		372,691	9,436	377,821	1,860,010	711,520	41,412	41,710	61,400	3,476,000
Accumulated amortisation		-	(2,949)	(244,289)	(964,659)	-	(17,748)	-	(61,400)	(1,291,045)
Accumulated impairment losses		(7,019)	-	-	(444,699)	(340,672)	-	-	-	(792,390)
Net book value		365,672	6,487	133,532	450,652	370,848	23,664	41,710	-	1,392,565

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21 Intangible Assets (Continued)

	Note	Goodwill RM'000	Customer relationship 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	Core deposits RM'000	Total RM'000
Group										
2014 (Restated)										
At 1 April 2013		31,363	-	43,520	232,537	417,322	35,496	41,710	7,134	809,082
Acquisition of subsidiary companies	52(ii)	259,608	9,436	-	-	-	-	-	-	269,044
Disposal of a subsidiary company	53(iii)(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	-	(590)	(33,913)	(113,265)	-	(5,916)	-	(7,134)	(160,818)
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		290,971	8,846	26,738	293,823	415,241	29,580	41,710	-	1,106,909
Cost		297,990	9,436	247,905	1,598,434	752,990	41,412	41,710	61,400	3,051,277
Accumulated amortisation		-	(590)	(221,167)	(863,522)	-	(11,832)	-	(61,400)	(1,158,511)
Accumulated impairment losses		(7,019)	-	-	(441,089)	(337,749)	-	-	-	(785,857)
Net book value		290,971	8,846	26,738	293,823	415,241	29,580	41,710	-	1,106,909

21 Intangible Assets (Continued)

- (a) Impairment testing for goodwill, brand name and capitalised development costs of work-in-progress is done annually. Their carrying values were allocated to 6 (2014: 5) of the Group's cash generating units (CGU), for impairment testing as follows:

	2015	2014
	RM'000	(Restated) RM'000
Integrated logistics services	264,826	192,097
Motor vehicles	471,610	449,803
Airport ground handling services	16,648	16,648
Banking	18,509	84,709
Defence services	4,665	4,665
Leasing of motor vehicles	1,972	–
	778,230	747,922

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections range from 3.38% to 13.60% (2014: 5.48% to 18%) per annum. The forecasted growth rates used to extrapolate cash flows beyond the 5-year period range from 0% to 3% (2014: 0% to 3%). The budgeted gross margins were determined based on past performance and their expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Based on the impairment testing, the values-in-use of the respective CGUs exceeded their respective carrying amounts of the goodwill, brand name and capitalised development costs of work-in-progress.

- (b) Customer relationship is stated at cost and amortised on a straight line basis over a period of 5 years.

22 Deferred Taxation

		Group	
		2015	2014
	Note	RM'000	(Restated) RM'000
At 1 April		142,828	179,947
Acquisition of subsidiary companies	52(ii)	–	(29,628)
Disposal of a subsidiary company	53(i)& (iii)(a)	(528)	50,387
Currency translation differences		(33)	–
Movement in life assurance fund		–	1,829

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22 Deferred Taxation (Continued)

	Note	Group	
		2015 RM'000	2014 (Restated) RM'000
(Charged)/credited to profit or loss	10		
– Intangible assets		(4,694)	(36,276)
– Investment securities		(186)	(2,018)
– Investment properties		1,560	(158)
– Property, plant and equipment		(31,660)	(18,819)
– Property development expenditure		1,308	3,798
– Receivables		(12,711)	7,266
– Provisions		(50,412)	(10,734)
– Tax losses		(6,059)	4,309
– Unearned premium reserve		68	5
– Unallocated surplus		–	(9,324)
		(102,786)	(61,951)
(Charged)/credited to other comprehensive income	10		
– (Gain)/loss on fair value changes of available-for-sale financial securities		(6,746)	2,320
– Actuarial gains and losses on defined benefits plan		(457)	–
– Fair value adjustment on property, plant equipment and prepaid lease properties		18	(76)
		(7,185)	2,244
At 31 March		32,296	142,828
Subject to income tax			
<i>Deferred tax assets (before offsetting)</i>			
Intangible assets		2,068	10,176
Investment securities		3,289	10,188
Provisions		229,739	300,468
Property, plant and equipment		103,418	73,546
Property development expenditure		10,523	9,351
Receivables		24,867	36,907
Tax losses		30,555	39,619
		404,459	480,255
Offsetting		(280,871)	(260,482)
Deferred tax assets (after offsetting)		123,588	219,773

22 Deferred Taxation (Continued)

Note	Group	
	2015 RM'000	2014 (Restated) RM'000
Subject to income tax (Continued)		
<i>Deferred tax liabilities (before offsetting)</i>		
	(162,572)	(162,981)
	(7,235)	(8,699)
	(201,232)	(166,374)
	(1,043)	697
	(81)	–
	–	(70)
	(372,163)	(337,427)
Offsetting	280,871	260,482
Deferred tax liabilities (after offsetting)	(91,292)	(76,945)
Presented after appropriate offsetting as follows:		
Deferred tax assets	123,588	219,773
Deferred tax liabilities	(91,292)	(76,945)
	32,296	142,828
Company		
	2015 RM'000	2014 RM'000
At 1 April	(2,769)	(3,870)
Credited/(charged) to profit or loss		
– Investment properties	129	(755)
– Property, plant and equipment	540	1,856
	669	1,101
At 31 March	(2,100)	(2,769)
Subject to income tax		
<i>Deferred tax assets (before offsetting)</i>		
Property, plant and equipment	687	938
Offsetting	(687)	(938)
Deferred tax assets (after offsetting)	–	–

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22 Deferred Taxation (Continued)

	Company	
	2015 RM'000	2014 RM'000
Subject to income tax		
<i>Deferred tax liabilities (before offsetting)</i>		
Investment properties	(2,787)	(3,707)
Offsetting	687	938
Deferred tax liabilities (after offsetting)	(2,100)	(2,769)

23 Investment Securities

(a) Investment securities: financial assets at fair value through profit or loss – Banking

	Group	
	2015 RM'000	2014 RM'000
<u>Unquoted securities</u>		
Debt securities, in Malaysia	118,657	98,710
Non-current	118,657	98,710

23 Investment Securities (Continued)

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

	Banking	Non-banking	
	Held by a banking subsidiary company RM'000	Held by other subsidiary companies RM'000	Total RM'000
Group			
2015			
<u>Government securities</u>			
Malaysian government investment certificates	2,968,370	-	2,968,370
<u>Quoted securities</u>			
Equity securities, in Malaysia	67,581	-	67,581
<u>Unquoted securities</u>			
Islamic debt securities, in Malaysia	3,215,315	-	3,215,315
Cagamas bonds	149,626	-	149,626
Equity securities, in Malaysia	5,206	46,238	51,444
Foreign Islamic debt securities and sukuk	29,381	-	29,381
Total	6,435,479	46,238	6,481,717
Non-current	5,411,269	46,238	5,457,507
Current	1,024,210	-	1,024,210
	6,435,479	46,238	6,481,717

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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 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)

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

	Banking	Non-banking		
	Held by a banking subsidiary company RM'000	Held by insurance subsidiary companies RM'000	Total RM'000	Fair value RM'000
Group				
2015				
<u>Unquoted securities</u>				
Debt securities, in Malaysia	139,042	-	139,042	137,271
Non-current	139,042	-	139,042	
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	

24 Other Assets

	Group	
	2015 RM'000	2014 RM'000
Golf memberships, at cost less accumulated impairment	509	633

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25 Financing of Customers

	Group	
	2015 RM'000	2014 RM'000
Cash line	828,207	245,997
Term financing		
– Home financing	13,245,767	11,034,279
– Hire purchase receivables	1,241,001	1,288,697
– Syndicated financing	780,910	181,105
– Leasing receivables	12,596	128,843
– Other term financing	8,456,982	8,160,741
Trust receipts	51,295	52,714
Claims on customers under acceptance credits	758,741	670,475
Staff financing	160,954	127,402
Revolving credits	1,067,892	947,921
Sukuk	148,061	141,960
Ar-Rahnu	46,907	40,697
	26,799,313	23,020,831
Less: Unearned income	(13,259,218)	(11,052,832)
	13,540,095	11,967,999
Less: Allowance for bad and doubtful financing:		
– Collective assessment	(239,227)	(195,951)
– Individual assessment	(42,631)	(74,492)
Total net financing, advances and other financing	13,258,237	11,697,556
Non-current	10,259,671	8,410,371
Current	2,998,566	3,287,185
	13,258,237	11,697,556
Fair values	11,505,374	11,481,081

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	
	2015 RM'000	2014 RM'000
Associated companies	58,738	–
Property, plant and equipment	4,667	5,462
Investment properties	–	337
	63,405	5,799

Certain property, plant and equipment of the Group with a net book value of RM4,364,000 (2014: Nil) have been charged as security for bank borrowings (Note 44).

28 Inventories

	Group	
	2015 RM'000	2014 RM'000
Raw materials	348,770	429,761
Work-in-progress	409,803	363,263
Finished goods	1,292,496	874,324
Parts and accessories	285,240	305,890
Completed units of unsold properties	28,105	64,975
	2,364,414	2,038,213

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29 Trade and Other Receivables

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables		1,940,013	1,934,088	–	–
Less: Allowance for impairment		(165,628)	(205,074)	–	–
		1,774,385	1,729,014	–	–
Other receivables		1,742,051	1,851,475	332	554
Less: Allowance for impairment		(158,341)	(168,612)	–	–
		1,583,710	1,682,863	332	554
Amounts due from subsidiary companies		–	–	898,731	1,210,953
Less: Allowance for impairment		–	–	(215,190)	(215,190)
		–	–	683,541	995,763
Amounts due from jointly controlled entities		15,867	6,386	5	12
Amounts due from associated companies		54,989	42,167	663	527
Amounts due from related parties		239	2,804	–	–
Amounts due from customers on contracts	50	832,544	441,075	–	–
Accrued billings		14,914	20,404	–	–
Deposits		61,688	58,521	6,181	181
Prepayments		138,091	144,195	3,029	234
		1,118,332	715,552	9,878	954
		4,476,427	4,127,429	693,751	997,271
Non-current		155,336	378,359	–	–
Current		4,321,091	3,749,070	693,751	997,271
		4,476,427	4,127,429	693,751	997,271

29 Trade and Other Receivables (Continued)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	4,082,882	3,709,831	693,751	997,271
– US Dollar	180,832	166,954	–	–
– Pound Sterling	133,316	151,595	–	–
– Thai Baht	22,517	26,682	–	–
– Euro	21,185	28,001	–	–
– Indonesia Rupiah	17,608	34,935	–	–
– Singapore Dollar	11,511	2,976	–	–
– Japanese Yen	3,236	3,208	–	–
– Other currencies	3,340	3,247	–	–
	4,476,427	4,127,429	693,751	997,271

(b) Trade receivables are non-interest bearing. The Group's normal trade credit terms ranges from 14 days to 180 days (2014: 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) All other amounts due from jointly controlled entities, associated companies and related parties are non-interest bearing, unsecured and repayable on demand.

