

## 13. ACCOUNTANTS' REPORT



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**ACCOUNTANTS' REPORT**

(Prepared for inclusion in this Prospectus to be dated 18 October 2013)

The Board of Directors  
 Berjaya Auto Berhad  
 Lot 13-01A, Level 13 (East Wing)  
 Berjaya Times Square  
 No. 1, Jalan Imbi  
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Dear Sirs,

**BERJAYA AUTO BERHAD ("BAUTO" OR THE "COMPANY")  
 ACCOUNTANTS' REPORT**

**1. Introduction**

This report has been prepared by Messrs. Ernst & Young, an approved company auditor, for inclusion in the Prospectus of BAUTO in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of BAUTO ("BAUTO Shares") on the Main Market of Bursa Malaysia Securities Berhad (hereinafter referred to as the "Prospectus") and should not be relied upon for any other purposes.

**2. Abbreviations**

Unless the context otherwise requires, the following definitions shall apply throughout this report.

Act	Companies Act, 1965
BAUTO or Company	Berjaya Auto Berhad
BAUTO Group or Group	Collectively, BAUTO and its subsidiaries, namely the Bermaz Group
BAUTO Share(s) or Share(s)	Ordinary share(s) of RM0.50 each in BAUTO
BCorporation	Berjaya Corporation Berhad, the ultimate holding company of BAUTO

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 2. Abbreviations (cont'd.)

Bermaz Acquisition	Acquisition by BAuto of 100% equity interest in Bermaz comprising 80,000,000 Bermaz Shares from the Vendors for a total purchase consideration of RM503,999,997 which was satisfied via the issuance of 719,999,996 new BAuto Shares at an issue price of RM0.70 per BAuto Share
Bermaz Acquisition SPA	Conditional sale and purchase agreement dated 26 February 2013 between BAuto and the Vendors in relation to the Bermaz Acquisition
Bermaz Group	Collectively, Bermaz and its subsidiaries, namely BMTSB, BMIL and BAP
Bermaz Share(s)	Ordinary share(s) of RM1.00 each in Bermaz
BGroup	Berjaya Group Berhad, a wholly-owned subsidiary of BCorporation and the immediate holding company of BAuto upon completion of the Bermaz Acquisition
Bursa Securities	Bursa Malaysia Securities Berhad
ESOS	Employees' share option scheme
ESOS Options	Right to subscribe for new BAuto Share(s) upon acceptance of an offer made under the Proposed ESOS
FRS	Financial Reporting Standards
FPE	Financial period ended
FYE	Financial year ended
IPO	Initial public offering
Issue Shares	82,763,000 new BAuto Shares, being the subject of the Proposed Public Issue
Joint Venture Agreement	Joint venture agreement dated 11 September 2012 (including any supplemental agreements thereto) between Mazda Japan and Bermaz collaborating for the assembly and supply of CKD vehicles of Mazda in Malaysia

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 2. Abbreviations (cont'd.)

Listing Scheme	Collectively, the Bermaz Acquisition, the Proposed Public Issue, the Proposed Listing and the Proposed ESOS
Mazda CKD Vehicles	Collectively, Mazda3 CKD and Mazda CX-5 CKD vehicles, all of which are assembled in Malaysia
Mazda Japan	Mazda Motor Corporation, Japan
MFRS	Malaysian Financial Reporting Standards
Proposed ESOS	Proposed ESOS for the granting of ESOS Options to the eligible Directors and employees of the BAuto Group
Proposed Listing	Proposed listing of and quotation for 802,763,000 BAuto Shares, representing the entire enlarged issued and paid-up share capital of BAuto, on the Main Market of Bursa Securities
Proposed Public Issue	Proposed IPO involving a public issue of 82,763,000 Issue Shares at the Issue Price, representing approximately 10.31% of the enlarged issued and paid-up share capital of BAuto
RM and sen	Ringgit Malaysia and sen
Transfer of Operation Agreement	Transfer of operation agreement dated 16 January 2013 between Mazda Japan, Bermaz and MMSB to facilitate the transfer of the assembly activities of CKD vehicles of Mazda from Bermaz to MMSB with effect from 1 February 2013
Vendors	Collectively, BGroup, Podium Success Sdn Bhd, Tunku Aminah Binti Tunku Ibrahim Ismail, BHJ Marketing Sdn Bhd, Konsep Aktif Sdn Bhd and Terrific Dynamics Sdn Bhd in relation to the Bermaz Acquisition
USD	United States Dollar

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 2. Abbreviations (cont'd.)

**Subsidiaries and associated company**

BAP	Berjaya Auto Philippines Inc, a 60%-owned subsidiary of BMIL, which in turn is a wholly-owned subsidiary of Bermaz
Bermaz	Bermaz Motor Sdn Bhd, a wholly-owned subsidiary of BAuto
BMIL	Bermaz Motor International Ltd, a wholly-owned subsidiary of Bermaz
BMTSB	Bermaz Motor Trading Sdn Bhd, a wholly-owned subsidiary of Bermaz
MMSB	Mazda Malaysia Sdn Bhd, a 30% associated company of Bermaz

## 13. ACCOUNTANTS' REPORT (Cont'd)

**3. General information****3.1 Background****(a) BAuto**

BAuto was incorporated in Malaysia under the Act on 11 May 2010 as a private limited company under the name Fiscal Start Sdn Bhd and subsequently changed its name to Berjaya Auto Sdn Bhd on 14 February 2011. In conjunction with and as an integral part of the application for the listing of BAuto on the Main Market of Bursa Securities as disclosed in Note 4, BAuto was converted to a public company on 11 July 2011.

The principal activity of BAuto is that of investment holding.

**(b) Bermaz**

Bermaz was incorporated in Malaysia under the Act on 6 September 1988 as a private limited company under the name Cotton Collection Sdn Bhd. It assumed its present name on 26 February 2008 and thereafter it secured the Mazda distributorship from Mazda Japan.

Bermaz is principally involved in investment holding and distribution of Mazda vehicles under licence in Malaysia. The assembly activities of CKD vehicles of Mazda were transferred to MMSB, an associated company with effect from 1 February 2013.

BMTSB, a wholly-owned subsidiary of Bermaz which was incorporated in Malaysia under the Act on 2 May 1970, is involved in the distribution and retailing of new and used Mazda vehicles and the provision of after sales services in respect thereof in Malaysia.

BMIL is a wholly-owned subsidiary of Bermaz which was incorporated in Labuan, Malaysia on 8 June 2012. The principal activity of BMIL is investment holding.

BMIL subscribed for a 60% interest of shares in BAP, a company incorporated in the Republic of the Philippines on 10 August 2012. BAP is principally involved in the purchasing, acquiring, owning, leasing, selling, transferring, encumbering and generally dealing in all types of new automobiles, trucks and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles.

MMSB is an associated company of Bermaz which was incorporated in Malaysia under the Act on 10 September 2012, through the Joint Venture Agreement with Mazda Japan. MMSB is principally involved in the local assembly of Mazda vehicles by third party contract assembler using local parts and imported Mazda supplied parts as well as domestic distribution of locally assembled Mazda vehicles through Bermaz and export of Mazda vehicles assembled in Malaysia.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 3 General information (cont'd.)

## 3.2 Share Capital

## (a) BAUTO

## (i) Authorised Share Capital

Details of the changes in the authorised share capital of BAUTO since incorporation are as follows:

	No of ordinary shares	Par value RM	Total RM
11 May 2010 (date of incorporation)	100,000	1.00	100,000
16 June 2011	200,000 *	0.50	100,000
16 June 2011	1,000,000,000 **	0.50	500,000,000

\* The authorised share capital was sub-divided from RM1.00 each to RM0.50 each.

\*\* The authorised share capital increased to 1,000,000,000 number of ordinary shares with the creation of 999,800,000 ordinary shares of RM0.50 each.

## (ii) Issued and Paid-up Share Capital

Details of the changes in the issued and fully paid-up share capital of BAUTO since incorporation are as follows:

	No. of ordinary shares	Total RM
<b>Issued and fully paid-up</b>		
At 11 May 2010 (date of incorporation)		
- 2 ordinary shares of RM1 each	2	2
Sub-divided on 16 June 2011		
- 4 ordinary shares of RM0.50 each	4	2

Upon the Proposed Listing, the issued and paid-up share capital of BAUTO will be increased to RM401,381,500 comprising 802,763,000 ordinary shares of RM0.50 each.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 3. General information (cont'd.)

## 3.2 Share Capital (cont'd.)

## (b) Bermaz

## (i) Authorised Share Capital

Details of the changes in the authorised share capital of Bermaz since incorporation are as follows:

	No of ordinary shares		Par value RM	Total RM
6 September 1988	25,000		1.00	25,000
18 March 2008	25,000,000	*	1.00	25,000,000
13 December 2010	30,000,000	**	1.00	30,000,000
28 April 2011	40,000,000	***	1.00	40,000,000
29 November 2012	100,000,000	****	1.00	100,000,000

\* The authorised share capital increased to 25,000,000 number of ordinary shares with the creation of 24,975,000 ordinary shares of RM1.00 each.

\*\* The authorised share capital increased to 30,000,000 number of ordinary shares with a further creation of 5,000,000 ordinary shares of RM1.00 each.

\*\*\* The authorised share capital increased to 40,000,000 number of ordinary shares with a further creation of 10,000,000 ordinary shares of RM1.00 each.

\*\*\*\* The authorised share capital increased to 100,000,000 number of ordinary shares with a further creation of 60,000,000 ordinary shares of RM1.00 each.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 3. General information (cont'd.)

## 3.2 Share Capital (cont'd.)

## (b) Bermaz (cont'd.)

## (ii) Issued and Paid-up Share Capital

Details of the changes in the issued and fully paid-up share capital of Bermaz since incorporation are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
6 September 1988	2	1.00	Subscribers' Share	2
26 December 1996	20,000	1.00	Cash	20,002
18 March 2008	69,998	1.00	Cash	90,000
8 April 2008	8,910,000	1.00	Bonus issue	9,000,000
1 December 2009	1,000,000	1.00	Cash	10,000,000
30 April 2010	10,000,000	1.00	Bonus issue	20,000,000
13 December 2010	10,000,000	1.00	Bonus issue	30,000,000
28 April 2011	10,000,000	1.00	Bonus issue	40,000,000
29 November 2012	40,000,000	1.00	Bonus issue	80,000,000

## 3.3 Subsidiaries of Bermaz

Company	Country of Incorporation	Date of Incorporation	Issued and Paid-up Ordinary Share Capital	Authorised Share Capital
BMTSB	Malaysia	2 May 1970	RM200,000	RM1,000,000
BMIL	Malaysia	8 June 2012	USD10,000	N/A*
BAP	The Republic of the Philippines	10 August 2012	Peso 209,000,000	Peso 220,000,000

\*N/A: Not Applicable

The principal activities of BMTSB are the distribution and retailing of new and used Mazda vehicles and the provision of after sales services in respect thereof in Malaysia.

The principal activity of BMIL is investment holding.



## 13. ACCOUNTANTS' REPORT (Cont'd)

**3. General information (cont'd.)****3.3 Subsidiaries of Bermaz (cont'd.)**

The principal activities of BAP are the purchasing, acquiring, owning, leasing, selling, transferring, encumbering and generally dealing in all types of new automobiles, trucks and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles.

**4. Listing Scheme**

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of BAUTO on the Main Market of Bursa Securities, the following proposals would be undertaken:-

**(a) Bermaz Acquisition**

On 26 February 2013, BAUTO entered into the SPA with the Vendors to acquire 100% equity interest in Bermaz comprising 80,000,000 Bermaz Shares for a total purchase consideration of RM503,999,997 which was satisfied via the issuance of 719,999,996 new BAUTO Shares at an issue price of RM0.70 per BAUTO Share.

**(b) Proposed Public Issue**

Upon completion of the Bermaz Acquisition, BAUTO proposes to undertake an initial public offering involving a public issue of 82,763,000 Issue Shares, representing approximately 10.31% of the enlarged issued and paid-up share capital of BAUTO upon the Proposed Listing, at the Issue Price.

Upon completion of the Proposed Public Issue, the issued and paid-up share capital of BAUTO will increase from RM360,000,000 comprising 720,000,000 BAUTO Shares to RM401,381,500 comprising 802,763,000 BAUTO Shares.

BAUTO proposes to seek the approval of Bursa Securities for the listing of and quotation for its entire enlarged issued and paid-up share capital comprising 802,763,000 BAUTO Shares on the Main Market of Bursa Securities.

**(c) Proposed ESOS**

In conjunction with the Proposed Listing, BAUTO also proposes to establish an ESOS which involves the granting of ESOS Options to eligible Directors and employees of the BAUTO Group (excluding subsidiaries which are dormant) who meet the eligibility criteria for participation in the Proposed ESOS.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 5. Auditors, audited financial statements and accounting policies

BAuto was incorporated on 11 May 2010 and hence, no historical financial statements prior to this date is available. For the purposes of this report, the audited financial statements of BAuto for FPE 30 April 2011, FYE 30 April 2012 and 30 April 2013 are presented. For Bermaz Group, the audited financial statements for the FYE 30 April 2011, 30 April 2012 and 30 April 2013 are presented.

We have audited the financial statements of BAuto, which comprise the statements of financial position as at 30 April 2011, 30 April 2012 and 30 April 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial period/years ended 30 April 2011, 30 April 2012 and 30 April 2013 as presented in Note 7.

We have audited the financial statements of Bermaz Group, which comprise the statements of financial position as at 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the respective FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 as presented in Notes 8, 9, 10 and 11 respectively.

The historical financial information presented in this Report has been prepared from the audited financial statements of BAuto and Bermaz Group, which comprise the statements of financial position as at 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013, which we have audited and on which we expressed an audit opinion and reported to the Directors of the Company that these financial statements give a true and fair view of the financial position as at 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 and of the financial performance and cash flows for the FYE 30 April 2010 and 30 April 2011 in accordance with FRS and the FYE 30 April 2012 and 30 April 2013 in accordance with MFRS.

The audit report date and auditors of BAuto, Bermaz and its subsidiaries for the relevant financial period/years are as follows:

<u>Entity</u>	<u>FPE/FYE</u>	<u>Auditors</u>	<u>Audit report date</u>
BAuto	30-Apr-11*	Ernst & Young, Malaysia	3 June 2011
	30-Apr-12	Ernst & Young, Malaysia	12 July 2012
	30-Apr-13	Ernst & Young, Malaysia	23 July 2013
Bermaz	30-Apr-10	Ernst & Young, Malaysia	18 August 2010
	30-Apr-11	Ernst & Young, Malaysia	30 June 2011
	30-Apr-12	Ernst & Young, Malaysia	3 August 2012
	30-Apr-13	Ernst & Young, Malaysia	23 July 2013

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 5. Auditors, audited financial statements and accounting policies (cont'd.)

<u>Entity</u>	<u>FPE/FYE</u>	<u>Auditors</u>	<u>Audit report date</u>
BMTSB	30-Apr-10	Ernst & Young, Malaysia	18 August 2010
	30-Apr-11	Ernst & Young, Malaysia	30 June 2011
	30-Apr-12	Ernst & Young, Malaysia	3 August 2012
	30-Apr-13	Ernst & Young, Malaysia	23 July 2013
BMIL	30-Apr-13**	Ernst & Young, Malaysia	23 July 2013
BAP	30-Apr-13***	SGV & Co, Philippines	1 July 2013

\* FPE from 11 May 2010 to 30 April 2011

\*\* FPE 8 June 2012 to 30 April 2013

\*\*\* FPE 10 August 2012 to 30 April 2013

The auditors' report on the financial statements of BAUTO and Bermaz Group for the relevant financial period/years were not subject to any qualifications.