(d) Included in the amount due from subsidiary companies are balances of RM608,346,000 (2014: RM106,358,000) which are interest bearing and unsecured. The interest rates range from 3.5% to 7.5% (2014: 4.0% to 4.1%) per annum.

(e) The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	1,151,716	1,108,724
1 to 30 days past due not impaired	234,011	269,298
31 to 60 days past due not impaired	129,264	154,768
61 to 90 days past due not impaired	66,084	34,956
91 to 120 days past due not impaired	126,968	66,010
More than 121 days past due not impaired	66,342	95,258
	622,669	620,290
Impaired	165,628	205,074
	1,940,013	1,934,088

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29 Trade and Other Receivables (Continued)

(e) (Continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group have trade receivables amounting to RM622,669,000 (2014: RM620,290,000) that are past due at the reporting date but not impaired. At the reporting date, majority of the trade receivables of the Group are active customers with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payments history.

Receivables that are impaired

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

	Group	
	2015 RM'000	2014 RM'000
At 1 April	205,074	182,071
Acquisition of subsidiary companies	–	16,171
Disposal of subsidiary companies	(4,520)	–
Charged during the financial year	16,249	29,036
Written off	(52,834)	(22,928)
Currency translation differences	1,659	2,184
Reversal during the financial year	–	(1,460)
	<hr/>	<hr/>
At 31 March	165,628	205,074

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	
	2015 RM'000	2014 RM'000
At 1 April	168,612	152,173
Acquisition of subsidiary companies	–	13,967
Charged during the financial year	5,881	4,409
Written off	(5,727)	(1,260)
Currency translation differences	(20)	(677)
Reversal during the financial year	(10,405)	–
	<hr/>	<hr/>
At 31 March	158,341	168,612

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 RM1,058,204,000 (2014: RM822,510,000) 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	
	2015 %	2014 %	2015 %	2014 %
Deposits with licensed banks	3.10	3.05	3.25	2.95

- (d) The deposits of the Group and of the Company have an average maturity period of 34 days (2014: 72 days) and 19 days (2014: 25 days) respectively.
- (e) During the financial year, the currency exposure profile of short term deposits is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	1,843,441	2,278,330	384,218	221,780
– Pound Sterling	12,688	29,234	–	–
– Australian Dollar	6,112	7,921	–	–
– Indonesia Rupiah	4,479	27,609	–	–
– Thai Baht	3,526	4,567	–	–
– US Dollar	1,862	8,163	–	–
– Singapore Dollar	781	746	–	–
	1,872,889	2,356,570	384,218	221,780

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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 RM64,372,000 (2014: RM73,772,000).
- (c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	513,519	544,882	1,914	2,807
– US Dollar	22,875	37,994	–	–
– Pound Sterling	19,826	59,306	–	–
– Singapore Dollar	10,682	9,318	–	–
– Australian Dollar	10,282	14,546	–	–
– Euro	7,794	4,693	–	–
– Thai Baht	803	2,862	–	–
– Indonesia Rupiah	622	8,549	–	–
– Japanese Yen	387	1,465	–	–
– Other currencies	1,729	7,569	–	–
	588,519	691,184	1,914	2,807

32 Cash and Short-Term Funds of a Banking Subsidiary Company

	Group	
	2015 RM'000	2014 RM'000
Cash and balances with banks and other financial institutions	322,084	179,038
Money at call and interbank placements with remaining maturities not exceeding one month	793,725	787,222
Licensed Islamic banks	111,135	120,787
	1,226,944	1,087,047

32 Cash and Short-Term Funds of a Banking Subsidiary Company (Continued)

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

	Group	
	2015 RM'000	2014 RM'000
– US Dollar	896,893	141,302
– Ringgit Malaysia	258,075	865,961
– Euro	35,517	6,121
– Japanese Yen	9,293	63,506
– Other currencies	27,166	10,157
	1,226,944	1,087,047

- (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 (2014: not exceeding 3 months):

	Group	
	2015 %	2014 %
Cash and short-term funds	3.30	3.00

33 Derivative Financial Instruments

Group	Contract/ Notional Value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2015			
Financial instruments at fair value through profit or loss			
Forward foreign exchange contracts	1,546,620	64,074	12,286
Currency swap foreign exchange contracts	1,489,564	10,901	33,758
Islamic profit rate swap	3,675,000	–	10,807
	6,711,184	74,975	56,851

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33 Derivative Financial Instruments (Continued)

	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

- (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 2014:
- (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 RM4,230,000 (2014: RM28,561,000) in profit or loss arising from the fair value changes on the forward foreign exchange contracts, currency and profit rate swap which are marked to market as at reporting date.

34 Share Capital

	Group and Company			
	2015		2014	
	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 Perpetual Sukuk

The Perpetual Sukuk is related to the Company's Sukuk Musharakah Programme of up to RM2,000,000,000 in nominal value, which was approved by the Securities Commission Malaysia on 27 November 2014. The Perpetual Sukuk is under the Islamic principle of Musharakah and accorded rating of A_{IS} by the Malaysian Rating Corporation Berhad.

During the financial year ended 31 March 2015, the Company made two issuances of Perpetual Sukuk as follows:

- (i) Series 1 – issued on 30 December 2014 for RM715,000,000 in two tranches of RM415,000,000 and RM300,000,000 with the first call date on the 5th and 7th anniversary of the issue date respectively.
- (ii) Series 2 – issued on 27 February 2015 for RM100,000,000 with first call date on the 5th anniversary of the issue date.

The Perpetual Sukuk holders are conferred a right to receive distribution on a semi-annual basis from their issuance date at 7.5% and 8.0% per annum respectively, subject to a step-up rate after the first call date and on the 3rd anniversary of the first call date of their respective tranches.

The Perpetual Sukuk has no fixed maturity and is redeemable in whole or in part, at the Company's option on their respective first call date together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or redeem, buy-back or otherwise acquire any securities of lower or equal rank. Based on its terms, the Perpetual Sukuk has been classified as an equity instrument.

The Perpetual Sukuk was issued for the Company's working capital purposes as well as to finance future investments such as purchase of shares, lands, buildings and property and development and construction costs.

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 from the 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.

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36 Deferred Income (Continued)

	Note	Advance license fees RM'000	Grants RM'000	Deferred revenue RM'000	Total RM'000
Group					
2015					
At 1 April		74,563	51,532	36,010	162,105
Acquisition of subsidiary companies	52(i)	–	–	2,896	2,896
Received during the financial year		1,322	377	61,972	63,671
Utilised during the financial year		–	(15,652)	–	(15,652)
Amortised during the financial year	6	–	(59)	–	(59)
Credited to profit or loss		(1,776)	–	(21,343)	(23,119)
Currency translation differences		–	–	(88)	(88)
Interest earned		–	624	–	624
At 31 March		74,109	36,822	79,447	190,378
Non-current		74,109	18,451	46,949	139,509
Current		–	18,371	32,498	50,869
		74,109	36,822	79,447	190,378
2014					
At 1 April		74,125	18,152	37,744	130,021
Acquisition of subsidiary companies	52(ii)	–	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

37 Long Term Borrowings

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Secured</u>				
• Hire purchase and finance lease liabilities	44,348	51,572	-	-
– Portion repayable within 12 months included under bank borrowings	44 (17,293)	(18,275)	-	-
	27,055	33,297	-	-
• Long term loans	2,269,752	2,513,250	546,173	717,114
– Portion repayable within 12 months included under bank borrowings	44 (434,060)	(201,237)	(106,441)	(99,441)
	1,835,692	2,312,013	439,732	617,673
• Long term loans under Islamic financing	2,731,487	2,734,699	1,965,916	2,069,428
– Portion repayable within 12 months included under bank borrowings	44 (181,381)	(181,164)	(74,557)	(102,799)
	2,550,106	2,553,535	1,891,359	1,966,629
<u>Unsecured</u>				
• Long term loans	5,867	22,065	-	-
– Portion repayable within 12 months included under bank borrowings	44 (2,018)	(4,922)	-	-
	3,849	17,143	-	-
• Long term loans under Islamic financing	455,154	450,096	-	-
– Portion repayable within 12 months included under bank borrowings	44 (39,707)	(6,489)	-	-
	415,447	443,607	-	-
	4,832,149	5,359,595	2,331,091	2,584,302

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37 Long Term Borrowings (Continued)

(a) The hire purchase and finance lease liabilities are secured against the respective assets acquired as disclosed in Notes 13(d) and 14(b).

(b) Long term loans (secured and unsecured)

Group

The long term loans of the Group mainly comprise the following:

- (i) The term loan facility of RM1,084,235,000 (2014: RM1,141,300,000) which bears floating interest rate of 2% (2014: 2%) per annum above effective cost of funds, is repayable by 16 (2014: 17) instalments on quarterly basis, commencing from February 2015 to refinance the outstanding balance of Lotus Cars Limited's syndicated financing facilities. The effective interest rate as at the reporting date was 6.24% (2014: 5.80%) per annum.
- (ii) The term loan facility of RM483,291,000 (2014: RM622,791,000) which bears floating interest rate of 6.44% (2014: 5.74%) per annum, is repayable by 6 (2014: 7) annual instalments over the next 6 years (2014: 7 years) or 10% of the net proceeds received from the debt capital market, whichever is earlier. The facility is for the investment in POS Malaysia Berhad.
- (iii) The term loan facility of RM202,870,000 (2014: RM245,370,000) which bears floating interest rate of 1.75% (2014: 1.75%) per annum above effective cost of funds, is repayable by 15 (2014: 19) instalments on quarterly basis, commencing from May 2014 for the acquisition of shares in Composites Technology Research Malaysia Sdn. Bhd. The effective interest rate as at the reporting date was 6.11% (2014: 5.53%) per annum.
- (iv) The term loan facility of RM64,000,000 (2014: RM96,000,000) which bears floating interest rate of 6.35% (2014: 5.81%) per annum, is repayable by 2 (2014: 3) equal annual instalments over the next 2 years (2014: 3 years) to partially finance the acquisition of shares in PROTON Holdings Berhad.

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 3, 13, 14, 15, 16, 17, 18, 20, 28 and 29. In addition to these, the term loan of RM64,000,000 as per item (b)(iv) 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)(ii) and 37(b)(iv) above.

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) The Islamic Medium Term Notes (“IMTN”) of RM1,800,000,000 (2014: RM1,800,000,000) which bears the yield-to-maturity rate ranges from 4.60% to 5.33% (2014: 4.60% to 5.33%) per annum, is repayable commencing from April 2016 to March 2022. The IMTN were utilised for partially financing the acquisition of shares in PROTON Holdings Berhad and working capital purposes.
- (ii) The Tier-2 Capital Islamic Subordinated Sukuk (“Subordinated Sukuk”) of a banking subsidiary company amounting to RM400,000,000 (2014: RM400,000,000) which carries a tenure of 10 years (2014: 10 years) from 15 June 2011 under a 10 non-callable 5 basis feature with a profit rate of 5.15% (2014: 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.
- (iii) The term loan facility of RM299,837,000 (2014: RM302,086,000) which bears the interest rate of 2% (2014: 2%) per annum above effective cost of funds, is repayable by 23 (2014: 24) instalments on quarterly basis for the acquisition of shares in Konsortium Logistik Berhad. The effective interest rate as at the reporting date was 6.41% (2014: 6.06%) per annum.
- (iv) The syndicated term loan of RM202,086,000 (2014: RM144,993,000) which bears the interest rate ranges between 6.50% to 6.96% (2014: 6% to 6.44%) per annum, is repayable by 18 instalments on a quarterly basis commencing from November 2016 to purchase plant and equipment in relation to VW CKD Project by a subsidiary company, HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd.
- (v) The term loan facility of RM146,109,000 (2014: RM121,410,000) which bears floating profit rate of 1.25% (2014: 1.25%) per annum above effective cost of funds, is repayable by 144 monthly instalments commencing from July 2016 to finance the development cost of International College of Automotive Malaysia. The effective interest rate as at the reporting date was 5.89% (2014: 5.76%) per annum.
- (vi) The term loan facility of RM126,000,000 (2014: RM189,000,000) which bears floating interest rate of 6.35% (2014: 5.81%) per annum, is repayable by 2 (2014: 3) equal annual instalments over the next 2 years (2014: 3 years) to partially finance the acquisition of shares in PROTON Holdings Berhad.
- (vii) The syndicated term loan of RM122,475,000 (2014: RM122,475,000) which bears the interest rate of 1.5% (2014: 1.5%) per annum above effective cost of funds, is repayable on a quarterly basis commencing from March 2016 to finance the purchase of concession assets. The effective interest rate as at the reporting date was 5.90% (2014: 5.63%) per annum.

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37 Long Term Borrowings (Continued)

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

Group (Continued)

The long term loans under Islamic financing are secured by fixed and floating charges over certain property, plant and equipment, prepaid lease properties, property development activities, shares in a subsidiary company and inventories as disclosed in Notes 3, 13, 15, 17, 18 and 28. In addition, the IMTN and the term loan of RM126,000,000 (2014: RM189,000,000) as disclosed in Notes 37(c)(i) and 37(c)(vi) above, are also secured by a charge over the Revenue Account in respect of the assignments of all proceeds from any entitlements to the Group, 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)(i) and 37(c)(vi) above.

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Hire purchase and finance lease liabilities	3.30	3.73	–	–
Long term loans	5.67	5.48	6.43	5.75
Long term loans under Islamic financing	5.49	5.52	5.09	5.08

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	4,604,466	5,138,027	2,331,091	2,584,302
– Singapore Dollar	227,683	221,568	–	–
	4,832,149	5,359,595	2,331,091	2,584,302

37 Long Term Borrowings (Continued)

(f) Hire purchase and finance lease liabilities

	Group	
	2015 RM'000	2014 RM'000
Minimum hire purchase and finance lease payments:		
– not later than 1 year	19,727	20,868
– later than 1 year and not later than 2 years	18,217	16,906
– later than 2 years and not later than 3 years	8,226	13,620
– later than 3 years and not later than 4 years	2,852	5,041
– later than 4 years and not later than 5 years	543	1,327
– later than 5 years	3	–
	49,568	57,762
Future finance charges on hire purchase and finance lease	(5,220)	(6,190)
Present value of hire purchase and finance lease liabilities	44,348	51,572
Representing hire purchase and finance lease liabilities:		
– non-current	27,055	33,297
– current (included in Note 44)	17,293	18,275
	44,348	51,572

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

	Maturity profile				
	Carrying amount RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
Group					
2015					
Fixed rate					
Hire purchase and finance lease liabilities	27,055	14,993	8,780	2,747	535
Long term loans	174,746	104,495	60,575	6,201	3,475
Long term loans under Islamic financing	2,682,789	922,565	93,090	554,592	1,112,542
	2,884,590	1,042,053	162,445	563,540	1,116,552
Floating rate					
Long term loans	1,664,795	169,135	134,569	993,199	367,892
Long term loans under Islamic financing	282,764	119,316	90,000	73,448	–
	1,947,559	288,451	224,569	1,066,647	367,892
	4,832,149	1,330,504	387,014	1,630,187	1,484,444

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37 Long Term Borrowings (Continued)

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

	Maturity profile				
	Carrying amount RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	> 5 years RM'000
Group					
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
Company					
2015					
<u>Fixed rate</u>					
Long term loan under Islamic financing	1,829,460	424,139	15,142	480,982	909,197
<u>Floating rate</u>					
Long term loan under Islamic financing	61,899	61,899	–	–	–
Long term loans	439,732	106,441	75,000	110,000	148,291
	501,631	168,340	75,000	110,000	148,291
	2,331,091	592,479	90,142	590,982	1,057,488
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

38 Provision for Liabilities and Charges

	Note	Warranty RM'000	Sales returns RM'000	Total RM'000
Group				
2015				
At 1 April		184,449	201	184,650
Currency translation differences		1,191	–	1,191
Charge	6	45,841	578	46,419
Warranties reimbursable from suppliers		39,188	–	39,188
Utilised		(67,578)	(114)	(67,692)
Unused amounts reversed	6	(4,535)	(458)	(4,993)
At 31 March		198,556	207	198,763
Non-current		3,110	–	3,110
Current		195,446	207	195,653
		198,556	207	198,763
2014				
At 1 April		156,341	207	156,548
Acquisition of subsidiary companies	52(ii)	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

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39 Provision for Concession Assets

	Note	Group	
		2015 RM'000	2014 RM'000
At 1 April		71,023	109,059
Replacements	6	25,892	23,443
Reversals	14	–	(332)
Utilised		(7,255)	(62,195)
Unwinding of discounts		2,471	1,048
At 31 March		92,131	71,023
Non-current		74,574	43,742
Current		17,557	27,281
		92,131	71,023
Non-current:			
– later than 2 years and not later than 5 years		3,393	566
– later than 5 years		71,181	43,176
		74,574	43,742

As disclosed in Note 2.29(iii), the above represents the contractual obligation by a subsidiary company in relation to the Service Concession Agreement.

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:

	Group	
	2015 RM'000	2014 RM'000
Present value of funded obligations	576,282	511,942
Fair value of plan assets	(548,507)	(486,539)
Shortfall of funded plan	27,775	25,403
Present value of unfunded obligations	7,016	7,696
Benefit liability (Non-current)	34,791	33,099

40 Post-Employment Benefit Obligations (Continued)

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

	Note	Group	
		2015 RM'000	2014 RM'000
At 1 April		519,638	434,344
Acquisition of subsidiary companies	52(ii)	–	2,143
Disposal of subsidiary company	53(i)	(404)	–
Current service cost		9,319	7,061
Interest cost		22,908	20,974
Actuarial (gain)/loss on obligations:			
– Effect of experience adjustments		(28,093)	(1,189)
– Effect of changes in demographic assumptions		(3,982)	60
– Effect of changes in financial assumptions		66,663	36
Reversal for past service cost		(292)	(4,876)
Employees contribution		4,922	3,985
Currency translation differences		5,246	67,412
Benefits paid/payable		(12,627)	(10,312)
At 31 March		583,298	519,638
Present value of funded obligations		576,282	511,942
Present value of unfunded obligations		7,016	7,696

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

	Group	
	2015 RM'000	2014 RM'000
At 1 April	486,539	388,303
Currency translation differences	4,863	62,031
Expected return on plan assets	21,879	19,415
Employers contributions	18,445	23,764
Employees contributions	4,922	4,201
Benefits paid	(12,105)	(9,950)
Actuarial gain on plan assets	30,404	5,128
Plan expenses	(6,440)	(6,353)
At 31 March	548,507	486,539

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40 Post-Employment Benefit Obligations (Continued)

(d) The expenses recognised in profit or loss are analysed as follows:

	Note	Group	
		2015 RM'000	2014 RM'000
Current service cost		9,319	7,061
Interest cost		22,908	20,974
Reversal of provision for past service cost		(292)	(4,876)
Administrative costs		6,440	6,353
Expected return on plan assets		(21,879)	(19,415)
Staff costs	8	16,496	10,097

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

	Group	
	2015	2014
Discount rate (%)	3.40 – 6.00	4.50 – 7.00
Expected rate of salary increase (%)	2.00 – 5.50	2.00 – 8.00
Expected return on plan assets (%)		
– equity	5.85	5.85
– bonds	3.10	3.10
– others	3.10	3.10

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

	Group	
	2015 RM'000	2014 RM'000
– Pound Sterling	27,775	25,403
– Ringgit Malaysia	6,746	7,491
– Thai Baht	270	205
	34,791	33,099

40 Post-Employment Benefit Obligations (Continued)

- (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 2015:

	Increase RM'000	Decrease RM'000
Group		
2015		
Discount rate (0.5% movement)	(61,667)	70,443
Future salary (0.5% movement)	8,373	(7,808)
2014		
Discount rate (0.5% movement)	(57,178)	65,347
Future salary (0.5% movement)	19,019	(17,916)

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

	Group	
	2015	2014
Average duration of the defined benefit obligations (years)	7.8 – 21	8.8 – 23

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

	Group	
	2015 RM'000	2014 RM'000
Within the next 12 months	19,193	–
Between 2 and 5 years	108,917	112,460
Between 5 and 10 years	1,438	26,644
Beyond 10 years	16,531	14,370
Total expected payments	146,079	153,474

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

	Group	
	2015 RM'000	2014 RM'000
Cash and cash equivalents	16,452	22,092
Equities	416,867	384,775
Bonds	115,188	79,672
	548,507	486,539

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41 Deposits From Customers of a Banking Subsidiary Company

	Group	
	2015 RM'000	2014 RM'000
Non-Mudharabah Fund		
Demand deposits	2,676,732	2,342,082
Saving deposits	460,847	471,825
Negotiable Islamic debts certificates	2,278,335	1,715,087
Others	638,607	467,661
	6,054,521	4,996,655
Mudharabah Fund		
Demand deposits	939,517	685,940
Saving deposits	679,344	799,994
General investment deposits	9,596,753	10,006,888
Special general investment deposits	1,651,889	816,966
	12,867,503	12,309,788
Total	18,922,024	17,306,443
Non-current	51,826	45,976
Current	18,870,198	17,260,467
	18,922,024	17,306,443

(a) The fair values 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	
	2015 RM'000	2014 RM'000
– Ringgit Malaysia	18,255,793	16,835,906
– US Dollar	657,953	468,229
– Euro	8,143	2,308
– Other currencies	135	–
	18,922,024	17,306,443

41 Deposits From Customers of a Banking Subsidiary Company (Continued)

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

	Group	
	2015 RM'000	2014 RM'000
– not later than 6 months	17,727,356	16,433,715
– later than 6 months and not later than 1 year	1,142,842	826,752
– later than 1 year and not later than 5 years	51,826	45,976
	18,922,024	17,306,443

(d) The weighted average effective annual profit rate of deposits from customers of a banking subsidiary at the end of the financial year is 2.50% (2014: 2.60%) per annum.

42 General Insurance Contract Liabilities

During the current financial year, the general insurance contract liabilities ceased to be recognised in the financial statements following the disposal of the general insurance subsidiary company as disclosed in Note 53(i)(b).