## 6. Dividends

No dividend has been paid or declared by BAUTO since 11 May 2010 (date of incorporation) to 30 April 2013 and Bermaz has not paid or declared any dividends for the past three FYE 30 April 2011 to 2013.

No dividend has been paid or declared by BMIL since 8 June 2012 (date of incorporation) to 30 April 2013.

The dividends paid by BMTSB were as follows:

	<b>RM</b>
<u>In respect of the FYE 30 April 2010</u>	
Interim dividend of RM24.21 single-tier exempt dividend per ordinary share, paid on 22 April 2010	4,842,500
Interim dividend of RM1.05 per ordinary share less 25% of tax, paid on 22 April 2010	157,500
	<u>5,000,000</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 6. Dividends (cont'd.)

In respect of the FYE 30 April 2011

Interim dividend of RM25.00 single-tier exempt dividend per ordinary share, paid on 29 November 2010	5,000,000
Interim dividend of RM50.00 single-tier exempt dividend per ordinary share, paid on 19 April 2011	<u>10,000,000</u>
	<u>15,000,000</u>

No dividend has been paid or declared by BMTSB for the FYE 30 April 2012 and 30 April 2013.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. Financial statements of BAUTO

## Statement of financial position as at 30 April

	FRS	<----- MFRS Framework ----->	
	Framework	2012	2013
	2011	RM	RM
	RM	RM	RM
<b>Equity and liability</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	2	2	2
Accumulated losses	(64,782)	(135,788)	(1,469,509)
<b>Shareholders' deficit</b>	<b>(64,780)</b>	<b>(135,786)</b>	<b>(1,469,507)</b>
<b>Current liability</b>			
Other payables	64,780	135,786	1,469,507
<b>Total equity and liability</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Statement of comprehensive income

	FRS	<----- MFRS Framework ----->	
	Framework	1.5.2011	1.5.2012
	11.5.2010	to	to
	(Date of incorporation)	30.4.2012	30.4.2013
	to	RM	RM
	30.4.2011	RM	RM
	RM	RM	RM
Administrative expenses	(64,782)	(71,006)	(1,333,721)
Income tax expense	-	-	-
<b>Loss for the period/year, representing total comprehensive income for the period/year</b>	<b>(64,782)</b>	<b>(71,006)</b>	<b>(1,333,721)</b>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 7. Financial statements of BAuto (cont'd.)

## Statement of changes in equity

	Share capital RM	Accumulated losses RM	Total RM
<b>At 11 May 2010 (date of incorporation)</b>	2	-	2
Total comprehensive income for the period	-	(64,782)	(64,782)
<b>At 30 April 2011/1 May 2011</b>	2	(64,782)	(64,780)
Total comprehensive income for the year	-	(71,006)	(71,006)
<b>At 30 April 2012/1 May 2012</b>	2	(135,788)	(135,786)
Total comprehensive income for the year	-	(1,333,721)	(1,333,721)
<b>At 30 April 2013</b>	2	(1,469,509)	(1,469,507)

## Statement of cash flows

	FRS Framework 11.5.2010 (Date of incorporation) to 30.4.2011 RM	<---- MFRS Framework ----> 1.5.2011 to 30.4.2012 RM	1.5.2012 to 30.4.2013 RM
<b>Cash flows from operating activity</b>			
Payment for administrative expenses, representing net cash flow used in operating activity	(2)	-	-
<b>Net change in cash and cash equivalents</b>	(2)	-	-
<b>Cash and cash equivalents at date of incorporation/beginning of the period/year</b>	2	-	-
<b>Cash and cash equivalents at end of the period/year</b>	-	-	-

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 8. Consolidated statements of financial position of Bermaz Group

The consolidated statements of financial position of Bermaz Group based on its audited financial statements as at 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 are as follows:

	Note	<----- FRS Framework ----->		<----- MFRS Framework ----->	
		2010 RM	2011 RM	2012 RM	2013 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13.1	12,048,398	19,370,415	16,975,273	20,338,108
Deferred tax assets	13.2	3,039,338	7,491,011	9,242,508	18,613,645
Investment in an associate	13.3	-	-	-	12,687,659
Goodwill	13.4	500,000	500,000	500,000	500,000
		<u>15,587,736</u>	<u>27,361,426</u>	<u>26,717,781</u>	<u>52,139,412</u>
<b>Current assets</b>					
Inventories	13.5	58,940,082	204,270,120	129,836,957	193,779,833
Trade and other receivables	13.6	29,124,349	35,765,075	33,518,413	47,041,040
Tax recoverable		-	821,167	-	-
Derivatives	13.7	-	-	53,184	-
Cash and cash equivalents	13.8	13,994,276	34,294,263	77,215,998	192,534,600
		<u>102,058,707</u>	<u>275,150,625</u>	<u>240,624,552</u>	<u>433,355,473</u>
<b>Total assets</b>		<b><u>117,646,443</u></b>	<b><u>302,512,051</u></b>	<b><u>267,342,333</u></b>	<b><u>485,494,885</u></b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	13.9	20,000,000	40,000,000	40,000,000	80,000,000
Foreign currency translation reserves		-	-	-	(121,086)
Retained earnings		11,330,362	27,541,684	68,296,124	80,490,367
		<u>31,330,362</u>	<u>67,541,684</u>	<u>108,296,124</u>	<u>160,369,281</u>
Non-controlling interests		-	-	-	7,299,586
<b>Total equity</b>		<b><u>31,330,362</u></b>	<b><u>67,541,684</u></b>	<b><u>108,296,124</u></b>	<b><u>167,668,867</u></b>
<b>Non-current liabilities</b>					
Borrowings	13.10	6,049,022	10,886,876	10,616,122	2,441,000
Deferred tax liabilities	13.2	204,477	1,221,392	56,240	-
Deferred revenue	13.11	4,092,145	10,340,978	16,750,753	27,653,668
Provisions	13.12	-	544,758	1,279,079	4,579,677
		<u>10,345,644</u>	<u>22,994,004</u>	<u>28,702,194</u>	<u>34,674,345</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 8. Consolidated statements of financial position of Bermaz Group (cont'd.)

	Note	<----- FRS Framework ----->		<----- MFRS Framework ----->	
		2010 RM	2011 RM	2012 RM	2013 RM
<b>Equity and liabilities (cont'd.)</b>					
<b>Current liabilities</b>					
Borrowings	13.10	33,031,393	69,296,587	28,843,729	126,575,436
Trade and other payables	13.13	36,167,089	127,292,377	89,394,608	122,603,183
Deferred revenue	13.11	2,452,023	7,453,126	7,578,706	17,515,718
Provisions	13.12	750,000	2,941,600	1,273,025	6,250,392
Derivatives	13.7	-	-	-	1,124,512
Tax payable		3,569,932	4,992,673	3,253,947	9,082,432
		<u>75,970,437</u>	<u>211,976,363</u>	<u>130,344,015</u>	<u>283,151,673</u>
Total liabilities		<u>86,316,081</u>	<u>234,970,367</u>	<u>159,046,209</u>	<u>317,826,018</u>
Total equity and liabilities		<u>117,646,443</u>	<u>302,512,051</u>	<u>267,342,333</u>	<u>485,494,885</u>



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 9. Consolidated statements of comprehensive income of Bermaz Group

The consolidated statements of comprehensive income of Bermaz Group based on its audited financial statements for the FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 are as follows:

	Note	<----- FRS Framework ----->		<----- MFRS Framework ----->	
		2010 RM	2011 RM	2012 RM	2013 RM
Revenue	13.16	286,828,704	592,603,432	663,581,184	1,064,348,695
Cost of sales		(245,228,666)	(512,711,933)	(568,556,959)	(925,299,311)
<b>Gross profit</b>		<b>41,600,038</b>	<b>79,891,499</b>	<b>95,024,225</b>	<b>139,049,384</b>
Other income		597,745	898,605	807,073	3,440,714
Marketing and selling expenses		(8,597,084)	(10,543,662)	(14,844,539)	(28,257,542)
Administrative and other operating expenses		(12,217,676)	(18,893,915)	(23,382,449)	(37,359,767)
<b>Operating profit</b>		<b>21,383,023</b>	<b>51,352,527</b>	<b>57,604,310</b>	<b>76,872,789</b>
Finance costs	13.17	(1,483,744)	(2,444,600)	(2,331,947)	(4,813,206)
Share of results of associate		-	-	-	(1,502,586)
<b>Profit before taxation</b>	13.18	<b>19,899,279</b>	<b>48,907,927</b>	<b>55,272,363</b>	<b>70,556,997</b>
Income tax expense	13.21	(5,753,911)	(12,696,605)	(14,517,923)	(17,210,644)
<b>Profit for the year</b>		<b>14,145,368</b>	<b>36,211,322</b>	<b>40,754,440</b>	<b>53,346,353</b>
Foreign currency translation, representing other comprehensive loss for the year, net of tax		-	-	-	(201,810)
<b>Total comprehensive income for the year</b>		<b>14,145,368</b>	<b>36,211,322</b>	<b>40,754,440</b>	<b>53,144,543</b>
<b>Profit attributable to:</b>					
Shareholders of the Company		14,145,368	36,211,322	40,754,440	52,194,243
Non-controlling interests		-	-	-	1,152,110
		<b>14,145,368</b>	<b>36,211,322</b>	<b>40,754,440</b>	<b>53,346,353</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Company		14,145,368	36,211,322	40,754,440	52,073,157
Non-controlling interests		-	-	-	1,071,386
<b>Total comprehensive income for the year</b>		<b>14,145,368</b>	<b>36,211,322</b>	<b>40,754,440</b>	<b>53,144,543</b>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 10. Consolidated statements of changes in equity of Bermaz Group

The consolidated statements of changes in equity of Bermaz Group based on its audited financial statements for the FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 are as follows:

	<----- Attributable to owners of parent ----->			Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Share Premium RM	Retained earnings RM			
<b>At 1 May 2009</b>	9,000,000	2,000,000	5,184,994	16,184,994	-	16,184,994
Total comprehensive income for the year	-	-	14,145,368	14,145,368	-	14,145,368
<b>Transaction with owners</b>						
Issuance of ordinary shares						
- issued for cash	1,000,000	-	-	1,000,000	-	1,000,000
- bonus issue	10,000,000	(2,000,000)	(8,000,000)	-	-	-
<b>Total transaction with owners</b>	11,000,000	(2,000,000)	(8,000,000)	1,000,000	-	1,000,000
<b>At 30 April 2010</b>	20,000,000	-	11,330,362	31,330,362	-	31,330,362
<b>At 1 May 2010</b>	20,000,000	-	11,330,362	31,330,362	-	31,330,362
Total comprehensive income for the year	-	-	36,211,322	36,211,322	-	36,211,322
<b>Transaction with owners</b>						
Issuance of ordinary shares						
- bonus issue	20,000,000	-	(20,000,000)	-	-	-
<b>At 30 April 2011</b>	40,000,000	-	27,541,684	67,541,684	-	67,541,684
<b>At 1 May 2011</b>	40,000,000	-	27,541,684	67,541,684	-	67,541,684
Total comprehensive income for the year	-	-	40,754,440	40,754,440	-	40,754,440
<b>At 30 April 2012</b>	40,000,000	-	68,296,124	108,296,124	-	108,296,124

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 10. Consolidated statements of changes in equity of Bermaz Group (cont'd.)

	<----- Attributable to owners of parent ----->					Total equity RM
	<---- Non-distributable ---->		Distributable			
	Share capital RM	Foreign currency translation reserve RM	Retained earnings RM	Total RM	Non- controlling interests RM	
<b>At 1 May 2012</b>	40,000,000	-	68,296,124	108,296,124	-	108,296,124
Total comprehensive income for the year	-	(121,086)	52,194,243	52,073,157	1,071,386	53,144,543
<b>Transaction with owners</b>						
Issuance of ordinary shares - bonus issue	40,000,000	-	(40,000,000)	-	-	-
Issuance of ordinary share capital to non-controlling interests of subsidiary	-	-	-	-	6,228,200	6,228,200
<b>Total transaction with owners</b>	40,000,000	-	(40,000,000)	-	6,228,200	6,228,200
<b>At 30 April 2013</b>	<b>80,000,000</b>	<b>(121,086)</b>	<b>80,490,367</b>	<b>160,369,281</b>	<b>7,299,586</b>	<b>167,668,867</b>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 11. Consolidated statements of cash flows of Bermaz Group

The consolidated statements of cash flows of Bermaz Group based on its audited financial statements for the FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013 are as follows:

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Cash flows from operating activities</b>				
Receipts from customers	276,282,220	602,763,858	667,273,148	1,095,636,631
Payment to suppliers	(261,608,776)	(570,293,365)	(525,068,651)	(969,355,449)
Payment for administrative and other operating expenses	(10,823,364)	(24,157,775)	(38,044,412)	(48,680,693)
Other (payments)/receipts	(711,020)	(1,403,145)	2,498,157	(3,731,866)
Tax paid	(3,505,882)	(15,529,789)	(18,352,131)	(20,809,536)
Net cash flows (used in)/generated from operating activities	<u>(366,822)</u>	<u>(8,620,216)</u>	<u>88,306,111</u>	<u>53,059,087</u>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	263,720	706,000	146,000	105,000
Purchase of property, plant and equipment	(2,241,434)	(10,493,427)	(2,565,844)	(14,201,762)
Acquisition of investment in an associate	-	-	-	(15,000,000)
Interest income received	162,284	109,236	253,981	779,718
Net cash flows used in investing activities	<u>(1,815,430)</u>	<u>(9,678,191)</u>	<u>(2,165,863)</u>	<u>(28,317,044)</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 11. Consolidated statements of cash flows of Bermaz Group (cont'd.)

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Cash flows from financing activities</b>				
Drawdown of bank borrowings	65,352,000	137,159,279	65,321,975	284,418,068
Repayment of bank borrowings	(55,808,000)	(95,939,000)	(106,014,500)	(194,828,754)
Issuance of share capital to non-controlling interests of subsidiary	-	-	-	6,228,200
Payment of hire purchase payables	(110,823)	(117,231)	(31,087)	(32,729)
Interest expense paid	(1,483,744)	(2,327,202)	(2,193,936)	(5,667,011)
Repayment (from)/to :				
- ultimate holding company	-	-	(300,000)	-
- holding company	(64,704)	(31,001)	(965)	(1,524)
- related companies	(1,312,941)	(146,451)	-	460,309
Proceeds from issuance of share capital	1,000,000	-	-	-
Net cash flows generated from/ (used in) financing activities	7,571,788	38,598,394	(43,218,513)	90,576,559
<b>Net change in cash and cash equivalents</b>	5,389,536	20,299,987	42,921,735	115,318,602
<b>Cash and cash equivalents at the beginning of the financial year</b>	8,604,740	13,994,276	34,294,263	77,215,998
<b>Cash and cash equivalents at the end of the financial year (Note 13.8)</b>	13,994,276	34,294,263	77,215,998	192,534,600

**Purchase of property, plant and equipment**

The additions in property, plant and equipment were acquired by way of:

	2010 RM	2011 RM	2012 RM	2013 RM
Cash	2,241,434	10,493,427	2,565,844	14,201,762
Provision for restoration costs (Note 13.12)	-	490,176	-	1,567,208
	2,241,434	10,983,603	2,565,844	15,768,970

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies

## 12.1 Basis of preparation

The audited financial statements of Bermaz Group have been prepared in accordance with:

- (a) FRS for FYE 30 April 2010 and 30 April 2011; and
- (b) MFRS for FYE 30 April 2012 and 30 April 2013.