	Note	Gross RM'000	Reinsurance RM'000	Net RM'000
2014				
General insurance contract liabilities (net of deferred acquisition cost/reinsurance)	(a)	691,616	(211,478)	480,138
<hr/>				
(a) General insurance contract liabilities				
(i) Claim liabilities				
– Provision for claims		318,427	(115,273)	203,154
– Provision for incurred but not reported		135,315	(30,878)	104,437
		453,742	(146,151)	307,591
(ii) Premium liabilities		237,874	(65,327)	172,547
		691,616	(211,478)	480,138

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43 Trade and Other Payables

	Note	Group		Company	
		2015	2014 (Restated)	2015	2014
		RM'000	RM'000	RM'000	RM'000
Trade payables		1,906,995	2,163,426	–	–
Other payables and accruals		2,393,220	1,510,634	31,767	33,348
Advances received on contracts		1,595,999	1,512,184	–	–
Progress billings		–	8,409	–	–
Amounts due to subsidiary companies		–	–	924,979	580,662
Amounts due to jointly controlled entities		12,654	27,652	–	–
Amounts due to associated companies		49,468	52,354	–	–
Amounts due to related parties		2,231	15,790	–	–
Amounts due to customers on contracts	50	53	53	–	–
		5,960,620	5,290,502	956,746	614,010

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

	Group		Company	
	2015	2014 (Restated)	2015	2014
	RM'000	RM'000	RM'000	RM'000
– Ringgit Malaysia	4,999,023	4,556,430	956,746	614,010
– US Dollar	362,949	213,378	–	–
– Euro	256,395	135,440	–	–
– Pound Sterling	174,251	193,486	–	–
– Thai Baht	45,740	22,306	–	–
– Japanese Yen	54,322	55,552	–	–
– Indonesia Rupiah	7,844	10,551	–	–
– Chinese Renminbi	15,257	81,810	–	–
– Singapore Dollar	10,024	8,844	–	–
– Other currencies	34,815	12,705	–	–
	5,960,620	5,290,502	956,746	614,010

43 Trade and Other Payables (Continued)

- (b) The Group's and the Company's normal trade payables term ranges from 30 days to 180 days (2014: 30 days to 180 days).
- (c) All other amounts due to jointly controlled entities, associated companies and related parties are non-interest bearing, unsecured and repayable on demand.
- (d) Included in the amount due to subsidiary companies are balances of RM183,430,000 (2014: RM219,889,000) which are interest bearing and unsecured. The interest rates range from 2.90% to 5.79% (2014: 2.95% to 4.43%) per annum.

44 Bank Borrowings

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(i) Bank overdrafts					
– secured		10,621	6,549	–	–
– unsecured		11,214	8,257	–	–
		21,835	14,806	–	–
(ii) Other bank borrowings					
<u>Secured</u>					
Bankers acceptances		31,513	10,494	–	–
Revolving credits		67,321	60,821	–	–
Short term loans		71,466	54,507	–	–
Hire purchase and finance lease liabilities – portion repayable within 12 months	37	17,293	18,275	–	–
Long term loans – portion repayable within 12 months	37	434,060	201,237	106,441	99,441
Long term loans under Islamic financing – portion repayable within 12 months	37	181,381	181,164	74,557	102,799
Sub-total		803,034	526,498	180,998	202,240
<u>Unsecured</u>					
Bankers acceptances		933,974	880,319	–	–
Revolving credits		277,014	323,000	135,000	155,000
Short term loans		–	11,434	–	–
Long term loans – portion repayable within 12 months	37	2,018	4,922	–	–

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44 Bank Borrowings (Continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(ii) Other bank borrowings (Continued)					
Unsecured (Continued)					
Long term loans under Islamic financing – portion repayable within 12 months	37	39,707	6,489	–	–
Deferred liability		10,032	12,181	–	–
Sub-total		1,262,745	1,238,345	135,000	155,000
Total (Others – Secured and Unsecured)		2,065,779	1,764,843	315,998	357,240
Total bank borrowings		2,087,614	1,779,649	315,998	357,240

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	2,006,175	1,759,860	315,998	357,240
– US Dollar	67,175	16,384	–	–
– Pound Sterling	9,857	814	–	–
– Singapore Dollar	2,694	2,591	–	–
– Thai Baht	1,713	–	–	–
	2,087,614	1,779,649	315,998	357,240

(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, certain assets held for sale, inventories and receivables (Notes 3, 13, 15, 16, 17, 18, 20, 27, 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, non-interest bearing and payable in accordance with the repayment schedule.

44 Bank Borrowings (Continued)

(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	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	8.26	7.45	–	–
Bankers acceptances	4.40	3.73	–	–
Revolving credits	5.69	5.26	5.86	5.47
Short term loans	2.38	2.68	–	–

45 Deposits and Placements of Banks and Other Financial Institutions

	Group	
	2015 RM'000	2014 RM'000
Non-Mudharabah		
Bank Negara Malaysia	8,164	6,831
Other financial institutions	–	40,000
	8,164	46,831
Mudharabah		
Other financial institutions	400,672	54,243
	408,836	101,074

The above are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 year (2014: not exceeding 1 year).

46 Bills and Acceptances Payable

Bills and acceptance payables are denominated in Ringgit Malaysia and the average maturity period is not exceeding 1 month (2014: not exceeding 1 month). The weighted average effective annual interest rate of acceptances payable for the previous financial year is 3.26% per annum.

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47 Share Premium

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 April/31 March	20,701	20,701

48 Merger Reserve

Pursuant to Section 60(4)(a) of the Companies Act 1965, the premiums on the shares issued by the Company as consideration for the acquisitions of certain subsidiary companies in the financial year ended 31 March 2001 were not recorded as share premium. The difference between the issue price and the nominal value of shares issued were classified as merger reserve.

49 Other Reserves

	Group	
	2015	2014
	RM'000	RM'000
Non-distributable		
Share of subsidiary companies' reserve	313,841	266,430
Asset revaluation reserve on step up acquisition of subsidiary companies	21,101	21,101
Fair value reserve on property, plant and equipment and prepaid lease properties	15,642	5,041
Share of associated companies' reserves	2,769	2,769
Capital redemption reserve arising from redemption of preference shares	1,800	2,566
Reserve on valuation of post-employment benefit obligations	(30,465)	(26,075)
	324,688	271,832

50 Construction Contracts

	Note	Group	
		2015 RM'000	2014 RM'000
Aggregate contract costs incurred		1,945,567	919,499
Recognised profits		435,129	168,322
		2,380,696	1,087,821
Less: Progress billings		(1,548,205)	(644,346)
		832,491	443,475
Analysed as follows:			
Amounts due from customers on contracts	29	832,544	441,075
Amounts due from associated company		–	2,453
Amounts due to customers on contracts	43	(53)	(53)
		832,491	443,475

51 Retained Earnings

The balance of the entire retained earnings of the Company as at 31 March 2015 may be distributed under the single tier system.

52 Summary of Effects of Acquisition and Re-Organisation of Companies

2015

(i) Subsidiary companies

- (a) On 18 June 2014, Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Sistem Sewa Kereta Malaysia Sdn. Bhd. ("SSKM") for a cash consideration of RM5,500,000. As a result, SSKM became a wholly-owned subsidiary company of the Group. On 23 January 2015, SSKM changed its name to DRB-HICOM EZ-Drive Sdn. Bhd. ("DHEZ"). The Group has completed the Purchase Price Allocation ("PPA") exercise for DHEZ within the stipulated period, pursuant to FRS 3 *Business Combinations*.
- (b) On 26 September 2014, Composites Testing Laboratory Asia Sdn. Bhd. ("CTLA"), an indirect 96.87% owned subsidiary company of the Group, increased its paid-up share capital by issuance of 120,000 new ordinary shares of RM1.00 each to Composites Testing Laboratory ("CTL"), a company incorporated in Ireland. On 31 March 2015, Composites Technology Research Malaysia Sdn. Bhd. ("CTRM"), the holding company of CTLA, acquired the shares held by CTL, for a total cash consideration of RM200,000. As a result, CTLA became a wholly-owned subsidiary company of CTRM.

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52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2015 (Continued)

(i) Subsidiary companies (Continued)

- (c) On 25 November 2014, HICOM Holdings Berhad (“HHB”), effectively a wholly-owned subsidiary company of the Group, completed the acquisition of the remaining 30% equity interest in Oriental Summit Industries Sdn. Bhd. (“OSI”) for a total cash consideration of RM12,036,000. As a result, the Group’s effective equity interest in OSI increased from 70% to 100%.
- (d) On 29 January 2015, KL Airport Services Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the 100% equity interest in Gading Sari Aviation Services Sdn. Bhd. (“GSAS”) for a cash consideration of RM72,000,000. As a result, GSAS became a wholly-owned subsidiary company of the Group. On 16 April 2015, GSAS changed its name to DRB-HICOM ASIA Cargo Express Sdn. Bhd. (“DHACE”).
- (e) On 26 February 2015, pursuant to the Group intercompany balances restructuring, the Company completed the acquisition of the remaining 30.01% equity interest in HICOM Holdings Berhad (“HHB”) from Mega Consolidated Sdn. Bhd., an effectively wholly-owned subsidiary company of the Group. As a result, HHB became a direct wholly-owned subsidiary company of the Company.
- (f) On 20 March 2015, DRB-HICOM ASIA Cargo Express Sdn. Bhd. (“DHACE”) completed the acquisition of 100% equity interest in Gading Sari Aviation Services Ltd. (“GSASL”) for a cash consideration of USD2. As a result, GSASL became a subsidiary company of DHACE.
- (g) On 23 March 2015, HHB completed the acquisition of the remaining 49% equity interest in HICOM Petro-Pipes Sdn. Bhd. (“HPP”) for a cash consideration of RM6,883,000. As a result, HPP became an indirect wholly-owned subsidiary company of the Group.
- (h) On 26 March 2015, Glenmarie Properties Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 1,000 ordinary shares of RM1.00 each in HICOM Vertex Sdn. Bhd. from HHB via an internal re-organisation.
- (i) On 26 March 2015, PHN Industry Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the entire equity interest comprising 2 ordinary shares of RM1.00 each in Connemara Development Sdn. Bhd. (“CDSB”) from HICOM Berhad via an internal re-organisation. On 28 April 2015, CDSB changed its name to DRB-HICOM Mechatronics Sdn. Bhd.

52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2015 (Continued)

(i) Subsidiary companies (Continued)

Details of cash flow arising from the acquisitions for items (a), (d) and (f) are as follows:

	RM'000
Purchase consideration	77,500
Direct expenses attributable to the acquisition	290
Purchase consideration, settled in cash	77,790
Cash and cash equivalents arising from acquisitions of subsidiary companies	646
Cash outflow from acquisitions of subsidiary companies	78,436

The subsidiary companies acquired during the financial year contributed revenue of approximately RM19,176,000 and profit after taxation of approximately RM1,324,000 to the Group for the period from the date of acquisition to 31 March 2015. Had the acquisitions taken effect at the beginning of the financial year, the revenue and profit after taxation contributed to the Group would have been RM102,184,000 and RM436,000 respectively.

Details of net assets acquired and goodwill arising from the above acquisitions are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	8,754	8,754
Trade and other receivables	8,610	8,610
Tax recoverable	106	106
Short term deposits	1,719	1,719
Cash and bank balances	293	293
Trade and other payables	(8,707)	(8,742)
Deferred income	(2,896)	(2,896)
Bank borrowings – others	(4,457)	(4,457)
Current tax liabilities	(588)	(588)
Share of net assets acquired	2,834	2,799
Goodwill		74,701
Total purchase consideration		77,500

The accounting of business combination of DHACE was based on the provisional fair values of its identifiable assets, liabilities, and contingent liabilities. In accordance with FRS 3, the Group will be carrying out the PPA exercise within 12 months from the date of acquisition.

The provisional goodwill of RM74,701,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised. Goodwill is allocated to the integrated logistics services and leasing of motor vehicles segments.

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52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2014

(ii) 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. (“LATSB”), 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 LATSB 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.

52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2014 (Continued)

(ii) Subsidiary companies (Continued)

- (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.
- (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 company 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 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 taken 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.

During the financial year ended 31 March 2015, the Group has completed the PPA exercise to determine the fair values of the net assets of the following subsidiary companies within the stipulated time period, i.e. 12 months from the respective acquisition dates, in accordance with FRS 3. The details are as follows:

	CTRM RM'000	KLB RM'000
Provisional (gain on bargain purchase)/goodwill	(111,677)	239,484
Final (gain on bargain purchase)/goodwill	(118,267)	192,097
Differences	(6,590)	(47,387)

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52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2014 (Continued)

(ii) Subsidiary companies (Continued)

The goodwill of RM192,097,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised. Goodwill is allocated entirely to the integrated logistics services segment.

The changes in the provisional fair values of CTRM's and KLB's identifiable assets, liabilities and contingent liabilities have been reflected in the Consolidated Statement of Financial Position as at 31 March 2014.

Below are the effects of the final PPA adjustments in accordance with FRS 3:

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
As at 31 March 2014			
Consolidated Statement of Financial Position			
<u>Non-current assets</u>			
Property, plant and equipment	5,561,456	44,272	5,605,728
Prepaid lease properties	37,709	20,361	58,070
Intangible assets	1,145,450	(38,541)	1,106,909
<u>Non-current liabilities</u>			
Deferred tax liabilities	61,166	15,779	76,945
<u>Current liabilities</u>			
Trade and other payables	5,285,752	4,750	5,290,502
Consolidated Statement of Changes in Equity			
Retained earnings	4,487,828	5,350	4,493,178
Non-controlling interest	1,199,852	213	1,200,065
For the financial year ended 31 March 2014			
Consolidated Statement of Comprehensive Income			
Administrative expenses	(1,683,269)	(1,462)	(1,684,731)
Other income			
– gain on bargain purchase arising from acquisition of a subsidiary company	111,677	6,590	118,267
Taxation	(151,692)	221	(151,471)

52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2014 (Continued)

(ii) Subsidiary companies (Continued)

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
For the financial year ended 31 March 2014			
Consolidated Statement of Comprehensive Income (Continued)			
Net profit for the financial year attributable to Owners of the Company	456,819	5,350	462,169
Net profit for the financial year attributable to Non- controlling interest	188,102	(1)	188,101
Total comprehensive income for the financial year attributable to Owners of the Company	346,506	5,350	351,856
Total comprehensive income for the financial year attributable to Non-controlling interest	179,473	(1)	179,472

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	433,899
Prepaid lease properties	25,099	45,589
Intangible assets	2	9,436
Investment securities: available-for-sale	260	260
Other investments	512	511
Deferred tax assets	1,670	1,670
Inventories	174,449	170,924
Trade and other receivables	385,553	361,754
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)	(490,270)
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)

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– 31 March 2015

52 Summary of Effects of Acquisition and Re-Organisation of Companies (Continued)

2014 (Continued)

(ii) Subsidiary companies (Continued)

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

	Carrying value RM'000	Fair value RM'000
Deferred tax liabilities	(15,298)	(31,298)
Non-controlling interest	(9,641)	(9,922)
Share of net assets acquired	375,722	446,762
Reclassification of net assets of jointly controlled entities		(25,089)
Gain on bargain purchase		(118,267)
Goodwill		259,608
Gain on remeasurements of subsidiary companies upon reclassification from jointly controlled entities		(773)
Total purchase consideration		562,241

53 Summary of Effects of Dilution and Disposal of Companies

2015

(i) Subsidiary companies

- (a) On 10 July 2014, Scott & English (Malaysia) Sdn. Bhd., a 70% owned subsidiary company of the Group, disposed its entire 51% equity interest in Scott & 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.
- (b) On 16 July 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% subsidiary company of the Group, completed the disposal of its entire equity interest of 68.09% in Uni.Asia General Insurance Berhad ("UAG") for a total cash consideration of approximately RM374,519,000. As a result, UAG ceased to be an indirect subsidiary company of the Group.
- (c) On 28 November 2014, Parcel Tankers Malaysia Sdn. Bhd. ("PTM"), an indirect wholly-owned subsidiary company of the Group, increased its paid-up share capital from RM250,000 to RM3,840,000 by issuance of 1,708,400 new ordinary shares of RM1.00 each to its existing holding company, PNSL Berhad (51%) and 1,881,600 new ordinary shares of RM1.00 each to Yuma Shipping Pte. Ltd., Singapore (49%). As a result, the Group's effective equity interest in PTM reduced from 100% to 51%.

53 Summary of Effects of Dilution and Disposal of Companies (Continued)

2015 (Continued)

(i) Subsidiary companies (Continued)

The effect of the disposal of the subsidiary companies from items (a) and (b), up to the date of disposal on the results of the Group is shown below:

	RM'000
Revenue	150,331
Cost of sales	(119,294)
Gross profit	31,037
Other income	11,582
Administrative expenses	(20,548)
Other expenses	(161)
Finance costs	(673)
Profit before taxation	21,237
Taxation	(3,441)
Profit after taxation	17,796

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

	RM'000
Property, plant and equipment	34,920
Investment properties	46,848
Intangible assets	2,748
Investment securities: available-for-sale	86,076
Investment securities: held-for-maturity	86,149
Other assets	124
Inventories	1,922
Trade and other receivables	158,121
Reinsurance assets	220,460
Tax recoverable	648
Short term deposits	636,170
Cash and bank balances	3,132
General insurance contract liabilities	(718,558)
Post-employment benefit obligations	(404)
Short term borrowings - others	(4,900)
Trade and other payables	(129,335)
Current tax liabilities	(23)

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53 Summary of Effects of Dilution and Disposal of Companies (Continued)

2015 (Continued)

(i) Subsidiary companies (Continued)

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

	RM'000
Deferred tax liabilities	528
Non-controlling interest	(157,490)
Share of net assets disposed	267,136
Gain on disposals	97,424
Total sale consideration (net)	364,560
Less: Cash and bank balances of the subsidiary companies disposed	(639,302)
Add: Bank overdraft of the subsidiary company disposed	40
Add: Accruals	1,265
Net cash outflow on disposal	(273,437)
Sales consideration	375,168
Less: Direct expenses attributable to the disposal	(10,608)
Sale consideration (net)	364,560

(ii) Jointly controlled entity

(a) On 14 November 2014, the Company and ISUZU Motors Asia Limited ("IMA") entered into a share sale and purchase agreement with ISUZU HICOM Malaysia Sdn. Bhd. ("IHM"), a 49% indirect associated company of the Group, for the following:

- i. Disposal of 25.57% equity interest in Isuzu Malaysia Sdn. Bhd. ("IMSB") by the Company to IHM for cash consideration of RM20,460,000; and
- ii. Disposal of 25.43% equity interest in IMSB by IMA to IHM for cash consideration of RM20,340,000.

The above disposals were completed on the even date and referred to as the internal re-organisation. As a result, the Group's effective shareholding in IMSB reduced from 49% to 48.42%.

53 Summary of Effects of Dilution and Disposal of Companies (Continued)

2014

(iii) Subsidiary companies

- (a) On 2 January 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% owned subsidiary company 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 disposal 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)

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53 Summary of Effects of Dilution and Disposal of Companies (Continued)

2014 (Continued)

(iii) Subsidiary companies (Continued)

(a) (Continued)

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

	RM'000
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
Less: Cash and bank balances of the subsidiary company disposed	(451,746)
Net cash inflow on disposal	29,205
Sales consideration	518,000
Less: 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.

(iv) Associated companies

(a) On 1 July 2013, Proton Edar Sdn. Bhd., an indirect wholly-owned subsidiary company 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 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Sale of goods/services to:				
– Jointly controlled entities	59,872	51,751	–	–
– Associated companies	239,298	169,771	–	–
– Related parties	92,437	26,881	–	–
(b) Purchase of goods/services from:				
– Jointly controlled entities	429,625	378,182	–	–
– Associated companies	19,499	14,759	–	–
– Related parties	121,571	68,820	–	–
(c) Dividend income:				
– Subsidiary companies	–	–	152,454	631,311
– Associated companies	–	–	127,968	57,869
(d) Year end balances – banking:				
– Related parties				
Short term deposits	737,795	536,828	–	–
Revolving credits	363,504	413,134	–	–
Trade line	464,871	438,305	–	–
Term loan	1,727	38,484	–	–
Bank guarantee	64,976	126,198	–	–
Bonds purchased	75,457	65,757	–	–
– Associated companies				
Short term deposits	48,912	64,000	–	–
Revolving credits	75,444	81,925	–	–
(e) Key management compensation:				
– Salaries, bonuses, allowances and other benefits	12,142	10,025	–	–
– Defined contribution plan	1,779	1,382	–	–

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55 Capital and Other Commitments

(a) Non-banking

(i) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2015 RM'000	2014 RM'000
Authorised capital expenditure for property, plant and equipment, investment properties and intangible assets not provided for in the financial statements		
– contracted for	341,698	591,341
– not contracted for	2,566,318	1,792,031
	2,908,016	2,383,372

(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	
	2015 RM'000	2014 RM'000
Repayable within 1 year	63,015	55,532
Repayable within 2 to 5 years	71,005	55,781
Repayable more than 5 years	11,331	11,546
	145,351	122,859

(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	
	2015 RM'000	2014 RM'000
Receivable within 1 year	31,355	13,615
Receivable within 2 to 5 years	27,951	10,182
Receivable more than 5 years	24,933	–
	84,239	23,797

55 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 2015			
Direct credit substitutes	62,225	62,225	62,072
Trade-related contingencies	18,829	3,766	2,810
Transaction related contingencies	246,641	123,320	122,737
Credit extension commitment:			
– maturity within one year	1,261,070	252,214	229,846
– maturity exceeding one year	2,010,431	1,005,215	240,756
Profit rate related contracts	3,675,000	86,250	17,250
Foreign exchange related contracts	2,181,114	67,921	44,486
	9,455,310	1,600,911	719,957
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

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56 Material Litigations

- (a) On 1 October 2003, Konsortium Logistik Berhad (“KLB”), an indirect wholly-owned subsidiary company of the Group, acting as an agent for Petronas Dagangan Berhad (“Petronas Dagangan”), entered into an agreement with Sri Awad Pengangkutan Enterprise Sdn. Bhd. (“Sri Awad” or “Plaintiff”) where Sri Awad was appointed to provide transportation services of Liquefied Petroleum Gas (“LPG”) solely and exclusively for Petronas Dagangan as the principal (“Main Agreement”).