The audited financial statement of Bermaz Group have been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values.

## 12.2 Changes in accounting policies

## (a) FRS Financial Statements

At the beginning of FYE 30 April 2010 and 30 April 2011, Bermaz Group had adopted new and revised FRSS, Interpretations and Amendments to FRSS which are mandatory for financial periods beginning on or after 1 January 2010, 1 March 2010, 1 July 2010, and 1 January 2011.

The accounting policies have been consistently applied by Bermaz Group for the FYE 30 April 2010 and 30 April 2011, except for the changes in accounting policies discussed below:

**New and amended FRS and IC Interpretations effective for the annual period beginning on or after 1 January 2010:**

Adoption of the above Standards and Interpretations did not have any effect on the financial performance or position of Bermaz Group except for those discussed below:

**FRS 7: *Financial Instruments: Disclosures***

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

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.2 Changes in accounting policies (cont'd.)

## (a) FRS Financial Statements (cont'd.)

**New and amended FRS and IC Interpretations effective for the annual period beginning on or after 1 January 2010 (cont'd.):**

**FRS 101: *Presentation of Financial Statements (Revised)***

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

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

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

The revised FRS 101 was adopted retrospectively by Bermaz Group.

**FRS 139: *Financial Instruments: Recognition and Measurement***

The new standard on FRS 139 : *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

The adoption of FRS 139 did not have any significant impact to the financial statements of Bermaz Group.

**IC Interpretation 13: *Customer Loyalty Programmes***

The IC Interpretation 13 establishes principles in respect of policy for revenue recognition such that consideration received from the sales of goods is allocated to the goods sold and the 3-year free maintenance services to be rendered.

Bermaz Group has in the prior years adopted the policy for deferred revenue as disclosed in Note 12.3(d)(iii). Accordingly, the adoption of IC Interpretation 13 did not have any significant impact to the financial statements of Bermaz Group.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.2 Changes in accounting policies (cont'd.)

## (a) FRS Financial Statements (cont'd.)

**New and amended FRS and IC Interpretations effective for the annual period beginning on or after 1 January 2011:**

***FRS 3: Business Combinations (revised) ("FRS 3 (Revised)") and FRS 127: Consolidated and Separate Financial Statements (amended) ("FRS 127 (Amended)")***

FRS 3 (Revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (Revised) and FRS 127 (Amended) is applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests for FYE 2010 and FYE 2011.

***Amendments to FRS 7: Improving Disclosures about Financial Instruments***

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 13.25. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 13.26(c).



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.2 Changes in accounting policies (cont'd.)

## (b) MFRS Financial Statements

The consolidated financial statements for the FYE 30 April 2012 and 30 April 2013 have been prepared in accordance to MFRS.

These financial statements are Bermaz Group's first MFRS annual financial statements for the year ended 30 April 2013. MFRS 1: *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The transition from FRS to MFRS did not have any financial impact to the financial statements of Bermaz Group.

The Malaysian Accounting Standards Board ("MASB") has issued other new and revised MFRSs, amendments and IC interpretations (collectively referred to as "Pronouncements") which are not yet effective and therefore, have not been implemented by Bermaz Group in these financial statements.

**New and revised pronouncements yet in effect**

The Pronouncements that have been issued by MASB will become effective in future financial reporting periods and have not been adopted by the Bermaz Group.

**Effective for annual periods beginning on or after 1 January 2013**

MFRS 10, *Consolidated Financial Statements*

MFRS 11, *Joint Arrangements*

MFRS 12, *Disclosure of Interests in Other Entities*

MFRS 13, *Fair Value Measurement*

MFRS 119, *Employee Benefits (revised)*

MFRS 127, *Separate Financial Statements*

MFRS 128, *Investments in Associates and Joint Ventures*

Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*

Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.2 Changes in accounting policies (cont'd.)

## (b) MFRS Financial Statements (cont'd.)

**Effective for annual periods beginning on or after 1 January 2013 (cont'd.)**

Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*

Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*

Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*

Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition*

**Effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

**Effective for annual periods beginning on or after 1 January 2015**

MFRS 9, *Financial Instruments (2009)*

MFRS 9, *Financial Instruments (2010)*

Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

Initial application of these pronouncements for Bermaz Group will be effective from the annual period beginning:

1 May 2013 for pronouncements that are effective for annual periods beginning on or after 1 January 2013.

1 May 2014 for pronouncements that are effective for annual periods beginning on or after 1 January 2014.

1 May 2015 for pronouncements that are effective for annual periods beginning on or after 1 January 2015.

The adoption of the above Pronouncements are not expected to have material impact on the financial statements of Bermaz Group in the period of initial application.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies

## (a) Subsidiary and basis of consolidation

## (i) Subsidiaries

A subsidiary is an entity over which Bermaz Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In Bermaz's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

## (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bermaz and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as Bermaz. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received, effective FYE 2013.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Bermaz Group elects for each individual business combination, whether non-controlling interests in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of Bermaz Group's previously held equity interests in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 12.3(h). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (a) Subsidiary and basis of consolidation (cont'd.)

## (ii) Basis of consolidation (cont'd.)

Subsidiaries are consolidated from the date of acquisition, being the date on which Bermaz Group obtains control, and continue to be consolidated until the date that such control ceases.

## (b) Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiary company not attributable, direct or indirectly, to Bermaz Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Profit or loss and each component of other comprehensive income are attributed to Bermaz Group and to the non-controlling interests even if this results in the non-controlling interests recording a deficit balance.

Changes in the parent's ownership interests in a subsidiary company that do not result in loss of control, are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

## (c) Investment in an associate

Bermaz Group's investment in its associate is accounted for using the equity method. An associate is an entity in which Bermaz Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in Bermaz Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**12. Significant accounting policies (cont'd.)****12.3 Summary of significant accounting policies (cont'd.)****(c) Investment in an associate (cont'd.)**

The consolidated profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, Bermaz Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between Bermaz Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income. This is the profit or loss attributable to equity holders of the associate and therefore, is profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as Bermaz Group. Where necessary, adjustments are made to bring the accounting policies in line with those of Bermaz Group.

After application of the equity method, Bermaz Group determines whether it is necessary to recognise an additional impairment loss on Bermaz Group's investment in its associate. Bermaz Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Bermaz Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit or loss of an associate' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, Bermaz Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

**(d) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Bermaz Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(i) Sale of motor vehicles**

Revenue is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue is recognised net of sales and service tax and discount, where applicable.

**(ii) Sale of services**

Revenue from services rendered is recognised upon its completion. Revenue is recognised net of sales and service tax and discount, where applicable.

**(iii) Deferred revenue**

Deferred revenue represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered.

The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is derived based on the actual number of vehicles sold, past experience and estimated cost required to perform the maintenance service in a 3-year period and 5-year period for certain selected models as disclosed in Note 13.11.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for vehicles are determined on a specific identification basis and cost for parts and accessories are on a weighted average basis.

Cost of locally assembled motor vehicles, motor vehicles under assembly and unassembled vehicle packs are determined at actual cost on a specific identification basis.

Cost of locally assembled motor vehicles consist of materials, assembly charges, accessories fitment, excise duty and sales tax.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## (f) Foreign currencies

## (i) Functional and presentation currency

The individual financial statements of each entity in Bermaz Group 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 also the functional currency of Bermaz.

## (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of Bermaz and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at 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 rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (f) Foreign currencies (cont'd.)

## (ii) Foreign currency transactions (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

## (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates ruling at reporting date for one unit of foreign currency used are as follows:

	2010	2011	2012	2013
Japanese Yen ("JPY")	0.0339	0.0364	0.0378	0.0309
Philippine Peso	N/A*	N/A*	N/A*	0.0736
United States Dollars	N/A*	N/A*	N/A*	3.0285

\* Not applicable as there were no amounts denominated in the foreign currency as at reporting date.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (g) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to Bermaz Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, Bermaz Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore, is not depreciated. Capital work-in-progress are stated at cost and are not depreciated as the assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Building	4% - 23%
Leasehold improvements	16.7% - 33.3%
Assembly and building equipment	10.0% - 33.3%
Furniture and fittings, computers and office equipment	10.0% - 33.3%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (h) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of Bermaz Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

## (i) Employee benefits

## (i) Short term benefits

Wages, salaries, incentives, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of Bermaz Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (i) Employee benefits (cont'd.)

## (ii) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which Bermaz Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Bermaz Group's foreign subsidiary also make contributions to its country's statutory pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

## (j) Income taxes

## (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where Bermaz Group operates and generate taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (j) Income taxes (cont'd.)

## (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in a subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (j) Income taxes (cont'd.)

## (ii) Deferred tax (cont'd.)

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

## (iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

**(k) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, Bermaz Group becomes a party to the contractual provisions of the financial instrument.

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.

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

**(i) Financial assets at fair value through profit or loss**

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

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

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

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (k) Financial assets (cont'd.)

## (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.

All financial assets of Bermaz Group, except derivatives, are classified as loans and receivables, which include trade and other receivables and cash and cash equivalents.

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

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

A financial asset is derecognised when 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.

## (l) Impairment of financial assets

Bermaz Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, Bermaz Group considers 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 Bermaz Group'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.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (l) Impairment of financial assets (cont'd.)

**Trade and other receivables and other financial assets carried at amortised cost (cont'd.)**

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.

## (m) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139 and FRS 139, are recognised in the statements of financial position when, and only when, Bermaz Group becomes a party to the contractual provisions of the financial instrument.

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

All financial liabilities of Bermaz Group are classified as other financial liabilities, which include trade and other payables and borrowings.

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



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (m) Financial liabilities (cont'd.)

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.

## (n) Derivative financial instruments

Bermaz Group uses derivative financial instruments such as forward rate contracts to manage certain exposures to fluctuations in foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year are taken directly to profit or loss.

## (o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## (p) Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

**(q) Amortised cost of financial instruments**

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

**(r) Provisions**

Provisions are recognised when Bermaz Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

**(s) Impairment of non-financial assets**

Bermaz Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, Bermaz Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows CGUs.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (s) Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

## (t) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 May 2011, the date of inception is deemed to be 1 May 2011 in accordance with the MFRS 1.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.3 Summary of significant accounting policies (cont'd.)

## (t) Leases (cont'd.)

**Group as a lessee**

Finance leases, which transfer to Bermaz Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the assets. However, if there is no reasonable certainty that Bermaz Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

## (u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of Bermaz Group's cash management.

## (v) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that Bermaz Group incurred in connection with the borrowing of funds.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**12. Significant accounting policies (cont'd.)****12.3 Summary of significant accounting policies (cont'd.)****(w) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of Bermaz Group.

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

**(x) Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of Bermaz Group.

Contingent liabilities and assets are not recognised in the statements of financial position of Bermaz Group.

**12.4 Significant accounting judgements and estimates****(a) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Impairment of goodwill**

Bermaz Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the Value In Use ("VIU") of the CGU to which goodwill is allocated.

Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill are disclosed in Note 13.4.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.4 Significant accounting judgements and estimates (cont'd.)

## (a) Key sources of estimation uncertainty (cont'd.)

## (ii) Deferred revenue

Bermaz Group provides free maintenance service package for 3 years or attainment of 60,000 kilometres, whichever comes first, on certain Mazda models.

Deferred revenue represents sale proceeds received from customers whereby part of the amount relates to service maintenance in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is derived based on the actual number of vehicles sold, past experience and estimated cost required to perform the maintenance service in a 3-year period.

In November 2012, the free maintenance service package was extended to 5 years or attainment of 100,000 kilometres, whichever comes first, for certain Mazda models as part of the promotional activities.

The details are as disclosed in Note 13.11.

## (iii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details are as disclosed in Note 13.2.

## (iv) Useful lives of assembly and building equipment

The cost of assembly and building equipment are depreciated on a straight-line basis over the assets' useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation methods at end of each financial year end and ensures consistencies with previous estimates and patterns of consumptions of economic benefits that embodies the items in assembly and building equipment. Changes in useful lives and residual values of these assets may result in revision of future depreciation charges.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 12. Significant accounting policies (cont'd.)

## 12.4 Significant accounting judgements and estimates (cont'd.)

## (a) Key sources of estimation uncertainty (cont'd.)

## (v) Provision for restoration

A provision for restoration cost is recognised for expected costs to be incurred upon termination of the tenancy agreement. Bermaz Group provides for the cost to restore the premises to its original state and condition. The provision is based on the best estimate of the direct expenditure to be incurred upon the expiry of tenancy period. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The details are as disclosed in Note 13.12.

## (vi) Provision for warranty

Bermaz Group gives 3 years warranty or attainment of 100,000 kilometres, whichever comes first, on locally assembled vehicles and undertakes to repair or replace parts that fail to perform satisfactorily. In January 2013, the warranty period was extended to 5 years or attainment of 100,000 kilometres, whichever comes first, as part of the promotional activities.

For imported vehicles, the manufacturer gives to Bermaz Group's customers a 3 years warranty or attainment of 100,000 kilometres, whichever comes first. In November 2012, Bermaz Group extended an additional 2 years warranty in addition to the 3 years provided by the manufacturer, for certain Mazda models as part of the promotional activities. These imported models will now come with 5 years warranty or attainment of 100,000 kilometres, whichever comes first.

A provision is made for expected warranty claims on vehicles sold during the period, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranties were based on sales levels and current information available about repairs during warranty periods for similar type of vehicles sold. Further details are as disclosed in Note 13.12.

## (vii) Provision for incentives

Bermaz Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after year end. The provision for sales incentive is monitored and adjusted based on the car dealers' progress towards achieving their agreed annual sales targets.

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group

## 13.1 Property, plant and equipment

	Freehold Land RM	Building RM	Improvements RM	Leasehold Improvements RM	Assembly and Building Equipment RM	Furniture and Fittings, Computers and Office Equipment RM	Motor Vehicles RM	Total RM
<b>FRS Framework</b>								
<b>30 April 2010</b>								
<b>Cost</b>								
At 1 May 2009	6,591,000	1,409,000	1,439,243	473,944	472,559	1,605,139	11,990,885	
Additions	-	-	615,320	109,309	530,976	985,829	2,241,434	
Disposals	-	-	-	-	(2,050)	(276,950)	(279,000)	
30 April 2010	6,591,000	1,409,000	2,054,563	583,253	1,001,485	2,314,018	13,953,319	
<b>Accumulated Depreciation</b>								
At 1 May 2009	-	56,364	306,864	136,007	104,575	256,710	860,520	
Depreciation charge for the year	-	56,360	356,235	114,880	148,766	426,245	1,102,486	
Disposals	-	-	-	-	(546)	(57,539)	(58,085)	
30 April 2010	-	112,724	663,099	250,887	252,795	625,416	1,904,921	
<b>Net Carrying Amount</b>								
30 April 2010	6,591,000	1,296,276	1,391,464	332,366	748,690	1,688,602	12,048,398	



## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.1 Property, plant and equipment (cont'd.)