On 21 August 2009, Sri Awad filed a Writ of Summons and Statement of Claim against Petronas Dagangan (as First Defendant) and KLB (as Second Defendant). Details of the claims are as follows:

- (i) Damages of RM17,864,168 for wrongful termination of services under the Main Agreement that was served by Petronas Dagangan to Sri Awad on 29 July 2008; and
- (ii) Damages of RM3,825,000 for loss suffered by Sri Awad in relation to the following:
- the failure of Petronas Dagangan to accept all 6 tanker units that was fabricated and manufactured to the specific specifications requested by Petronas Dagangan; and
 - the failure to make payments for the usage of the 2 out of 8 tanker units that was accepted by Petronas Dagangan which has resulted Sri Awad being unable to service the payments of the financing arrangement with Malaysian Industrial Development Finance Berhad (“MIDF”).

The case was part heard on 10, 11 and 13 November 2014 and continued trial on 18, 19, 22 and 23 December 2014. On 22 April 2015, the High Court dismissed the Plaintiff’s claims. The Plaintiff filed a Notice of Appeal on the case dated 20 May 2015. The case has been fixed for case management at the Court of Appeal on 12 August 2015.

- (b) A contractual dispute between DRB-HICOM ASIA Cargo Express Sdn. Bhd. (formerly known as Gading Sari Aviation Services Sdn. Bhd.) (“Plaintiff”), a new indirect wholly-owned subsidiary of the Group, and Neptune Air Sdn. Bhd. (“Defendant”) with both Parties contending that the other party is in breach of the Aircraft Dry Lease Agreement dated 23 November 2011 (“Agreement 1”) and the Aircraft Charter Agreement dated 23 November 2011 (“Agreement 2”) (collectively referred to as the “Agreements”). The dispute centers on a suspension notice dated 4 December 2012 issued by the Defendant pursuant to which the Defendant purportedly ceased the services under the Agreements (“Suspension”). The Plaintiff thereafter accepted the Suspension as a repudiation of the Agreements on the part of Defendant and terminated the same by notice dated 6 December 2012 (“Termination”).

In the action, the Plaintiff sought declaratory relief to validate the Termination and sought the recovery of losses incurred to extent of RM678,225 together with interest and cost. The Defendant, on the other hand, took the opposite position and maintained that the Termination was unlawful and has counterclaimed for RM81,821,083 together with interest and cost.

The High Court on 30 April 2014 held as follows:

1. that the Suspension by the Defendant under Agreement 2 was unlawful and invalid and the Termination by the Plaintiff was lawful, valid and binding on the Defendant;
2. that the Suspension by the Defendant under Agreement 1 was lawful and valid and the Termination by the Plaintiff was unlawful and invalid;

56 Material Litigations (Continued)

(b) (Continued)

The High Court on 30 April 2014 held as follows: (Continued)

3. that the damages to be assessed before the Senior Assistant Registrar; and
4. that the Defendant shall pay the Plaintiff costs of RM250,000 and the Plaintiff shall pay the Defendant costs of the counterclaim of RM250,000.

The Plaintiff has filed an appeal and the Defendant has also filed a cross appeal on the High Court decision and on 27 February 2015, the Court of Appeal ("COA") held as follows:

1. Plaintiff appeal for item 1 and 4 above was allowed.
2. Defendant cross-appeal for item 2 and 4 above was dismissed.
3. Costs for the appeal and cross appeal RM30,000 payable by Defendant to Plaintiff.

On 26 March 2015, the Defendant has filed an Application for Leave to Appeal at the Federal Court which is fixed for case management on 6 August 2015.

- (c) UB Racing Srl ("UB"), a company based in Italy, has filed a suit at the High Court of London on 6 March 2015 against Lotus Cars Limited ("Lotus"), an indirect wholly-owned subsidiary company of the Group, for a claim of EUR6.36 million made up of UB's projected profit from the contract amounting to EUR2,298,458 and the loss which it said that it incurred amounting to EUR4,056,245. UB claimed that it suffered this alleged losses pursuant to Lotus's failure to provide cars in accordance with the contract between Lotus and UB dated 24 February 2012. UB claimed that because the cars were not delivered on time, it was unable to participate in the FIA European Rally Championships in 2012 and 2013 thereby suffering the alleged losses. Lotus was unable to deliver the cars to UB because the Lotus R-GT Exige was still under development. Lotus' position on the claim is that whilst it accepts that it did not deliver the cars as the cars were still under development, UB has to prove that the alleged losses were actually suffered. Lotus has filed its Defence and Counter Claim on 3 June 2015.

57 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, vehicles leasing, distribution and sale of motor vehicles, military vehicles, motorcycles and special purpose vehicles including sale of related spares and services.
Services	<ol 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.

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57 Group Segment Reporting (Continued)

For management purpose, the Group is organised into business units based on the industry and has three reportable segments as follows: (Continued)

Industry segment	Description
Services	<ul style="list-style-type: none"> (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.

(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.

57 Group Segment Reporting (Continued)

The information of each of the Group's business segments for the financial year ended 31 March 2015 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 2015					
Revenue					
Total revenue	11,307,998	2,711,169	367,565	54,229	14,440,961
Inter-segment revenue	(525,694)	(103,863)	(69,336)	(54,229)	(753,122)
External revenue	10,782,304	2,607,306	298,229	–	13,687,839
Segment results	64,426	299,756	81,620	15,876	461,678
Gain on disposal of subsidiary companies					97,424
Unallocated expenses					(31,336)
Interest income					65,132
Finance costs					(392,054)
Share of results of jointly controlled entities (net of tax)	21,875	–	4,906	–	26,781
Share of results of associated companies (net of tax)	232,833	41,753	–	–	274,586
Profit before taxation					502,211
Taxation					(117,063)
Net profit for the financial year					385,148
Attributable to:					
Owners of the Company					300,287
Holders of Perpetual Sukuk					14,401
Non-controlling interest					70,460

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57 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 2015					
Other information					
Segment assets	11,780,302	23,799,905	2,524,371	231,272	38,335,850
Interest bearing short term deposits					1,872,889
Taxation assets					390,010
Jointly controlled entities	340,707	–	49,545	–	390,252
Associated companies	592,427	714,589	–	–	1,307,016
Assets held for sale	58,738	4,667	–	–	63,405
Total assets					42,359,422
Segment liabilities	5,386,296	20,118,957	381,363	69,858	25,956,474
Interest bearing borrowings					6,909,731
Taxation liabilities					126,376
Unallocated liabilities					14,674
Total liabilities					33,007,255
Capital expenditure	745,268	149,609	16,619	3,607	915,103
Depreciation and amortisation	550,244	103,374	19,390	4,059	677,067
Impairment losses (net of reversal)	1,060	(21,497)	(22,147)	–	(42,584)

57 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 (Restated)					
Revenue					
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	88,191	425,532	203,506	(11,243)	705,986
Gain on bargain purchase					118,267
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					801,741
Taxation					(151,471)
Net profit for the financial year					650,270
Attributable to:					
Owners of the Company					462,169
Non-controlling interest					188,101

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57 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 (Restated)					
Other information					
Segment assets	10,556,966	22,024,091	2,650,891	218,279	35,450,227
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					<u>39,753,022</u>
Segment liabilities	4,645,236	18,868,238	391,086	69,469	23,974,029
Interest bearing borrowings					7,127,063
Taxation liabilities					120,813
Unallocated liabilities					19,569
Total liabilities					<u>31,241,474</u>
Capital expenditure	735,234	108,531	217,381	2,460	1,063,606
Depreciation and amortisation	651,026	72,074	16,145	4,090	743,335
Impairment losses (net of reversal)	42,503	(905)	(4,576)	–	<u>37,022</u>

58 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:

(a) 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.

(b) 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 valuations are obtained for these estimates.

(c) 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, other than goodwill, brand name and capitalised development costs of work-in-progress which are assessed annually. 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.

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58 Critical Accounting Estimates and Judgments (Continued)

(d) 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 profit or loss as defective works and product warranty expenses in the period such an estimate has been changed.

The carrying amounts of provision for product warranties for defective works are disclosed in Note 38.

(e) 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.

(f) 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.

(g) 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 RM1,497,000 (2014: RM3,138,000) was recognised during the financial year.

(h) 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.

58 Critical Accounting Estimates and Judgments (Continued)

(i) 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.

(j) 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.

(k) Classification of leases – as lessor

The Group, as the lessor, has entered into long term leasing agreements for certain of its motor vehicles with its customers (as lessees). The Group assessed the following:

- (i) The Group does not pass the titles of the motor vehicles to the lessee by the end of the lease term;
- (ii) The lessee has no option to purchase the motor vehicles;
- (iii) The lease term is not for a major part of the economic life of the motor vehicles;
- (iv) At the inception of the lease, the present value of the minimum lease payments amounts is not substantially all the fair value of the leased motor vehicles; and
- (v) The motor vehicles leased are not specialised in nature.

Management are of the view that the Group retains all the significant risks and rewards of ownership of these motor vehicles and thus accounted for the leasing agreements as operating leases.

59 Significant Events

- (a) On 18 June 2014, Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary company of the Group, completed the acquisition of 100% equity interest in Sistem Sewa Kereta Malaysia Sdn. Bhd. (“SSKM”) for a cash consideration of RM5,500,000. As a result, SSKM became a wholly-owned subsidiary company of the Group. On 23 January 2015, SSKM changed its name to DRB-HICOM EZ-Drive Sdn. Bhd.
- (b) On 16 July 2014, Uni.Asia Capital Sdn. Bhd., an indirect 51% subsidiary company of the Group, completed the disposal of its entire equity interest of 68.09% in Uni.Asia General Insurance Berhad (“UAG”) for a total cash consideration of approximately RM374,500,000. As a result, UAG ceased to be an indirect subsidiary company of the Group.

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59 Significant Events (Continued)

- (c) On 28 October 2014, the Company made an application to the Securities Commission Malaysia (“SC”) for a proposed perpetual sukuk musharakah programme of RM2.0 billion in nominal value (“Perpetual Sukuk Musharakah Programme”) and approval was obtained from SC on 27 November 2014. The Perpetual Sukuk Musharakah Programme is unsecured and Malaysian Rating Corporation Berhad (“MARC”) has assigned a rating of A_{IS} (stable). During the current financial year, the Company had undertaken two issuances of the Perpetual Sukuk Musharakah Programme totaling RM815,000,000.
- (d) On 29 January 2015, KL Airport Services Sdn. Bhd., an indirect wholly-owned subsidiary company of the Group, completed the acquisition of the 100% equity interest in Gading Sari Aviation Services Sdn. Bhd. (“GSAS”) for a cash consideration of RM72,000,000. As a result, GSAS became a wholly-owned subsidiary company of the Group. On 16 April 2015, GSAS changed its name to DRB-HICOM ASIA Cargo Express Sdn. Bhd.
- (e) On 26 February 2015, the Company entered into a conditional share sale agreement (“SSA”) with Northern Gateway Sdn. Bhd. for the proposed acquisition of 100% equity interest in Northern Gateway Infrastructure Sdn. Bhd. for a total cash consideration of RM20,000,000. The completion of the acquisition is pending fulfillment of the conditions precedent.