	Freehold Land RM	Building RM	Leasehold Improvements RM	Assembly and Building Equipment RM	Furniture and Fittings, Computers and Office Equipment RM	Motor Vehicles RM	Total RM
<b>FRS Framework</b>							
<b>30 April 2011</b>							
<b>Cost</b>							
At 1 May 2010	6,591,000	1,409,000	2,054,563	583,253	1,001,485	2,314,018	13,953,319
Additions	-	-	962,954	9,247,669	577,156	195,824	10,983,603
Disposals	-	-	-	-	-	(1,275,310)	(1,275,310)
At 30 April 2011	6,591,000	1,409,000	3,017,517	9,830,922	1,578,641	1,234,532	23,661,612
<b>Accumulated Depreciation</b>							
At 1 May 2010	-	112,724	663,099	250,887	252,795	625,416	1,904,921
Depreciation charge for the year	-	56,360	737,467	1,373,255	335,866	357,900	2,860,848
Disposals	-	-	-	-	-	(474,572)	(474,572)
At 30 April 2011	-	169,084	1,400,566	1,624,142	588,661	508,744	4,291,197
<b>Net Carrying Amount</b>							
At 30 April 2011	6,591,000	1,239,916	1,616,951	8,206,780	989,980	725,788	19,370,415

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.1 Property, plant and equipment (cont'd.)

	Freehold Land RM	Building RM	Leasehold Improvements RM	Assembly and Building Equipment RM	Furniture and Fittings, Computers and Office Equipment RM	Motor Vehicles RM	Capital Work-in-Progress RM	Total RM
<b>MFRS Framework</b>								
<b>30 April 2012</b>								
<b>Cost</b>								
At 1 May 2011	6,591,000	1,409,000	3,017,517	9,830,922	1,578,641	1,234,532	-	23,661,612
Additions	-	-	437,554	657,543	688,514	-	782,233	2,565,844
Disposals	-	-	-	-	-	(195,824)	-	(195,824)
At 30 April 2012	6,591,000	1,409,000	3,455,071	10,488,465	2,267,155	1,038,708	782,233	26,031,632
<b>Accumulated Depreciation</b>								
At 1 May 2011	-	169,084	1,400,566	1,624,142	588,661	508,744	-	4,291,197
Depreciation charge for the year	-	56,360	801,979	3,273,064	448,855	220,805	-	4,801,063
Disposals	-	-	-	-	-	(35,901)	-	(35,901)
At 30 April 2012	-	225,444	2,202,545	4,897,206	1,037,516	693,648	-	9,056,359
<b>Net Carrying Amount</b>								
At 30 April 2012	6,591,000	1,183,556	1,252,526	5,591,259	1,229,639	345,060	782,233	16,975,273

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.1 Property, plant and equipment (cont'd.)

	Freehold Land RM	Building RM	Leasehold Improvements RM	Assembly and Building Equipment RM	Furniture and Fittings, Computer and Office Equipment RM	Motor Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>MFRS Framework</b>								
<b>30 April 2013</b>								
<b>Cost</b>								
At 1 May 2012	6,591,000	1,409,000	3,455,071	10,488,465	2,267,155	1,038,708	782,233	26,031,632
Additions	-	1,452,719	9,724,500	855,671	3,338,689	397,391	-	15,768,970
Transfer	-	782,233	-	-	-	-	(782,233)	-
Write off	-	-	(54,610)	-	(225,871)	-	-	(280,481)
Disposals	-	(2,234,952)	-	(9,307,676)	-	(166,169)	-	(11,708,797)
At 30 April 2013	6,591,000	1,409,000	13,124,961	2,036,460	5,379,973	1,269,930	-	29,811,324
<b>Accumulated Depreciation</b>								
At 1 May 2012	-	225,444	2,202,545	4,897,206	1,037,516	693,648	-	9,056,359
Depreciation charge for the year	-	142,362	3,392,306	2,168,518	939,275	222,002	-	6,864,463
Write off	-	-	(54,610)	-	(96,110)	-	-	(150,720)
Disposals	-	(86,002)	-	(6,100,104)	-	(110,780)	-	(6,296,886)
At 30 April 2013	-	281,804	5,540,241	965,620	1,880,681	804,870	-	9,473,216
<b>Net Carrying Amount</b>								
At 30 April 2013	6,591,000	1,127,196	7,584,720	1,070,840	3,499,292	465,060	-	20,338,108

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.1 Property, plant and equipment (cont'd.)

The freehold land and building of the Bermaz Group with net book value of RM7,718,196 (2012: RM7,774,556; 2011: RM7,830,916; 2010: RM7,887,276) are pledged to a licensed bank for a term loan as disclosed in Note 13.14.

Property, plant and equipment of Bermaz Group that are pledged to a licensed bank for other term loans were as follows:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Net book value of assembly and building equipment pledged to a licensed bank as disclosed in Note 13.14	-	7,566,626	4,947,432	-

Property, plant and equipment of Bermaz Group with net book value of RM11,042 (2012: RM36,305; 2011: RM69,817; 2010: RM193,300) were acquired under the hire purchase agreements.

## 13.2 Deferred taxation

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
	RM	RM	RM	RM
At beginning of the year	(1,844,931)	(2,834,861)	(6,269,619)	(9,186,268)
Recognised in statements of comprehensive income (Note 13.21)	(989,930)	(3,434,758)	(2,916,649)	(9,427,377)
At end of the year	(2,834,861)	(6,269,619)	(9,186,268)	(18,613,645)

## Presented as follows:

Deferred tax assets	(3,039,338)	(7,491,011)	(9,242,508)	(18,613,645)
Deferred tax liability	204,477	1,221,392	56,240	-
	(2,834,861)	(6,269,619)	(9,186,268)	(18,613,645)

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.2 Deferred taxation (cont'd.)

## Deferred tax liability:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Accelerated capital allowances</b>				
At beginning of the year	117,921	204,477	1,221,392	56,240
Recognised in statements of comprehensive income	86,556	1,016,915	(1,165,152)	(56,240)
At end of the year	<u>204,477</u>	<u>1,221,392</u>	<u>56,240</u>	<u>-</u>

## Deferred tax assets:

	Deferred revenue RM	Provisions and others RM	Total RM
<b>FRS Framework</b>			
At 1 May 2009	(297,434)	(1,665,418)	(1,962,852)
Recognised in statements of comprehensive income	(1,338,608)	262,122	(1,076,486)
At 30 April 2010	<u>(1,636,042)</u>	<u>(1,403,296)</u>	<u>(3,039,338)</u>
At 1 May 2010	(1,636,042)	(1,403,296)	(3,039,338)
Recognised in statements of comprehensive income	(2,812,484)	(1,639,189)	(4,451,673)
At 30 April 2011	<u>(4,448,526)</u>	<u>(3,042,485)</u>	<u>(7,491,011)</u>
<b>MFRS Framework</b>			
At 1 May 2011	(4,448,526)	(3,042,485)	(7,491,011)
Recognised in statements of comprehensive income	(1,633,839)	(117,658)	(1,751,497)
At 30 April 2012	<u>(6,082,365)</u>	<u>(3,160,143)</u>	<u>(9,242,508)</u>
At 1 May 2012	(6,082,365)	(3,160,143)	(9,242,508)
Recognised in statements of comprehensive income	(5,557,143)	(3,813,994)	(9,371,137)
At 30 April 2013	<u>(11,639,508)</u>	<u>(6,974,137)</u>	<u>(18,613,645)</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.3 Investment in an associate

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Unquoted shares at cost	-	-	-	15,000,000
Less: Unrealised profit from disposal of property, plant and equipment to associate	-	-	-	(809,755)
	-	-	-	14,190,245
Share of post-acquisition reserves	-	-	-	(1,502,586)
	-	-	-	12,687,659

Details of the associated company, which is incorporated in Malaysia are as follows:

Name of Company	Equity interest				Principal activity
	2010	2011	2012	2013	
MMSB	-	-	-	30%	Local assembly of Mazda vehicles by third party contract assembler using local parts and imported Mazda supplied parts and domestic distribution of locally assembled Mazda vehicles through Bermaz and export of Mazda vehicles assembled in Malaysia.

During the FYE 30 April 2013, Bermaz Group subscribed for new ordinary shares which amounted to 30% equity interests in MMSB for a cash consideration of RM15,000,000.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.3 Investment in an associate (cont'd.)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by Bermaz Group, is as follows:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Assets and liabilities:</b>				
Current assets	-	-	-	83,288,403
Non-current assets	-	-	-	23,384,497
Total assets	-	-	-	106,672,900
Current liabilities	-	-	-	62,339,117
Non-current liabilities	-	-	-	-
Total liabilities	-	-	-	62,339,117
<b>Results:</b>				
Revenue	-	-	-	221,028
Loss for the year	-	-	-	(5,666,217)

The financial statements of the associate from 10 September 2012 (date of incorporation) to 30 April 2013 has been used for the purpose of applying the equity method of accounting.

## 13.4 Goodwill

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
At beginning/end of year	500,000	500,000	500,000	500,000

Key assumptions used in VIU calculation and fair value less costs to sell of CGU

The recoverable amount of a CGU is determined based on the higher value of VIU or fair value less costs to sell, if available, of the respective CGUs. VIU is calculated using cash flow projections based on financial budgets covering 3-year period (in respect of FYE 30 April 2012: 3-year period; FYE 30 April 2011 and 30 April 2010: financial budgets covering a 5-year period were used).

Fair values less costs to sell are estimated based on the best information available in an active market to reflect the amount obtainable in arm's length transaction, less costs of disposal.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**13. Notes to the financial statements of Bermaz Group (cont'd.)****13.4 Goodwill (cont'd.)**

The following describes key assumptions on which management has based its cash flow projections for VIU calculations or fair value less costs to sell of CGUs to undertake impairment test of goodwill:

**(a) Budgeted gross margin**

The basis used to determine the values assigned to the budgeted gross margins are the average gross margin achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions and internal resource efficiency, where applicable.

**(b) Growth rates**

The weighted average growth rates used are consistent with the long-term average growth rate for similar industries.

**(c) Discount rates**

The discount rates used for identified CGU are on a basis that reflect specific risks relating to the relevant business segment. The significant post-tax discount rates, applicable to post-tax cash flows, are in the range of 10%-12% (FYE 30 April 2012, 30 April 2011 and 30 April 2010: 10%-12%).

**(d) Fair value less costs to sell**

The fair values are estimated based on observable market price of recent transactions of similar assets within the same industry and similar locations.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.5 Inventories

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>At cost:</b>				
- Motor vehicles ready for sale	51,181,179	173,819,462	92,216,761	136,611,191
- Motor vehicles under assembly process	-	15,063,686	4,239,361	1,332,600
- Unassembled vehicle packs	-	1,207,634	4,656,592	1,157,224
- Spare parts	-	-	-	2,115,913
	<u>51,181,179</u>	<u>190,090,782</u>	<u>101,112,714</u>	<u>141,216,928</u>
<b>At net realisable values:</b>				
- Motor vehicles	3,291,905	6,904,684	18,492,523	39,944,071
- Spare parts	4,466,998	7,274,654	10,231,720	12,618,834
	<u>7,758,903</u>	<u>14,179,338</u>	<u>28,724,243</u>	<u>52,562,905</u>
<b>Total</b>	<u>58,940,082</u>	<u>204,270,120</u>	<u>129,836,957</u>	<u>193,779,833</u>
<b>Cost of inventories recognised as an expense</b>	<u>245,228,666</u>	<u>509,555,133</u>	<u>562,284,549</u>	<u>916,348,082</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.6 Trade and other receivables

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Trade receivables</b>				
Third parties	25,100,890	26,484,766	25,577,163	31,408,667
Due from related companies	1,428,161	4,492,496	5,098,498	-
	<u>26,529,051</u>	<u>30,977,262</u>	<u>30,675,661</u>	<u>31,408,667</u>
<b>Other receivables</b>				
Prepayments	1,549,978	-	326,690	2,684,639
Other receivables	620,348	4,360,261	1,981,452	3,738,729
Deposits	424,972	427,552	534,610	996,360
Due from an associate	-	-	-	8,212,645
	<u>2,595,298</u>	<u>4,787,813</u>	<u>2,842,752</u>	<u>15,632,373</u>
	<u>29,124,349</u>	<u>35,765,075</u>	<u>33,518,413</u>	<u>47,041,040</u>
Total trade and other receivables	29,124,349	35,765,075	33,518,413	47,041,040
Add: Cash and cash equivalents (Note 13.8)	13,994,276	34,294,263	77,215,998	192,534,600
Less: Prepayments	(1,549,978)	-	(326,690)	(2,684,639)
Total loans and receivables	<u>41,568,647</u>	<u>70,059,338</u>	<u>110,407,721</u>	<u>236,891,001</u>

## (a) Trade receivables

Bermaz Group's normal trade credit term ranges from 30 to 90 days (30 April 2012, 2011 and 2010: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Bermaz Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors. Other information on financial risks of trade receivables are disclosed in Note 13.26(b).

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.6 Trade and other receivables (cont'd.)

## (a) Trade receivables (cont'd.)

Ageing analysis of trade receivables:

The ageing analysis of Bermaz Group's trade receivables is as follows:

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010 RM	2011 RM	2012 RM	2013 RM
Neither past due nor impaired	23,444,295	26,845,442	28,535,159	30,603,688
1 to 30 days past due not impaired	585,182	810,354	174,914	550,066
31 to 60 days past due not impaired	369,803	1,402,261	107,996	100,696
61 to 90 days past due not impaired	2,129,771	1,919,205	21,955	13,497
91 to 120 days past due not impaired	-	-	1,835,637	140,720
	3,084,756	4,131,820	2,140,502	804,979
	<u>26,529,051</u>	<u>30,977,262</u>	<u>30,675,661</u>	<u>31,408,667</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records within Bermaz Group.

The credit quality and concentration profile of trade receivables that are neither past due nor impaired are as follows:

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010 RM	2011 RM	2012 RM	2013 RM
Group 1	16,556,290	26,077,536	27,898,346	28,990,011
Group 2	6,888,005	767,906	636,813	1,613,677
Total trade receivables	<u>23,444,295</u>	<u>26,845,442</u>	<u>28,535,159</u>	<u>30,603,688</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.6 Trade and other receivables (cont'd.)

## (a) Trade receivables (cont'd.)

Receivables that are neither past due nor impaired (cont'd.)

Group 1 - customers with no defaults in the past

Group 2 - customers with low risk and pledged security

None of Bermaz 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

At the reporting date, Bermaz Group has trade receivables amounting to RM804,979 (2012: RM2,140,502; 2011: RM4,131,820; 2010: RM3,084,756) that are past due but not impaired.

The credit quality and concentration profile of trade receivables that are past due but not impaired are as follows:

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Group 1	2,560,860	3,920,471	1,948,094	349,532
Group 2	523,896	211,349	192,408	455,447
Total trade receivables	<u>3,084,756</u>	<u>4,131,820</u>	<u>2,140,502</u>	<u>804,979</u>

Group 1 - customers with no defaults in the past

Group 2 - customers with low risk and pledged security

## (b) Due from related companies

The amounts due from related companies are trade in nature, unsecured, non-interest bearing, repayable on demand and have similar credit terms offered to third parties.

## (c) Due from an associate

Included in the amount due from associate is RM8,055,705 arising from the disposal of fixed assets, which was fully settled after year end.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.6 Trade and other receivables (cont'd.)