60 Subsequent Events

- (a) On 17 April 2015, PROTON Holdings Berhad and Lotus Group International Limited, effectively wholly-owned subsidiary companies of the Group, entered into an Equity Joint Venture contract with Goldstar Heavy Industrial Co. Ltd. to form a joint venture company to be named as Goldstar LOTUS Automobile Co. Ltd. (“JV Company”) to produce and sell LOTUS branded passenger cars, engines, parts and components, and accessories, and to provide after-sales services (including spare parts), in connection with its products in the People’s Republic of China.
- (b) On 27 April 2015, Edaran Otomobil Nasional Berhad, an indirect wholly-owned subsidiary company of the Group, entered into a share sale agreement with Johnson Controls Holding Japan TYK for the disposal of its entire 30% equity interest in Johnson Controls Automotive Holding (M) Sdn. Bhd. for a cash consideration of RM45,000,000. The transaction was completed on the even date.
- (c) On 8 June 2015, DRB-HICOM Berhad completed the acquisition of 100% equity interest in EON Network Systems Sdn. Bhd. (“ENSSB”) comprising 2 ordinary shares of RM1.00 each from EON Technologies Sdn. Bhd., a wholly-owned subsidiary company of the Group, via an internal re-organisation. On 16 June 2015, EON Network Systems Sdn. Bhd. changed its name to DRB-HICOM Northern Gateway Sdn. Bhd.
- (d) On 15 June 2015, the Company together with its wholly-owned subsidiary company, PROTON Holdings Berhad (“PHB”), entered into a Memorandum of Understanding with Suzuki Motor Corporation (“SMC”), a company incorporated in Japan, to form a long-term strategic partnership and collaboration (“Proposed Collaboration”). The Proposed Collaboration will involve the introduction of certain Suzuki developed automobiles under the PROTON brand in Malaysia. Other than that, subject to the outcome of the feasibility studies, the Proposed Collaboration includes the adoption of Suzuki technologies into PROTON current and future models and for PROTON to leverage on Suzuki’s platform and powertrain for export.

60 Subsequent Events (Continued)

(d) (Continued)

PHB and SMC had on the same date entered into a License Agreement to appoint PHB as the exclusive licensee for the manufacture, sale and distribution of Suzuki models ("Products") as well as distribution of imported parts, local parts and spare parts, engines, transmission and accessories for the Products in Malaysia subject to the terms of the License Agreement.

61 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				
2015				
Assets measured at fair value:				
Investment securities:				
available-for-sale	67,771	6,391,944	22,002	6,481,717
Investment securities: fair value				
through profit or loss	-	-	118,657	118,657
Derivative assets	-	74,975	-	74,975
Investment properties	-	560,325	-	560,325
	67,771	7,027,244	140,659	7,235,674
Assets for which fair values are disclosed:				
Investment securities:				
held-to-maturity	-	137,271	-	137,271
Financing of customers	-	7,021,209	4,484,165	11,505,374
	-	7,158,480	4,484,165	11,642,645
Liabilities measured at fair value:				
Derivative liabilities	-	56,851	-	56,851
Liabilities for which fair values are disclosed:				
Borrowings (non-current)	-	2,767,828	-	2,767,828

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61 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				
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
	66,931	6,554,332	236,008	6,857,271
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

There is no transfer from Levels 1, 2 and 3 during the financial year.

For fair value measurements categorised within Levels 2 and 3 of the fair value hierarchy, the fair values are determined using appropriate valuations technique, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. Valuation techniques used incorporate assumptions regarding discount rates, profit rate yield curves, estimates of future cash flows and other factors.

61 Fair Value Measurement (Continued)

(a) Financial and non-financial instruments measured at fair value (Continued)

The reconciliation of the financial assets that are measured at Level 3 of the hierarchy of fair value is as follows:

	2015 RM'000	2014 RM'000
Group		
As at 1 April	236,008	192,926
Disposal of a subsidiary company	(38)	(2,140)
Total gain through profit or loss	24,357	14,234
Purchases	21,409	36,117
Sales	(16,010)	(25,051)
Reclassification to investment securities: held-to-maturity	(136,230)	-
Coupon received by a banking subsidiary company	(971)	-
Foreign exchange	12,134	4,755
Transfer from Level 2 to Level 3	-	18,103
Total loss through other comprehensive income	-	(2,936)
As at 31 March	140,659	236,008

(b) Financial instruments that are not measured at fair value and which carrying amounts are not reasonable approximation of fair value:

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2015					
Financial liabilities:					
Borrowings (non-current)	37				
– Long term loans (fixed rate)		174,746	163,557	-	-
– Long term loans under Islamic financing (fixed rate)		2,682,789	2,577,217	1,829,460	1,826,908
		2,857,535	2,740,774	1,829,460	1,826,908

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61 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: (Continued)

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2014					
Financial liabilities:					
Borrowings (non-current)	37				
– 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
		2,898,544	2,894,114	1,842,830	1,837,909

- (c) Determination of fair value

- (i) Assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	29
Trade and other payables (current)	43
Borrowings (current)	44

The carrying amounts of these financial assets and liabilities reasonably approximate fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonably approximate fair value due to the insignificant impact of discounting.

The fair values of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

61 Fair Value Measurement (Continued)

(c) Determination of fair value (Continued)

(ii) 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.

(iii) Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

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62 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 the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the potential loss arising from customers or counterparties failing to meet their financial contractual obligations. The Group seeks to control credit risk by ensuring its customers or counterparties have sound financial standing and credit history. The Group has no significant concentration of credit risk due to its diverse customer base.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

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.

62 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.

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2015				
Financial liabilities:				
Trade and other payables	5,960,620	–	–	5,960,620
Borrowings	2,245,839	4,606,810	742,000	7,594,649
Dividend payable	28,999	–	–	28,999
Total undiscounted financial liabilities	8,235,458	4,606,810	742,000	13,584,268
2014				
Financial liabilities:				
Trade and other payables	5,290,502	–	–	5,290,502
Borrowings	1,924,421	4,907,366	1,221,761	8,053,548
Dividend payable	28,999	–	–	28,999
Total undiscounted financial liabilities	7,243,922	4,907,366	1,221,761	13,373,049
Company				
2015				
Financial liabilities:				
Trade and other payables	956,746	–	–	956,746
Borrowings	449,398	1,999,566	689,115	3,138,079
Dividend payable	28,999	–	–	28,999
Total undiscounted financial liabilities	1,435,143	1,999,566	689,115	4,123,824

292 Notes to the Financial Statements

– 31 March 2015

62 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (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	502,102	1,860,966	1,221,589	3,584,657
Dividend payable	28,999	–	–	28,999
Total undiscounted financial liabilities	1,145,111	1,860,966	1,221,589	4,227,666

(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 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Borrowings –	+50	(14,840)	(11,098)	(3,125)	(4,334)
floating rates	-50	14,840	11,098	3,125	4,334

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

62 Financial Risk Management Objectives and Policies (Continued)

(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 market 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 RM3,501,000 (2014: RM3,500,000) higher or lower respectively, arising as a result of an increase/decrease in the fair values of the quoted shares.

294 Notes to the Financial Statements

– 31 March 2015

63 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	2015 RM'000	2014 (Restated) RM'000
Group			
Short term borrowings excluding deferred liability	44	2,077,582	1,767,468
Long term borrowings	37	4,832,149	5,359,595
Total borrowings		6,909,731	7,127,063
Shareholders' equity		7,570,586	7,311,483
Gross gearing (times)		0.91	0.97
Company			
Short term borrowings	44	315,998	357,240
Long term borrowings	37	2,331,091	2,584,302
Total borrowings		2,647,089	2,941,542
Shareholders' equity		5,977,224	5,979,170
Gross gearing (times)		0.44	0.49

64 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						
2015						
Financial assets						
Investment securities	23	6,739,416	118,657	-	139,042	6,481,717
Trade and other receivables (excluding amounts due from customers on contracts, accrued billings and prepayments)	29	3,490,878	-	3,490,878	-	-
Banking-related assets						
- Cash and short-term funds	32	1,226,944	-	1,226,944	-	-
- Financing of customers	25	13,258,237	-	13,258,237	-	-
- Statutory deposits with Bank Negara Malaysia	26	757,721	-	757,721	-	-
Short term deposits	30	1,872,889	-	1,872,889	-	-
Cash and bank balances	31	588,519	-	588,519	-	-
Derivative assets	33	74,975	74,975	-	-	-

Notes to the Financial Statements

– 31 March 2015

64 Categories of Financial Instruments (Continued)

	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 amounts due from customers on contracts, accrued billings and prepayments)	29	3,521,755	–	3,521,755	–	–
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	–	–	–

64 Categories of Financial Instruments (Continued)

	Note	Carrying amount RM'000	FVTPL RM'000	OL RM'000
Group				
2015				
Financial liabilities				
Trade and other payables	43	5,960,620	–	5,960,620
Borrowings (excluding deferred liability)	37 & 44	6,909,731	–	6,909,731
Banking related liabilities				
– Deposits from customers	41	18,922,024	–	18,922,024
– Deposits and placements of banks and other financial institutions	45	408,836	–	408,836
– Bills and acceptances payable	46	67,723	–	67,723
Derivative liabilities	33	56,851	56,851	–
Dividend payable		28,999	–	28,999
2014				
Financial liabilities				
Trade and other payables	43	5,290,502	–	5,290,502
Borrowings (excluding deferred liability)	37 & 44	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	45	101,074	–	101,074
– Bills and acceptances payable	46	105,004	–	105,004
Derivative liabilities	33	6,902	6,902	–
Dividend payable		28,999	–	28,999

298 Notes to the Financial Statements

– 31 March 2015

64 Categories of Financial Instruments (Continued)

	Note	Carrying amount RM'000	L&R RM'000	OL RM'000
Company				
2015				
Financial assets				
Trade and other receivables (excluding prepayments)	29	690,722	690,722	–
Short term deposits	30	384,218	384,218	–
Cash and bank balances	31	1,914	1,914	–
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	–
2015				
Financial liabilities				
Trade and other payables	43	956,746	–	956,746
Borrowings	37 & 44	2,647,089	–	2,647,089
Dividend payable		28,999	–	28,999
2014				
Financial liabilities				
Trade and other payables	43	614,010	–	614,010
Borrowings	37 & 44	2,941,542	–	2,941,542
Dividend payable		28,999	–	28,999

65 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 9 July 2015.

66 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 2015 into realised and unrealised profits is presented as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	(Restated) RM'000	RM'000	RM'000
Total retained profits of the Company and subsidiaries:				
– Realised	3,949,449	3,802,758	1,914,798	1,919,822
– Unrealised	61,048	176,878	3,803	725
	4,010,497	3,979,636	1,918,601	1,920,547
Total share of retained profits from jointly controlled entities:				
– Realised	131,262	150,343	–	–
– Unrealised	3,387	2,311	–	–
Total share of retained profits from associated companies:				
– Realised	445,325	360,238	–	–
– Unrealised	8,429	650	–	–
Total retained profits as per financial statements	4,598,900	4,493,178	1,918,601	1,920,547

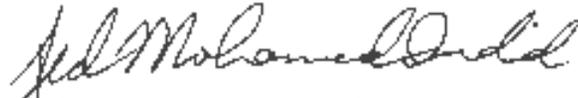


300 Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, Dato' Syed Mohamad bin Syed Murtaza and Brig. Gen. (K) 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 134 to 298 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 2015 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 66 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 9 July 2015.