## (d) Other receivables

Included in the other receivables are as follows:

	<----- FRS Framework ----->		<----- MFRS Framework ----->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Recoverable expenses incurred for marketing events from a third party	-	2,549,436	497,085	1,313,633
Advance deposit payment made for renovation of a newly rented office building	-	-	326,690	-

## 13.7 Derivatives

	<----- FRS Framework ----->				<----- MFRS Framework ----->			
	2010		2011		2012		2013	
	Amount	Assets / (Liabilities)	Amount	Assets / (Liabilities)	Amount	Assets / (Liabilities)	Amount	Assets / (Liabilities)
	RM	RM	RM	RM	RM	RM	RM	RM
Non-hedging derivatives:								
Current								
Forward currency contracts	-	-	-	-	18,005,714	53,184	45,133,996	(1,124,512)

## Non-hedging derivatives:

## Current

Forward currency contracts	-	-	-	-	18,005,714	53,184	45,133,996	(1,124,512)
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In FYE 30 April 2013 and 30 April 2012, Bermaz Group used forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge Bermaz Group's purchases denominated in JPY for which firm commitments existed at the reporting date.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.8 Cash and cash equivalents

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Cash and bank balances	6,994,276	17,294,263	20,715,998	56,034,600
Deposit with licenced banks	7,000,000	17,000,000	56,500,000	136,500,000
	<u>13,994,276</u>	<u>34,294,263</u>	<u>77,215,998</u>	<u>192,534,600</u>

Cash at banks earn interest at floating rates based on daily deposit rates. Deposits with licenced banks are made for varying periods depending on the immediate cash requirements of Bermaz Group.

The range of interest rates and maturity periods at the reporting date for the respective deposits were as follows:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
Average interest rate per annum (%)	<u>1.6</u>	<u>2.0</u>	<u>2.1</u>	<u>2.8</u>
Maturity periods (days)	<u>1 to 13</u>	<u>4 to 5</u>	<u>1 to 11</u>	<u>1 to 6</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.9 Share capital

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	<----- Number of shares ----->			
	2010	2011	2012	2013
<b>Ordinary shares of RM1.00 each:</b>				
<b>Authorised:</b>				
At beginning of the year	25,000,000	25,000,000	40,000,000	40,000,000
Created during the year	-	15,000,000	-	60,000,000
At end of the year	<u>25,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid-up:</b>				
At beginning of the year	9,000,000	20,000,000	40,000,000	40,000,000
Issue of shares for				
- cash	1,000,000	-	-	-
- bonus issue	10,000,000	20,000,000	-	40,000,000
At end of the year	<u>20,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>80,000,000</u>
	<----- Amount ----->			
	2010	2011	2012	2013
	RM	RM	RM	RM
<b>Ordinary shares of RM1.00 each:</b>				
<b>Authorised:</b>				
At beginning of the year	25,000,000	25,000,000	40,000,000	40,000,000
Created during the year	-	15,000,000	-	60,000,000
At end of the year	<u>25,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid-up:</b>				
At beginning of the year	9,000,000	20,000,000	40,000,000	40,000,000
Issue of shares for				
- cash	1,000,000	-	-	-
- bonus issue	10,000,000	20,000,000	-	40,000,000
At end of the year	<u>20,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>80,000,000</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**13. Notes to the financial statements of Bermaz Group (cont'd.)****13.9 Share capital (cont'd.)**FYE 30 April 2013

During the FYE 30 April 2013, Bermaz increased its authorised share capital with the creation of 60,000,000 ordinary shares of RM1.00 each.

Bermaz also increased its issued and fully paid-up share capital from RM40,000,000 to RM80,000,000 by way of a bonus issue of 40,000,000 ordinary shares of RM1.00 each at par on the basis of one bonus share for every one existing ordinary share.

FYE 30 April 2011

During the FYE 30 April 2011, Bermaz increased its authorised share capital with the creation of 15,000,000 ordinary shares of RM1.00 each.

Bermaz also increased its issued and fully paid-up share capital from RM20,000,000 to RM40,000,000 by way of two bonus issue exercises. The first bonus issue involved the issuance of 10,000,000 ordinary shares of RM1.00 each at par on the basis of one bonus share for every two existing ordinary shares. The second bonus issue involved the issuance of 10,000,000 ordinary shares of RM1.00 each at par on the basis of one bonus share for every three existing ordinary shares.

FYE 30 April 2010

In the FYE 30 April 2010, Bermaz increased its issued and fully paid-up share capital from RM9,000,000 to RM20,000,000 by way of an issuance of 1,000,000 ordinary shares of RM1.00 each at par for cash and a bonus issue of 10,000,000 ordinary shares of RM1.00 each at par on the basis of one bonus share for every one existing ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Bermaz. All ordinary shares rank equally with regard to Bermaz's residual assets.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.10 Borrowings

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Short-term borrowings</b>				
<b>- Secured</b>				
Bankers' acceptances <sup>(a)</sup>	31,871,000	54,934,000	22,958,000	118,456,000
Trust receipts	-	-	-	3,883,068
Revolving credit <sup>(b)</sup>	-	10,000,000	-	-
Term loan (Note 13.14)	1,104,000	4,331,500	5,853,000	4,228,000
Hire purchase payables (Note 13.15)	56,393	31,087	32,729	8,368
	<u>33,031,393</u>	<u>69,296,587</u>	<u>28,843,729</u>	<u>126,575,436</u>
<b>Long-term borrowings</b>				
<b>- Secured</b>				
Term loan (Note 13.14)	5,916,000	10,845,779	10,607,754	2,441,000
Hire purchase payables (Note 13.15)	133,022	41,097	8,368	-
	<u>6,049,022</u>	<u>10,886,876</u>	<u>10,616,122</u>	<u>2,441,000</u>
<b>Total borrowings</b>				
Bankers' acceptances <sup>(a)</sup>	31,871,000	54,934,000	22,958,000	118,456,000
Trust receipts	-	-	-	3,883,068
Revolving credit <sup>(b)</sup>	-	10,000,000	-	-
Term loan (Note 13.14)	7,020,000	15,177,279	16,460,754	6,669,000
Hire purchase payables (Note 13.15)	189,415	72,184	41,097	8,368
	<u>39,080,415</u>	<u>80,183,463</u>	<u>39,459,851</u>	<u>129,016,436</u>

The range of interest rates per annum at the reporting date for borrowings was as follows:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 %	2011 %	2012 %	2013 %
Bankers' acceptances <sup>(a)</sup>	3.37 - 4.20	4.02 - 4.60	4.78 - 5.44	4.46 - 4.85
Trust receipts	-	-	-	5.75
Revolving credit <sup>(b)</sup>	-	4.91 - 4.95	-	-
Term loan (Note 13.14)	4.27 - 4.51	4.72 - 5.29	5.10 - 5.50	5.31 - 5.50
Hire purchase (Note 13.15)	2.80 - 2.90	2.80 - 2.92	2.80 - 2.90	2.80 - 2.90

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.10 Borrowings (cont'd.)

FYE 30 April 2013 and 30 April 2012

- (a) Bankers' acceptances are secured by corporate guarantees from the ultimate holding company.

FYE 30 April 2011 and 30 April 2010

- (a) Bankers' acceptances are secured by fixed and floating charge over all the assets (other than those fixed charges described in term loans in Note 13.14) of Bermaz and fixed charge over the land and building as disclosed in Note 13.1.
- (b) Revolving credit is secured by corporate guarantees from the ultimate holding company and quoted shares pledged by a related company.

The terms of the term loans are further detailed in Note 13.14.

## 13.11 Deferred revenue

Bermaz Group provides free maintenance service package for 3 years or attainment of 60,000 kilometres, whichever comes first, on certain Mazda models.

Deferred revenue represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is derived based on the actual number of vehicles sold, past experience and estimated cost required to perform the maintenance service in a 3-year period.

During the FYE 30 April 2013, the free maintenance service package was extended to 5 years or attainment of 100,000 kilometres, whichever comes first, for certain Mazda models as part of Bermaz Group's promotional activities.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.11 Deferred revenue (cont'd.)

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
At beginning of the year	1,189,735	6,544,168	17,794,104	24,329,459
Deferred during the year	5,652,209	12,402,321	15,304,385	29,110,763
Reversal during the year	(90,182)	-	(5,009,883)	(416,140)
Recognised during the year	(207,594)	(1,152,385)	(3,759,147)	(7,854,696)
At end of the year	<u>6,544,168</u>	<u>17,794,104</u>	<u>24,329,459</u>	<u>45,169,386</u>
<b>Analysed as:</b>				
<u>At end of year:</u>				
Current	<u>2,452,023</u>	<u>7,453,126</u>	<u>7,578,706</u>	<u>17,515,718</u>
Non Current:				
Later than 1 year but not later than 2 years	2,277,603	6,432,518	10,171,604	17,132,877
Later than 2 years but not later than 3 years	1,814,542	3,908,460	6,579,149	8,601,940
Later than 3 years but not later than 5 years	-	-	-	1,918,851
	<u>4,092,145</u>	<u>10,340,978</u>	<u>16,750,753</u>	<u>27,653,668</u>
	<u>6,544,168</u>	<u>17,794,104</u>	<u>24,329,459</u>	<u>45,169,386</u>

Deferred revenue component is reassessed annually based on the actual service claims from the vehicles previously sold and any estimated apportioned service maintenance relating to deferred revenue exceeding the amount necessary to cover the service claims on motor vehicles sold is recognised as revenue during the period.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.12 Provisions

	Provision for incentive RM	Provision for retirement benefits RM	Provision for warranty RM	Provision for restoration cost RM	Total RM
<b>FRS Framework</b>					
At 1 May 2009	234,000	12,107	-	-	246,107
Provision during the year	750,000	-	-	-	750,000
Utilisation during the year	(234,000)	(11,920)	-	-	(245,920)
Reclassification	-	(187)	-	-	(187)
At 30 April 2010	750,000	-	-	-	750,000
At 1 May 2010	750,000	-	-	-	750,000
Provision during the year	2,619,627	-	83,000	490,176	3,192,803
Utilisation during the year	(511,027)	-	-	-	(511,027)
Unwinding of discount	-	-	-	54,582	54,582
At 30 April 2011	2,858,600	-	83,000	544,758	3,486,358
<b>MFRS Framework</b>					
At 1 May 2011	2,858,600	-	83,000	544,758	3,486,358
Provision during the year	1,718,860	-	1,017,500	-	2,736,360
Reversal during the year	(48,606)	-	-	-	(48,606)
Utilisation during the year	(3,548,754)	-	(101,581)	-	(3,650,335)
Unwinding of discount	-	-	-	28,327	28,327
At 30 April 2012	980,100	-	998,919	573,085	2,552,104
At 1 May 2012	980,100	-	998,919	573,085	2,552,104
Provision during the year	5,576,300	-	2,774,599	1,567,208	9,918,107
Reversal during the year	(1,537)	-	-	-	(1,537)
Utilisation during the year	(884,763)	-	(840,322)	-	(1,725,085)
Unwinding of discount	-	-	-	86,480	86,480
At 30 April 2013	5,670,100	-	2,933,196	2,226,773	10,830,069
<b>FRS Framework</b>					
<b>At 30 April 2010</b>					
Current	750,000	-	-	-	750,000

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.12 Provisions (cont'd.)

	Provision for incentive RM	Provision for retirement benefits RM	Provision for warranty RM	Provision for restoration cost RM	Total RM
<b>FRS Framework</b>					
<b>At 30 April 2011</b>					
Current	2,858,600	-	83,000	-	2,941,600
Non-current					
Later than 2 years but not later than 5 years	-	-	-	544,758	544,758
	2,858,600	-	83,000	544,758	3,486,358
<b>MFRS Framework</b>					
<b>At 30 April 2012</b>					
Current	980,100	-	292,925	-	1,273,025
Non-current					
Later than 1 year but not later than 2 years	-	-	366,820	-	366,820
Later than 2 years but not later than 5 years	-	-	339,174	573,085	912,259
	-	-	705,994	573,085	1,279,079
	980,100	-	998,919	573,085	2,552,104
<b>At 30 April 2013</b>					
Current	5,670,100	-	580,292	-	6,250,392
Non-current					
Later than 1 year but not later than 2 years	-	-	976,092	-	976,092
Later than 2 years but not later than 5 years	-	-	1,376,812	2,226,773	3,603,585
	-	-	2,352,904	2,226,773	4,579,677
	5,670,100	-	2,933,196	2,226,773	10,830,069

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.12 Provisions (cont'd.)

**(i) Provision for incentive**

Bermaz Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after year end. The provision for sales incentive is monitored and adjusted based on the car dealers' progress towards achieving their agreed annual sales targets.

**(ii) Provision for warranty**

Bermaz Group provides 3 years warranty or attainment of 100,000 kilometres, whichever comes first, on locally assembled vehicles and undertakes to repair or replace parts that fail to perform satisfactorily. In January 2013, the warranty period was extended to 5 years or attainment of 100,000 kilometres, whichever comes first, as part of Bermaz Group's promotional activities.

For imported vehicles, the manufacturer provides the Group's customers a 3 years warranty or attainment of 100,000 kilometres, whichever comes first. In November 2012, Bermaz Group extended an additional 2 years warranty in addition to the 3 years provided by the manufacturer, for certain Mazda models as part of the Group's promotional activities. These imported models will now come with 5 years warranty or attainment of 100,000 kilometres, whichever comes first.

A provision is made for expected warranty claims on vehicles sold during the year, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranties were based on sales levels and current information available about repairs during warranty periods for similar type of vehicles sold.

**(iii) Provision for restoration**

A provision for restoration cost is recognised for expected costs to be incurred upon termination of the tenancy agreement. Bermaz Group provides for the cost to restore the premises to its original state and condition. The provision is based on the best estimate of the direct expenditure to be incurred upon the expiry of tenancy period. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.13 Trade and other payables

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Trade payables</b>				
Third parties	23,888,358	113,332,506	69,840,453	83,155,306
Due to related companies	511,596	424,252	40,215	-
	<u>24,399,954</u>	<u>113,756,758</u>	<u>69,880,668</u>	<u>83,155,306</u>
<b>Other payables</b>				
Due to a director	780,000	750,000	750,000	750,000
Royalty and distribution rights fee payable	4,465,337	2,322,236	10,598,041	8,928,876
Accruals	2,969,921	3,780,702	3,526,475	12,250,739
Provision for penalty for early termination of operating lease	1,019,218	-	-	-
Refundable deposits from customers	1,400,109	4,758,810	1,613,817	12,765,783
Sundry payables	944,533	1,613,306	2,709,683	4,152,479
Due to ultimate holding company	-	300,000	300,000	600,000
Due to immediate holding company	31,966	965	1,524	-
Due to related companies	156,051	9,600	14,400	-
	<u>11,767,135</u>	<u>13,535,619</u>	<u>19,513,940</u>	<u>39,447,877</u>
	<u>36,167,089</u>	<u>127,292,377</u>	<u>89,394,608</u>	<u>122,603,183</u>
<b>Total trade and other payables</b>	36,167,089	127,292,377	89,394,608	122,603,183
Less: Provision for penalty for early termination of operating lease	(1,019,218)	-	-	-
Add: Borrowings (Note 13.10)	39,080,415	80,183,463	39,459,851	129,016,436
<b>Total financial liabilities carried at amortised cost</b>	<u>74,228,286</u>	<u>207,475,840</u>	<u>128,854,459</u>	<u>251,619,619</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.13 Trade and other payables (cont'd.)

## (a) Trade payables

## (i) Third parties

Trade payables are non-interest bearing and the normal trade credit terms granted to Bermaz Group ranges from 30 to 90 days (2012, 2011 and 2010: 30 to 90 days).

## (ii) Due to related companies

The amounts due to related companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

## (b) Other payables

Included in other payables are the following:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Interest accrued for term loans	-	62,816	210,870	54,434

## (c) Due to a director

Amount due to a director is in respect of the contractual performance incentive.

## (d) Royalty and distribution rights fee

Royalty and distribution rights fees are accrued in accordance with the distributorship agreement. These are non-interest bearing, unsecured and payable within the agreed terms stipulated in the agreement.

## (e) Due to ultimate and immediate holding company

The amounts due to ultimate and holding company are non-trade in nature, unsecured, non-interest bearing and repayable on demand.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.13 Trade and other payables (cont'd.)

## (f) Due to related companies

The amounts due to related companies are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

## (g) Refundable deposits from customers

The amounts are received from customers upon booking confirmation and will be set-off against the total invoiced amounts upon delivery of vehicles. Higher amounts primarily relates to advance payment from dealers primarily for CX-5 model which were delivered subsequent to FYE 2013.

## (h) Accruals

Higher accruals in FYE 2013 is primarily in respect of accrued advertising and promotional expenses and invoices not received relating to distribution rights fee.

## 13.14 Term loans (Secured)

	<---- FRS Framework ---->		<---- MFRS Framework ---->	
	2010 RM	2011 RM	2012 RM	2013 RM
Due between 1 and 2 years	1,104,000	3,775,025	5,853,000	2,093,000
Due between 2 and 5 years	4,176,000	7,070,754	4,754,754	348,000
Due more than 5 years	636,000	-	-	-
	<u>5,916,000</u>	<u>10,845,779</u>	<u>10,607,754</u>	<u>2,441,000</u>
Due within 1 year (Note 13.10)	1,104,000	4,331,500	5,853,000	4,228,000
	<u>7,020,000</u>	<u>15,177,279</u>	<u>16,460,754</u>	<u>6,669,000</u>

Term loans are analysed as:

	Repayment terms	Maturity Tenure	<---- FRS Framework ---->		<---- MFRS Framework ---->	
			2010 RM	2011 RM	2012 RM	2013 RM
Term loan 1 <sup>(a)</sup>	Quarterly	Sept 2009 - Sept 2015	7,020,000	5,916,000	4,524,000	3,132,000
Term loan 2 <sup>(b)</sup>	Quarterly	Jan 2012 - Oct 2015	-	6,376,254	5,563,754	-
Term loan 3 <sup>(c)</sup>	Quarterly	Aug 2011 - May 2014	-	2,885,025	6,373,000	3,537,000
			<u>7,020,000</u>	<u>15,177,279</u>	<u>16,460,754</u>	<u>6,669,000</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.14 Term loans (Secured) (cont'd.)

FYE 30 April 2013 and 30 April 2012:

- (a) Term loan 1 is secured by freehold land and building as disclosed in Note 13.1 and corporate guarantee from the ultimate holding company.
- (b) Term loan 2 is secured by a specific debenture covering certain assembly and building equipment as disclosed in Note 13.1. The assembly and building equipment had been disposed to an associate during the year as disclosed in Note 13.6(c).
- (c) Term loan 3 is secured by quoted shares pledged by a related company and corporate guarantee from the ultimate holding company.

FYE 30 April 2011 and 30 April 2010:

- (a) Term loan 1 was previously secured by freehold land and building as disclosed in Note 13.1 and debenture covering fixed and floating charge over all the present and future assets and properties of Bermaz Group as disclosed in Note 13.1, quoted shares pledged by a related company and corporate guarantee from the ultimate holding company.
- (b) Term loans 2 and 3 are secured by a specific debenture covering certain assembly and building equipment as disclosed in Note 13.1, quoted shares pledged by a related company and corporate guarantee from ultimate holding company.

## 13.15 Hire purchase payables

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Minimum lease payments</b>				
Not later than 1 year	65,184	34,032	34,032	8,436
Between 1 to 2 years	65,184	34,032	8,436	-
Between 2 to 5 years	75,936	8,436	-	-
	<u>206,304</u>	<u>76,500</u>	<u>42,468</u>	<u>8,436</u>
Less : Future finance charges	<u>(16,889)</u>	<u>(4,316)</u>	<u>(1,371)</u>	<u>(68)</u>
Present value of finance lease liabilities	<u>189,415</u>	<u>72,184</u>	<u>41,097</u>	<u>8,368</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.15 Hire purchase payables (cont'd.)

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Present value of finance lease liabilities:</b>				
Not later than 1 year	56,393	31,087	32,729	8,368
Between 1 to 2 years	59,598	32,730	8,368	-
Between 2 to 5 years	73,424	8,367	-	-
	<u>189,415</u>	<u>72,184</u>	<u>41,097</u>	<u>8,368</u>

## 13.16 Revenue

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Sale of motor vehicles	278,090,572	572,939,149	644,711,439	1,027,473,854
Sale of spare parts	7,981,662	18,041,107	16,791,490	29,062,547
Maintenance and fitting of motor vehicle accessories services	756,470	1,623,176	2,078,255	7,812,294
	<u>286,828,704</u>	<u>592,603,432</u>	<u>663,581,184</u>	<u>1,064,348,695</u>

## 13.17 Finance costs

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Interest expense on:				
Bank borrowings				
- Term loans	328,373	399,060	1,040,792	668,017
- Revolving credit	-	146,157	55,269	-
- Bankers' acceptance	841,427	1,708,757	1,204,614	3,941,834
- Trust receipts	-	-	-	113,563
- Overdraft	-	-	-	2,009
Hire purchase	12,278	5,784	2,945	1,303
Advances from:				
- related companies	97,415	130,260	-	-
- a director	204,251	-	-	-
Unwinding of discount on provision	-	54,582	28,327	86,480
	<u>1,483,744</u>	<u>2,444,600</u>	<u>2,331,947</u>	<u>4,813,206</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.18 Profit before tax

Profit before tax is stated after charging/(crediting):

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Auditors' remuneration	33,000	52,000	52,000	69,168
Depreciation (Note 13.1)	1,102,486	2,860,848	4,801,063	6,864,463
Rental of land and building	2,264,006	2,006,400	2,053,400	3,475,832
Loss/(gain) on disposal of property, plant and equipment	(42,805)	94,738	13,923	(1,939,039)
Staff costs (Note 13.19)	6,358,739	9,852,999	14,381,236	19,313,635
Inventories written down	2,107,868	559,566	1,085,973	2,690,504
Reversal of inventory written down	-	-	(137,508)	-
Provision for penalty for early termination of operating lease	1,019,218	-	-	-
Property, plant and equipment written off	-	-	-	129,761
Reversal of provision for penalty of early termination of operating lease (a)	-	(895,679)	-	-
Interest income from fixed deposits	(162,284)	(109,236)	(253,981)	(779,718)
Realised foreign exchange loss/(gain)	177,668	607,809	222,648	(133,809)
Unrealised foreign exchange (gain)/loss	(319,230)	-	19,982	749,756
Provision for warranty	-	83,000	1,017,500	2,774,599
Provision for incentives	750,000	2,619,627	1,670,254	5,574,763

(a) Provision for penalty for early termination of operating lease relates to a termination of showroom rental agreement by BMTSB on 31 March 2011, before the expiry of the lease term. BMTSB was required to compensate the lessor for breach of contract.

Subsequently the amount was settled with the lessor and overprovision of RM895,679 was reversed out in the FYE 30 April 2011.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.19 Staff costs

	<---- FRS Framework ---->		<---- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Wages, salaries and bonuses	3,658,665	5,853,037	9,997,114	14,026,870
Performance incentive	1,900,000	2,283,539	2,065,425	2,033,300
Social security contributions	28,450	52,758	91,507	109,630
Contribution to defined contribution plans	413,851	889,920	1,332,731	1,769,392
Other staff benefits	357,773	773,745	894,459	1,374,443
	<u>6,358,739</u>	<u>9,852,999</u>	<u>14,381,236</u>	<u>19,313,635</u>

Included in staff costs of Bermaz Group are director's remuneration as further disclosed in Note 13.20.

## 13.20 Director's remuneration

	<---- FRS Framework ---->		<---- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Wages, salaries and bonuses	289,044	290,096	290,598	536,220
Performance incentive	1,500,000	1,500,000	1,500,000	1,500,000
Contribution to defined contribution plan				
- Current year	16,896	107,112	107,457	122,178
- Prior years	-	126,960	-	-
Total director's remuneration (excluding benefits-in-kind)	<u>1,805,940</u>	<u>2,024,168</u>	<u>1,898,055</u>	<u>2,158,398</u>
Estimated money value of benefits-in-kind	-	-	11,100	11,100
Total director's remuneration (including benefits-in-kind)	<u>1,805,940</u>	<u>2,024,168</u>	<u>1,909,155</u>	<u>2,169,498</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.21 Income tax expense

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Income tax expense				
- current year	7,574,459	16,431,305	16,939,114	26,533,848
- (over)/under provision in prior years	(830,618)	(299,942)	495,458	104,173
	<u>6,743,841</u>	<u>16,131,363</u>	<u>17,434,572</u>	<u>26,638,021</u>
Deferred tax (Note 13.2)				
- relating to origination and reversal of temporary differences	(2,128,276)	(3,594,234)	(2,268,139)	(9,092,385)
- Under/(over) provision in prior years	1,138,346	159,476	(648,510)	(334,992)
	<u>(989,930)</u>	<u>(3,434,758)</u>	<u>(2,916,649)</u>	<u>(9,427,377)</u>
Total income tax expense	<u>5,753,911</u>	<u>12,696,605</u>	<u>14,517,923</u>	<u>17,210,644</u>

Domestic income tax is calculated at the Malaysian statutory tax rate as follows:

	Year of assessment			
	2010 %	2011 %	2012 %	2013 %
Malaysian statutory tax rate	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.21 Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of Bermaz Group is as follows:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Profit before tax	19,899,279	48,907,927	55,272,363	70,556,997
Taxation at Malaysian at statutory rate of 25%	4,974,820	12,226,982	13,818,091	17,639,249
Income not subject to tax	-	-	-	(7,041)
Effect of different tax rates in other country	-	-	-	209,461
Share of results of associate	-	-	-	375,647
Expenses not deductible for tax purposes	471,363	610,089	852,884	1,424,147
Group relief	-	-	-	(2,200,000)
Under/(over) provision of deferred tax in prior years	1,138,346	159,476	(648,510)	(334,992)
(Over)/under provision of income tax expense in prior years	(830,618)	(299,942)	495,458	104,173
Income tax expense for the year	5,753,911	12,696,605	14,517,923	17,210,644

## 13.22 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between Bermaz Group and related parties took place on terms agreed between the parties during the financial year:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Interest expense to Berjaya Roasters (M) Sdn. Bhd. *	97,415	130,260	-	-

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.22 Significant related party transactions (cont'd.)

	<--- FRS Framework --->		<--- MFRS Framework --->	
	2010 RM	2011 RM	2012 RM	2013 RM
Rental of premise charged by Nusa Otomobil Corporation Sdn. Bhd. **	576,050	-	-	-
Sales of motor vehicles to Dunia Prestasi Auto Sdn. Bhd. ("Dunia Prestasi Auto") **	16,025,199	49,465,908	41,785,526	15,922,110
Sales of spare parts to Dunia Prestasi Auto **	1,942,697	3,578,282	3,684,475	955,231
Purchase of spare parts from Autopraha Sdn. Bhd. ***	774,778	987,036	-	-
After sales service rendered from Dunia Prestasi Auto **	624,948	742,695	706,349	391,589
Management fees payable to ultimate holding company	-	300,000	300,000	300,000
Rental of premise charged by Berjaya Property Sdn. Bhd. *	-	-	-	1,087,200
Disposal consideration of assembly equipment to an associate	-	-	-	8,055,705
Assembly charges and taxes charged by Inokom ****	-	5,125,320	28,496,720	25,031,160

## Notes:

\* Subsidiaries of BGroup

\*\* In the previous financial years, Dunia Prestasi Auto was an associate of BCorporation. Dunia Prestasi Auto ceased to be an associated company of BCorporation on 15 August 2012.

\*\*\* Company in which Dato' Amer Hamzah bin Ahmad was a former Director. Dato Amer Hamzah bin Ahmad had resigned on 15 November 2011.

\*\*\*\* Company in which Dato' Lee Kok Chuan is a Director and BGroup is a shareholder.



## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.23 Key management personnel

The key management personnel are the Directors and the respective Head of Department of Bermaz Group.

## (a) Directors

The remuneration of Directors is disclosed in Note 13.20.

## (b) Compensation of other key management personnel

	<---- FRS Framework ---->		<---- MFRS Framework ---->	
	2010 RM	2011 RM	2012 RM	2013 RM
Wages, salaries and bonus	636,220	862,605	1,707,685	2,393,067
Performance incentive	-	439,000	716,666	648,369
Social security contributions	2,774	3,527	5,741	6,353
Contribution to defined contribution plan	74,323	145,797	281,206	443,926
Other staff benefits	35,716	12,602	29,652	43,573
Others	-	-	-	305,032
	<u>749,033</u>	<u>1,463,531</u>	<u>2,740,950</u>	<u>3,840,320</u>

## 13.24 Commitments and contingent liability

## (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	<---- FRS Framework ---->		<---- MFRS Framework ---->	
	2010 RM	2011 RM	2012 RM	2013 RM
<b>Capital expenditure</b>				
Approved and contracted for property, plant, and equipment	-	-	2,652,719	-
Additional investment in associate	-	-	-	15,000,000
	<u>-</u>	<u>-</u>	<u>2,652,719</u>	<u>15,000,000</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.24 Commitments and contingent liability (cont'd.)

## (b) Operating lease arrangements

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Operating lease commitments as lessees:				
- Within 1 year after reporting date	2,244,000	2,101,400	3,338,400	3,514,848
- Between 1 to 2 years	2,195,000	1,069,200	2,560,800	3,281,232
- Between 2 to 5 years	972,000	432,000	2,024,000	704,000
	<u>5,411,000</u>	<u>3,602,600</u>	<u>7,923,200</u>	<u>7,500,080</u>

## (c) Contingent liability

Guarantees on standby credit facilities to BAP	-	-	-	39,429,000
--	---	---	---	------------

Subsequent to FYE 30 April 2013, Bermaz provided a USD13 million (approximately RM39 million) standby letter of credit from its banking facilities to a foreign branch of a local bank as collateral for credit facilities granted to a foreign subsidiary.

## 13.25 Fair value of financial instruments

The carrying amount of financial liabilities at the reporting date approximate their fair values except for the following:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	2010	2011	2012	2013
	RM	RM	RM	RM
<b><u>Carrying amount</u></b>				
Term loan	7,020,000	15,177,279	16,460,754	6,669,000
Hire purchase	189,415	72,184	41,097	8,368
<b><u>Fair value</u></b>				
Term loan	7,389,804	16,260,436	16,460,754	6,669,000
Hire purchase	206,304	76,500	44,404	8,436

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.25 Fair value of financial instruments (cont'd.)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date by reference to hire purchase agreements.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings approximate their fair value due to the relatively short-term maturity of these financial instruments.