DATO' SYED MOHAMAD BIN SYED MURTAZA
Chairman



BRIG. GEN. (K) 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, Dato' 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 134 to 299 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.



DATO' AHMAD FUAAD KENALI

Subscribed and solemnly declared by the abovenamed Dato' Ahmad Fuaad Kenali at Shah Alam in Malaysia on 9 July 2015.

Before me,
Commissioner for Oaths



NO. 203A, LEVEL 2
BLOK 1, LAMAR BERU BUSINESS PARK
SEKSYEN 13
40100 SHAH ALAM
SELANGOR

Independent Auditors' Report

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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 2015 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 134 to 298.

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 2015 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.

302 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:

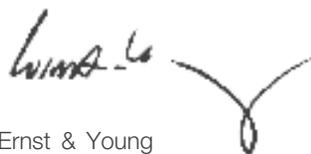
- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the 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 66 on page 299 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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young
AF: 0039
Chartered Accountants



Abraham Verghese A/L T.V. Abraham
No. 1664/10/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
9 July 2015

Analysis of Shareholdings

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As At 22 July 2015

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	: 37,961

Distribution of Shareholders

Size of Shareholdings	Number of Shareholders	% of Shareholders	Total Holdings	% Holdings
Less than hundred	619	1.63	12,026	0.00*
100 – 1,000	18,028	47.49	13,098,275	0.68
1,001 – 10,000	16,290	42.91	59,604,535	3.08
10,001 – 100,000	2,644	6.96	76,857,429	3.98
100,001 – 96,661,851 (Less than 5% of issued shares)	378	1.00	554,514,045	28.68
96,661,852 and Above (5% and above of issued shares)	2	0.01	1,229,150,741	63.58
Total	37,961	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	148,089,000	7.66
3.	Lembaga Tabung Haji	91,457,700	4.73
4.	HSBC Nominees (Asing) Sdn. Bhd. NTGS LDN for Skagen Kon-Tiki Verdipapirfond	88,408,800	4.57
5.	Kumpulan Wang Persaraan (Diperbadankan)	75,528,400	3.91
6.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	19,826,300	1.03
7.	Citigroup Nominess (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 1)	16,675,804	0.86
8.	HSBC Nomines (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (U.S.A.)	11,532,160	0.60
9.	Tai Tak Estates Sdn. Bhd.	10,952,653	0.57
10.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for LSV Emerging Markets Equity Fund L.P.	10,442,030	0.54

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Analysis of Shareholdings

As At 22 July 2015

No.	Name	Number of Shares	% of Issued Shares
11.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	9,587,300	0.50
12.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	9,063,800	0.47
13.	Citaria Sdn. Bhd.	8,324,572	0.43
14.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	8,113,000	0.42
15.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for the Bank of New York Mellon (Mellon Acct)	7,599,965	0.39
16.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (Australia)	6,089,830	0.32
17.	Yap Ah Fatt	4,650,000	0.24
18.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund WTAU for Wisdomtree Emerging Markets SmallCap Dividend Fund	4,380,861	0.23
19.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt an for State Street Bank & Trust Company (West CLT OD67)	4,065,800	0.21
20.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mah Lily (E-BBB/SNG)	3,844,300	0.20
21.	HSBC Nominees (Asing) Sdn. Bhd. Exempt an for JPMorgan Chase Bank, National Association (JPMELAB AIF APG)	3,213,100	0.17
22.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund RCER for Rock Creek Emerging Markets Fund SPC, LTD	3,188,000	0.16
23.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund 31BL for International Equity Portfolio (DVSFD INV PFLIO)	3,109,800	0.16
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Cheng Ken Seong	2,646,300	0.14
25.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	2,603,100	0.13
26.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Berhad for Pacific Dana Aman (3717 TRO1)	2,564,400	0.13
27.	Cartaban Nominees (Asing) Sdn. Bhd. State Street London Fund NASX for Acadian Emerging Markets Equity UCITS II (RIC PLC)	2,505,243	0.13
28.	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund CO21 for College Retirement Equities Fund	2,173,100	0.11
29.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koek Tiang Kung (8038626)	2,000,000	0.10
30.	Meng Lee Motors Sdn Berhad	2,000,000	0.10

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	157,152,800	8.129	–	–	8.129
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 interests in shares in the Company or its related companies based on the Register of Directors' Shareholdings are as follows:

Name	Direct Interest		Indirect Interest	
	Number of Shares Held	% of Issued Shares	Number of Shares Held	% of Issued Shares
Shares in Etika Strategi Sdn. Bhd. held by: Brigadier General (K) Tan Sri Dato' Sri Haji Mohd Khamil bin Jamil	30,000	10	–	–

None of the other Directors in office as at 22 July 2015 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 interests 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*	–	–

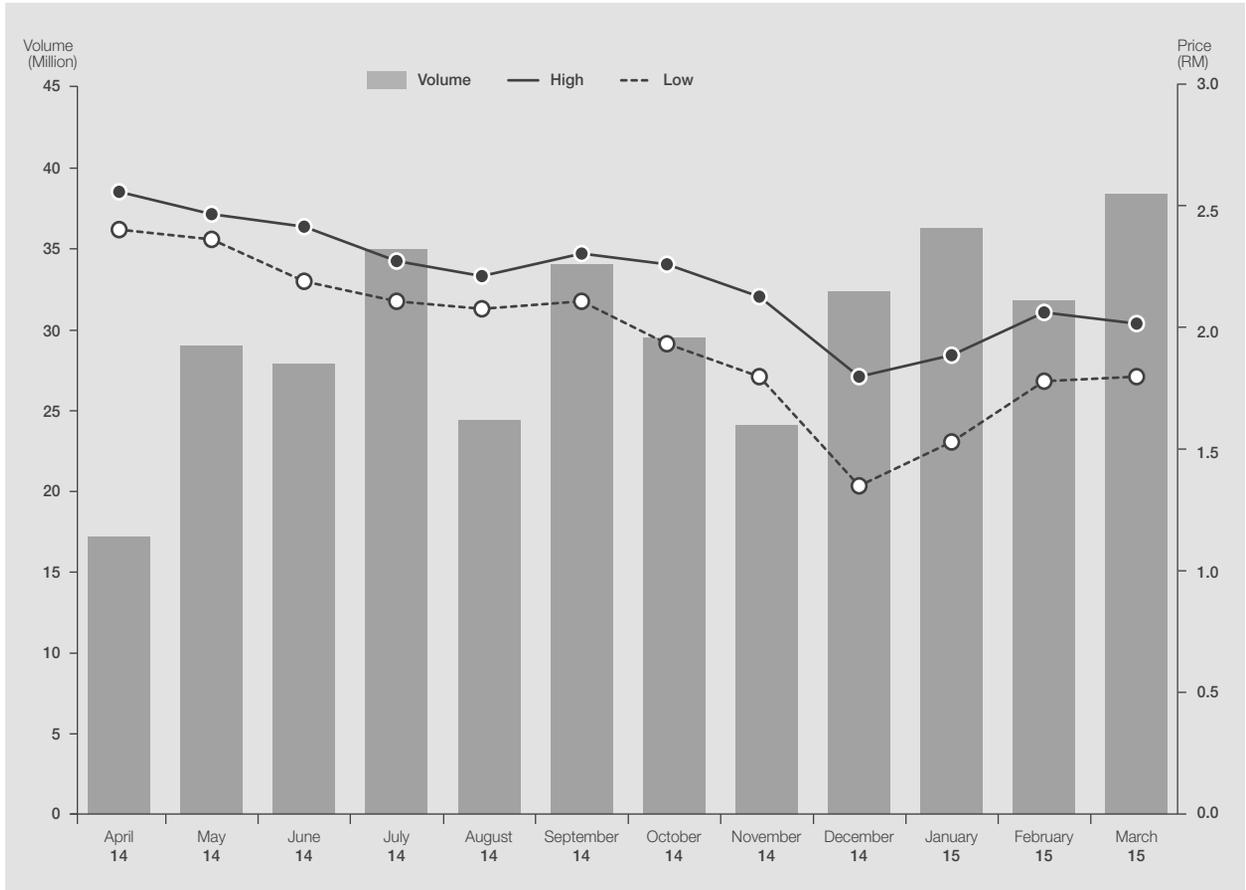
Note:

* Less than 0.01%

None of the other Senior Management in office as at 22 July 2015 held any interest in shares in the Company or its related companies.



306 Share Performance Chart



Material Properties of DRB-HICOM Group

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As At 31 March 2015

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-March-15 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.	12 years	Freehold	5,150,600 sq.m (Land)	518,737
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.	18-30 years	Freehold	816,100 sq.m (Land)	476,131
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)	444,044
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.	12 years	Leasehold expiring in 2096	6,397 sq.m (Land)	377,125
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.	21-22 years	Freehold	1,489,836 sq.m (Land)	185,564

308 Material Properties of DRB-HICOM Group

As At 31 March 2015

No	Location	Description/ existing use	Approximate age of building	Tenure	Approx. area	Group Net book value as at 31-March-15 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.	3 years	Leasehold 99 years expiring in years 2109 and 2112	262,290 sq.m (Land)	183,347
7	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)	171,402
8	Land adjacent to Potash Lane Hethel, Norwich, Norfolk NR 14 8EZ England and Land north of Browic	Factory, engineering facilities, office and test track.	47 years	Freehold	584,040 sq.m (Land)	155,347
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.	19 years	Freehold	650,360 sq.m (Land)	152,301
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	94 units chalet & marina and land held for development.	15-18 years	Freehold and Leasehold expiring in years 2054	1,555,940 sq.m (Land)	151,464

Form of Proxy

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-Fifth Annual General Meeting of the Company to be held at the Glenmarie Ballroom, Holiday Inn Kuala Lumpur Glenmarie (Tel: 03-7803 1000), No. 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 9 September 2015 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.

Ordinary Business

No.	Ordinary Resolution	For	Against
1.	To approve the declaration of final dividend.		
2.	To re-elect YBhg Datuk Ooi Teik Huat as Director.		
3.	To re-elect YBhg Dato' Noorizan binti Shafie 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 Ie Cheong as Independent Director.		
6.	To re-appoint Messrs Ernst & Young as Auditors.		

Special Business

No.	Ordinary Resolution	For	Against
7.	To retain YBhg Dato' Syed Mohamad bin Syed Murtaza as Independent Director.		
8.	To increase the Directors' fees from RM800,000 to RM1,200,000 for each financial year commencing 31 March 2016.		

(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 _____, 2015.

.....
 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 2 September 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 2 September 2015 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 : 03-7849 0777) 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

www.drb-hicom.com

DRB-HICOM BERHAD

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