Forward currency contracts are valued using a valuation technique with market observable inputs.

**Fair value hierarchy**

Bermaz Group classified fair value measurement using a fair value that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

As at reporting date, Bermaz Group's derivatives and borrowings are classified as Level 2 and Level 3 respectively.

	Level 2 RM	Level 3 RM	Total RM
<b>MFRS Framework</b>			
<b>FYE 30 April 2013</b>			
<b>Financial liabilities</b>			
Derivatives	1,124,512	-	1,124,512
Borrowings	-	129,016,436	129,016,436
	<u>1,124,512</u>	<u>129,016,436</u>	<u>130,140,948</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.25 Fair value of financial instruments (cont'd.)

## Fair value hierarchy (cont'd.)

	Level 2 RM	Level 3 RM	Total RM
<b>FYE 30 April 2012</b>			
<b>Financial assets</b>			
Derivatives	(53,184)	-	(53,184)
<b>Financial liabilities</b>			
Borrowings	-	39,459,851	39,459,851
<b>FRS Framework</b>			
<b>FYE 30 April 2011</b>			
<b>Financial liabilities</b>			
Borrowings	-	80,183,463	80,183,463
<b>FYE 30 April 2010</b>			
<b>Financial liabilities</b>			
Borrowings	-	39,080,415	39,080,415

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies

Bermaz Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, credit risks, liquidity risk and foreign currency risk.

The Board of Directors of Bermaz Group reviews and agrees on policies and procedures for the management of these risks, which are executed by the Directors and General Manager of Finance.

It is, and has been throughout the current and previous financial year, Bermaz Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. Bermaz Group does not apply hedge accounting.

The following sections provide details regarding Bermaz Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of Bermaz Group's financial instruments will fluctuate because of changes in market interest rates.

Bermaz Group's primary interest rate risk relates to interest bearing assets and interest bearing borrowings. The interest bearing assets are made up of deposits with licenced financial institutions.

Bermaz Group manages the interest rate risk of its deposits with licenced financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and by maintaining a prudent mix of short and long-term deposits and actively reviewing its portfolio of deposits.

As at 30 April 2013, 30 April 2012, 30 April 2011 and 30 April 2010, the entire of Bermaz Group's borrowings, except hire purchase liabilities, carry floating interest rates. As such, Bermaz Group's income and operating cash flows are therefore substantially influenced by changes in market interest rates. The Directors manage these changes in market interest rate by selecting the most appropriate form of financing to match the flow of income and cash flows from the business operations.

**Sensitivity analysis for interest rate risk**

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, Bermaz Group's profit net of tax would have been RM25,009 (30 April 2012: RM61,728; 30 April 2011: RM56,915; 30 April 2010: RM26,325) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

**(b) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Bermaz Group's credit risk is primarily attributable to trade receivables.

**Receivables**

Bermaz Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

New vehicles sales are still largely derived from authorised car dealers and as such, Bermaz Group has a normal credit policy in place and the exposure is monitored on an ongoing basis. Bermaz Group also extends credit to spare parts dealers, selective corporate purchasers and finance companies. Bank guarantees are required on a selective basis to secure the line of credit from Bermaz Group.

*Exposure to credit risk, credit quality and collateral*

As at 30 April 2013, 30 April 2012, 30 April 2011 and 30 April 2010, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with Bermaz Group. Bermaz Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

**(c) Liquidity risk**

Liquidity risk is the risk that Bermaz Group will encounter difficulty in meeting financial obligations due to shortage of funds. Bermaz Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Bermaz Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. Bermaz Group actively manages its operating cash flows and the availability of fund so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, Bermaz Group maintains sufficient levels of cash to meet its working capital requirements.

## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

## (c) Liquidity risk (cont'd.)

## Maturity Analysis

The table below summarises the maturity profile of Bermaz Group's liabilities at the reporting dates based on contractual undiscounted repayment obligations.

## FRS Framework

30 April 2010

	Interest Rate	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Total	
						RM	RM
<b>Non-derivative financial liabilities</b>							
Term loans	5.40%	465,957	1,462,528	1,680,040	3,341,061	6,949,586	7,020,000
Bankers' acceptances	2.23% - 4.20%	31,871,000	-	-	-	31,871,000	31,871,000
Hire purchase payables	2.80% - 2.90%	65,184	65,184	75,936	-	206,304	189,415
Trade and other payables	-	36,167,089	-	-	-	36,167,089	36,167,089
		68,569,230	1,527,712	1,755,976	3,341,061	75,193,979	75,247,504



## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

## (c) Liquidity risk (cont'd.)

## Maturity Analysis (cont'd.)

## FRS Framework

30 April 2011	Interest Rate	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years	Total		Carrying Amount
							RM	RM	
		RM	RM	RM	RM	RM	RM	RM	RM
Non-derivative financial liabilities									
Term loans	4.72% - 5.29%	4,925,998	4,241,076	3,321,851	3,170,538	1,215,415	16,874,878	15,177,279	
Revolving credit	4.91% - 4.95%	10,042,822	-	-	-	-	10,042,822	10,000,000	
Bankers' acceptances	4.02% - 4.60%	56,060,616	-	-	-	-	56,060,616	54,934,000	
Hire purchase payables	2.80% - 2.90%	34,032	34,032	8,436	-	-	76,500	72,184	
Trade and other payables		127,292,377	-	-	-	-	127,292,377	127,292,377	
		198,355,845	4,275,108	3,330,287	3,170,538	1,215,415	210,347,193	207,475,840	



## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

## (c) Liquidity risk (cont'd.)

## Maturity Analysis (cont'd.)

## MFRS Framework

30 April 2012	Interest Rate	Within 1 year	Between 2 and 2 years	Between 3 and 3 years	Between 4 and 4 years	Total		Carrying Amount
						RM	RM	
Term loans	5.10% - 5.50%	7,082,781	6,285,358	3,863,334	639,016	17,870,489	16,460,754	
Bankers' acceptances	4.78% - 5.44%	23,122,474	-	-	-	23,122,474	22,958,000	
Hire purchase payables	2.80% - 2.90%	34,032	8,436	-	-	42,468	41,097	
Trade and other payables	-	89,394,608	-	-	-	89,394,608	89,394,608	
		119,633,895	6,293,794	3,863,334	639,016	130,430,039	128,854,459	

## Non-derivative financial liabilities

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## 13. ACCOUNTANTS' REPORT (Cont'd)

## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

## (c) Liquidity risk (cont'd.)

## Maturity Analysis (cont'd.)

## MFRS Framework

30 April 2013

## Non-derivative financial liabilities

	Interest Rate	Within 1 year RM	Between 1 and 2 years RM	Between 2 and 3 years RM	Between 3 and 4 years RM	Total Contractual Cash Flow RM	Carrying Amount RM
Term loans	5.31% - 5.50%	4,503,272	2,168,444	352,711	-	7,024,427	6,669,000
Bankers' acceptances	4.50% - 4.82%	118,456,000	-	-	-	118,456,000	118,456,000
Trust receipt	5.75%	3,883,068	-	-	-	3,883,068	3,883,068
Hire purchase payables	2.80% - 2.90%	8,436	-	-	-	8,436	8,368
Trade and other payables	-	122,603,183	-	-	-	122,603,183	122,603,183
		249,453,959	2,168,444	352,711	-	251,975,114	251,619,619

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## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.26 Financial risk management objectives and policies (cont'd.)

## (d) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Bermaz Group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (where revenue or expense is denominated in a different currency from the group's functional currency) and the group's net investments in foreign subsidiaries.

Bermaz Group is exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of Bermaz Group. The currencies giving rise to risk are primarily JPY.

Bermaz Group uses forward currency contracts to eliminate currency exposures resulting from fluctuations in foreign currency rates for which payment is anticipated more than one month after Bermaz Group has entered into a firm commitment for purchases. It is Bermaz Group's policy not to enter into forward contracts until a firm commitment is in place. It is Bermaz Group's policy to negotiate the terms of the derivatives to match the terms of the payments to minimise the exposure to foreign currency risk.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of Bermaz Group's profit net of tax to a reasonably possible change in JPY exchange rates against the functional currencies of Bermaz Group, with all other variables held constant:

	<---- FRS Framework ---->		<--- MFRS Framework --->	
	<----- Group profit net of tax ----->			
	2010	2011	2012	2013
	RM	RM	RM	RM
<b>JPY/RM</b>				
- strengthened by 5%	-	-	464,834	587,495
- weakened by 5%	-	-	(464,834)	(587,495)

Bermaz Group did not have any significant exposure to foreign currency risk in FYE 30 April 2011 and 30 April 2010.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.27 Capital management

Bermaz Group's primary objectives when managing capital is to maintain a strong capital base and safeguard Bermaz Group's ability to continue as a going concern, so as to maintain shareholders, creditors and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants by the lenders and regulatory requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2013, 30 April 2012, 30 April 2011 and 30 April 2010 respectively.

The debt-to-equity ratios at the reporting date were as follows:

	<---- FRS Framework ---->		<---- MFRS Framework ---->	
	2010	2011	2012	2013
	RM	RM	RM	RM
Loans and borrowings	39,080,415	80,183,263	39,459,851	129,016,436
Less: Cash and bank balances	(13,994,276)	(34,294,263)	(77,215,998)	(192,534,600)
Net debt/(cash)	<u>25,086,139</u>	<u>45,889,000</u>	<u>(37,756,147)</u>	<u>(63,518,164)</u>
Equity attributable to the owners of the parent	<u>31,330,362</u>	<u>67,541,684</u>	<u>108,296,124</u>	<u>160,369,281</u>
Capital and net debt	<u>56,416,501</u>	<u>113,430,684</u>	<u>70,539,977</u>	<u>96,851,117</u>
Percentage of net debt/(cash) to capital and net debt	<u>44%</u>	<u>40%</u>	<u>-54%</u>	<u>-66%</u>

Bermaz Group is also required to maintain certain debt-to-equity ratio to comply with debt covenants, failing which, an event of default may be triggered.

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.28 Comparatives

Certain comparative figures for FYE 30 April 2010 and 30 April 2011 have been reclassified to conform with presentation as at FYE 30 April 2013 and 30 April 2012 due to the nature of the accounts to reflect a fairer presentation.

	As previously stated RM	Reclassi- fication RM	As restated RM
<b>FRS Framework</b>			
<b>30 April 2010</b>			
<b><u>Consolidated statements of financial position</u></b>			
<b>Current assets</b>			
Trade receivables	25,698,563	830,488	26,529,051
Other receivables	3,018,937	(423,639)	2,595,298
<b>Non-current liabilities</b>			
Borrowings	(5,972,529)	(76,493)	(6,049,022)
Due to holding company	(31,966)	31,966	-
Due to related companies	(817)	817	-
<b>Current liabilities</b>			
Borrowings	(33,107,886)	76,493	(33,031,393)
Trade payables	(25,476,344)	1,076,390	(24,399,954)
Other payables	(10,251,113)	(1,516,022)	(11,767,135)
<b><u>Consolidated statements of cash flows</u></b>			
<b>Cash flows from operating activities</b>			
Receipts from customers	276,715,438	(433,218)	276,282,220
Payment to suppliers	(260,231,827)	(1,376,949)	(261,608,776)
Payment for administrative and other operating expenses	(12,876,282)	2,052,918	(10,823,364)
Other payments	(1,134,659)	423,639	(711,020)
<b>Cash flows from financing activities</b>			
Repayment to related companies	(646,551)	(666,390)	(1,312,941)

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.28 Comparatives (cont'd.)

	As previously stated RM	Reclassi- fication RM	As restated RM
<b>FRS Framework</b>			
<b>30 April 2010</b>			
<b><u>Disclosure Note 13.19 (staff cost)</u></b>			
Wages, salaries and bonuses	3,110,766	547,899	3,658,665
<b>30 April 2011</b>			
<b><u>Consolidated statements of financial position</u></b>			
<b>Current liabilities</b>			
Trade payables	(104,929,667)	(8,827,091)	(113,756,758)
Other payables	(22,362,710)	8,827,091	(13,535,619)
<b><u>Consolidated statements of cash flows</u></b>			
<b>Cash flows from operating activities</b>			
Receipts from customers	599,405,157	3,358,701	602,763,858
Payment to suppliers	(568,040,438)	(2,252,927)	(570,293,365)
Payment for administrative and other operating expenses	(22,989,185)	(1,168,590)	(24,157,775)
<b>Cash flows from financing activities</b>			
Interest expense paid	(2,390,018)	62,816	(2,327,202)
<b><u>Disclosure Note 13.19 (staff cost)</u></b>			
Wages, salaries and bonuses	4,946,976	906,061	5,853,037

## 13. ACCOUNTANTS' REPORT (Cont'd)



## 13. Notes to the financial statements of Bermaz Group (cont'd.)

## 13.29 Significant event

## (a) Mazda Malaysia Sdn. Bhd.

On 16 January 2013, Bermaz entered into a transfer of operation agreement with Mazda Motor Corporation and MMSB to transfer the assembly operations of the CKD Mazda vehicles to MMSB. In addition, on 20 February 2013, Bermaz entered into a novation agreement with the contract assembler and MMSB for the novation of the Motor Vehicle Assembly Agreement to MMSB, where the agreement previously between Bermaz and the contract assembler in respect of the assembly activities of Mazda CKD Vehicles are now undertaken by MMSB with effect from 1 February 2013.

## (a) Berjaya Auto Philippines Inc. ("BAP")

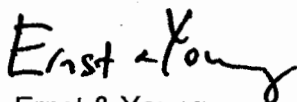
On September 12, 2012, BAP entered into a 3-year distributorship agreement with Mazda Motor Corporation (the Manufacturer) wherein BAP imports and sells completely built-up vehicles and parts in the Philippines.

## 13.30 Subsequent event

On 31 May 2013, Bermaz injected an additional investment of RM10,500,000 in MMSB. The additional investment did not result in any change in the 30% equity interest of Bermaz in MMSB.

Other than the above, there were no other significant events up to the date of this report. No audited financial statements have been prepared in respect of any period subsequent to 30 April 2013.

Yours faithfully,

  
Ernst & Young  
AF: 0039  
Chartered Accountants

  
Phang Oy Lin  
No. 2985/03/14(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
30 September 2013

## 14. DIRECTORS' REPORT



**Registered office:**  
 Lot 13-01A, Level 13 (East Wing)  
 Berjaya Times Square  
 No. 1, Jalan Imbi  
 55100 Kuala Lumpur

Date: 1 OCTOBER 2013

The Shareholders of **Berjaya Auto Berhad**

Dear Sir/Madam

On behalf of the Board of Directors of Berjaya Auto Berhad ("**Company**"), I report after due inquiry that during the period from 30 April 2013 (being the date to which the last audited financial statements of the Company and its subsidiary companies ("**BAuto Group**") have been made up) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus), that:

- (i) the business of the BAuto Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the BAuto Group which have adversely affected the trading or the value of the assets of the BAuto Group;
- (iii) the current assets of the BAuto Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, no contingent liabilities have arisen by reason of any guarantee or indemnity given by the BAuto Group;
- (v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the BAuto Group; and
- (vi) there has been no material change in the published reserves or unusual factor affecting the profits of the BAuto Group since the last audited financial statements of BAuto Group.

Yours faithfully,  
 For and on behalf of the Board of Directors of  
**BERJAYA AUTO BERHAD**

Dato' Yeoh Choon San  
 Chief Executive Officer/Executive Director

**BERJAYA AUTO BERHAD**  
 (Company No. 900557-M)

Registered Office : Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur.  
 Tel : (603) 2149 1999 Fax : (603) 21431685



## 15. BY-LAWS

**BY-LAWS OF BERJAYA AUTO BERHAD  
EMPLOYEES' SHARE OPTION SCHEME**

**1 DEFINITIONS AND INTERPRETATION****1.1 Except where the context otherwise requires, the following expressions in these By-Laws shall have the following meanings:-**

Act	Companies Act, 1965 as amended from time to time and any re-enactment thereof;
Available Balance	Shares in the unissued share capital of the Company which is available for offer subject to the maximum limit as set out in <b>Clause 3</b> hereof and after deducting all Shares under Options which have been granted;
Board	Board of Directors of the Company;
Book Closure Date	In relation to any individual, right, allotment or other distribution or matter, the date on which as at the close of business, the names of members must be registered in the Record of Depositors and/or the Register of Members in order to participate or be entitled or counted in such dividend, right, allotment or other distribution or such matter
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (165570-W);
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W);
By-Laws	Collectively, the rules, terms and conditions of the Scheme as set out herein, and shall include any amendments or variations made hereto from time to time;
CDS	The Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository;
Central Depositories Act	The Securities Industry (Central Depositories) Act 1991;
Company	Berjaya Auto Berhad (900557-M);
Director	A natural person who holds a directorship in the Company or any of its subsidiaries (other than a subsidiary which is dormant), whether as an executive director or non-executive director (including independent directors);
Effective Date	The date the last of the approvals and/or conditions referred to in <b>Clause 4.1</b> hereof have been obtained and/or complied with;
Eligible Employee	An Employee and/or a Director of the Group who meets the criteria of eligibility for participation in the Scheme as set out in <b>Clause 6</b> hereof;
Employee	A natural person who is employed by any company within the Group, under a contract of service or for service;

## 15. BY-LAWS (Cont'd)

ESOS	Employees' share option scheme;
ESOS Committee	The committee appointed by the Board pursuant to <b>Clause 16</b> hereof to administer the Scheme;
Grantee	Any Eligible Employee who has accepted the Offer by the Company in accordance with the terms of the Scheme;
Group	The Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in <b>Clause 25</b> hereof;
Listing Requirements	The Main Market Listing Requirements of Bursa Securities, as amended from time to time;
Market Day	A day on which Bursa Securities is open for securities trading;
Maximum Allowable Allotment	If applicable, the maximum number of new Shares that can be offered to an Eligible Employee falling within a particular category of Eligible Employee as stipulated in <b>Clause 7</b> hereof;
Offer	An offer made in writing by the ESOS Committee to an Eligible Employee in the manner indicated in <b>Clause 5</b> hereof;
Offer Date	The date on which an Offer is made by the ESOS Committee to a selected Eligible Employee to participate in the Scheme;
Offer Period	Has the meaning ascribed to it in <b>Clause 8.1</b> hereof;
Option(s)	The right of a Grantee to subscribe for new Share(s) pursuant to the contract constituted by the selected Eligible Employee's acceptance of an Offer in the manner indicated in <b>Clause 8</b> hereof;
Option Letter	The letter issued by the ESOS Committee to a Grantee pursuant to <b>Clause 8.3</b> hereof;
Option Period	A period commencing from the date an Offer is accepted in accordance with <b>Clause 8</b> hereof and expiring on the last day of the period referred to in <b>Clause 4</b> hereof or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of <b>Clause 4</b> hereof, provided that no Option Period shall extend beyond the period referred to in <b>Clause 4</b> hereof;
Principal Adviser	shall have the meaning defined in the Listing Requirements;
Rules of Bursa Depository	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;
Scheme	The ESOS for the grant of Options to selected Eligible Employees to subscribe for new Shares on the terms as set out herein;

**15. BY-LAWS (Cont'd)**

Senior Management	Such Employees of the Group as may be determined by the ESOS Committee from time to time;
Shares	Ordinary shares in the Company which currently has a par value of RM0.50 each, unless otherwise altered, and shall be individually referred to as a "Share";
Subscription Price	The price at which a Grantee shall be entitled to subscribe for a new Share by exercising his/her Option(s) as determined in accordance with the provisions of <b>Clause 9</b> hereof.

**1.2 In these By-Laws:**

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any relevant regulatory authority;
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these B-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (c) words denoting the singular shall include the plural and references to gender shall include both genders and neuter;
- (d) subject to full compliance with the Listing Requirements and other relevant laws, any liberty or power which may be exercised or any determination which may be hereunder by the ESOS Committee may be exercised at the ESOS Committee's discretion;
- (e) the heading in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
- (f) if an event occurs on a stipulated day which is not a Market Day, the stipulated day will be taken to be the first Market Day after that day provided always that if such day shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day.

**2 NAME OF SCHEME**

This ESOS will be called the "**Berjaya Auto Berhad Employees' Share Option Scheme**".

**3 MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 3.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 3.2 The total number of new Shares which may be made available under the Scheme shall not exceed **five percent (5%)** of the total issued and paid-up share capital comprising ordinary shares of the Company from time to time or at any point of time during the tenure of the Scheme as referred to in **Clause 4** hereof, excluding treasury shares, if any.

## 15. BY-LAWS (Cont'd)

- 3.3 Notwithstanding the provision of **Clause 3.2** above or any other provisions contained herein, in the event the maximum number of new Shares comprised in all the Options granted under the Scheme exceeds the aggregate of **five per cent (5%)** of the issued and paid-up share capital of the Company as a result of the Company purchasing its own Shares or undertaking any corporate proposal (collectively the "**Relevant Events**") and thereby diminishing its issued and paid-up share capital, no further Options shall be offered until the total number of Shares comprising all the Options granted under the Scheme falls below five per cent (5%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any). However, all the Options granted prior to the occurrence of the Relevant Events shall remain valid and exercisable subject to and in accordance with the provisions of this Scheme and the Option Letter.

### 4 DURATION AND TERMINATION OF THE SCHEME

- 4.1 The Effective Date of the launch or implementation of the Scheme shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with and/or events having occurred:

- (a) the submission to Bursa Securities of the final copy of the By-Laws of the Scheme pursuant to paragraph 6.42 of the Listing Requirements together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) the receipt of approval or approval-in-principle from Bursa Securities for the listing of the new Shares to be issued under the Scheme;
- (c) procurement of the Company's shareholders' approval for the Scheme;
- (d) the approval of any other relevant authorities for the Scheme (if any);
- (e) the listing of and quotation for the Shares on the Main Market of Bursa Securities; and
- (f) the fulfillment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with **Clause 4.2** hereof and subject to the compliance of the terms herein contained, the Scheme shall be in force for a period of five (5) years from the Effective Date, PROVIDED ALWAYS THAT on or before the expiry thereof, the ESOS Committee shall have the discretion to extend in writing the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years. In the event the Scheme is extended or renewed in accordance with the terms herein, the ESOS Committee shall inform the relevant Grantees of the renewed tenure of the Scheme in such manner of communication as the ESOS Committee deems fit.

- 4.2 Notwithstanding the provision of **Clause 4.1** above, the Scheme may be terminated by the Company upon the recommendation of the ESOS Committee at any time during the continuance of the Scheme **PROVIDED ALWAYS THAT** prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:

- (a) that the approval from the Company's shareholders at a general meeting has been obtained wherein at least a simple majority of the shareholders present must have voted in favour of the termination; and
- (b) that the written consents from all Grantees who have yet to exercise their Options either in part or in whole have been obtained.

Whereupon such termination, the Options unexercised or partially exercised shall be deemed to have been terminated and be null and void on the date on which the last of the abovementioned conditions is fulfilled.

**15. BY-LAWS (Cont'd)****5 OFFER**

- 5.1 The ESOS Committee may, at any time and from time to time during the duration of the Scheme as defined in **Clause 4** hereof, make Offer(s) to any Eligible Employee (based on the criteria of allocation as set out in **Clause 7** herein) selected by the ESOS Committee at its absolute discretion, subject to the Eligible Employee's Maximum Allowable Allotment (if applicable) under **Clause 7.1** hereof.
- 5.2 The total number of new Shares comprising Options granted under the Scheme shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under **Clause 13** hereof, shall not be less than one hundred (100) Shares but not more than the Maximum Allowable Allotment and shall always be in multiples of one hundred (100) Shares.
- 5.3 Subject to **Clause 3** hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Employee PROVIDED ALWAYS THAT the total aggregate number of Shares which may be offered to any Eligible Employee (inclusive of Shares previously offered under any Options) shall not exceed the Maximum Allowable Allotment of that Eligible Employee as set out in **Clause 7** hereof.
- 5.4 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.
- 5.5 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Employee or the Eligible Employee ceasing to be employed by the Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Employee in the manner set out in **Clause 8** hereof.
- 5.6 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Employee and is non-assignable and non-transferable.

**6 ELIGIBILITY**

- 6.1 Subject to **Clause 6.4** below, any Director or an Employee of the Group shall be eligible to be considered for the Offer of Options under the Scheme.
- 6.2 An Employee of the Group will be eligible for participation in the Scheme if at the date of the Offer, the following eligibility criteria are fulfilled:-
- (a) he/she has attained the age of at least eighteen (18) years;
  - (b) he/she is employed on a full time basis and is on the payroll of at least one (1) company in the Group which is not dormant;
  - (c) his/her employment must have been confirmed on the Offer Date; and
  - (d) he/she fulfils any other criteria as may be set by the ESOS Committee from time to time.

PROVIDED ALWAYS THAT the selection of any Eligible Employee for participation in the Scheme shall be at the discretion of the ESOS Committee (save that no Offer shall be made to a Director of the Group unless such Offer has been approved by shareholders of the Company in a general meeting) and the decision of the ESOS Committee shall be final and binding.

- 6.3 The ESOS Committee may at its discretion, nominate an Employee in the category of Senior Management who is employed on a fixed term contract of service basis to be an Eligible Employee notwithstanding his/her non-fulfillment of the eligibility criteria referred to in **Clause 6.2(b)** or **(d)** above PROVIDED that the period of contract in respect of which he/she is then employed is for a minimum period of one (1) year irrespective of the period remaining unexpired under such contract.

**15. BY-LAWS (Cont'd)**

- 6.4 For the avoidance of doubt, the following persons are not Eligible Employees and do not qualify for participation in the Scheme:-
- (a) subject to **Clause 25** below, Employees of a company which has ceased to be a subsidiary of the Company;
  - (b) a Director or an Employee of a company within the Group which is dormant;
  - (c) subject to **Clause 6.3** above and unless decided otherwise by the ESOS Committee in its discretion, Employees recruited under contracts of employment which are of a tenure of less than one (1) year; or
  - (d) Employees that are on probation.
- 6.5 Eligibility under the Scheme does not confer on an Eligible Employee a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Employee does not acquire or have any rights over or in connection with the Options or the Shares comprised therein unless an Offer has been made by the ESOS Committee to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

**7 MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION**

- 7.1 Subject to any adjustments which may be made under **Clause 13** hereof, the aggregate number of new Shares that may be offered under any Options to any of the Eligible Employees shall always be subject to the following main parameters:-
- (i) its directors and senior managers do not participate in the deliberation or discussion of their own allotment; and
  - (ii) the number of Shares allocated, in aggregate, to the Directors and Senior Management of the Group shall not exceed 50% of the total number of Shares to be issued under the Scheme; and
  - (iii) the number of Shares allocated to any Eligible Employee who, either singly or collectively through persons connected with that Eligible Employee, holds **twenty percent (20%)** or more of the issued and paid-up share capital of the Company, shall not exceed **ten percent (10%)** of the total number of Shares available under the Scheme. The term "persons connected with" shall have the same meaning as that assigned under paragraph 1.01 of the Listing Requirements as if the term "director" is duly substituted with the term "Eligible Employee".
- 7.2 In addition and subject always to **Clause 7.1** hereof, the basis for determining the aggregate number of Shares that may be offered under the Options shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, inter alia, the position, ranking, performance, seniority and the length of service of the Eligible Employee in the Group and such other matters which the ESOS Committee may in its sole and absolute discretion deem fit. The Maximum Allowable Allotment limit on the total number of Shares (including Shares already issued under the Scheme) under Options to be offered to an Eligible Employee shall be based on the categories of employees as decided by the ESOS Committee from time to time.
- 7.3 The ESOS Committee shall at its sole and absolute discretion and pursuant to **Clause 16** below, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Employees including details of the category of employees and/or thresholds of Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these additional categories and/or basis are in compliance with and permitted (or not prohibited) by the Listing Requirements and applicable laws.

**15. BY-LAWS (Cont'd)**

- 7.4 If an Eligible Employee shall fall into more than one of the categories of employees and the numbers of the Maximum Allowable Allotment under such categories are different, then the Maximum Allowable Allotment for such Eligible Employee shall be the higher or highest of the respective Maximum Allowable Allotment.
- 7.5 In the event that an Eligible Employee is promoted to a higher category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her as at the effective date of promotion subject to and in accordance with the By-Laws and where applicable, the Option Letter, and his/her Maximum Allowable Allotment shall be increased in accordance with his/her new category as provided in **Clause 7.2** above effective from such date save that unless additional Shares are offered to him/her pursuant to new Options, the number of Shares comprised in a Grantee's Options shall not be automatically increased by virtue solely of such promotion.
- 7.6 In the event that an Eligible Employee is demoted to a lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Options held by him/her as at the effective date of demotion subject to and in accordance with the By-Laws and, where applicable, the Option Letter, and his/her Maximum Allowable Allotment shall be reduced in accordance with his/her new category effective from such date. In the event the total number of Shares in respect of Options which have been accepted by such demoted Eligible Employee up to the effective date of his/her demotion is higher than the Maximum Allowable Allotment for his/her new category pursuant to such demotion, he/she shall not be entitled to be offered any further Options unless and until he/she is subsequently promoted to a higher category or in such event where the Maximum Allowable Allotment is amended as provided in **Clause 7.3** above or revised by the ESOS Committee resulting in his/her Maximum Allowable Allotment being increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him/her.
- 7.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Allowable Allotment.
- 7.8 At the end of each financial year of the Company, the Audit Committee of the Company shall verify whether the allocations of Options pursuant to the Scheme are in compliance with the criteria set out in these By-Laws (where relevant) and a statement by the Audit Committee verifying such allocation shall be included in the annual report of the Company.

**8 ACCEPTANCE OF THE OFFER**

- 8.1 An Offer shall be valid for a period of fourteen (14) calendar days from the Offer Date or such longer period as the ESOS Committee at its discretion, determines on a case to case basis ("**Offer Period**"). Acceptance of the Offer by an Eligible Employee shall be made by way of a written notice from the Eligible Employee to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of one ringgit (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of Shares comprised therein).
- 8.2 In the event that the Eligible Employee fails to accept the Offer or pay the acceptance consideration as set out in **Clause 8.1** hereof within the period prescribed and in the manner aforesaid, the Offer shall be deemed to have lapsed.
- 8.3 Within fourteen (14) calendar days after the due acceptance of the Offer in accordance with the provisions of this Clause, the ESOS Committee shall issue to the Grantee an Option Letter in such form as may be determined by the ESOS Committee. For the avoidance of doubt, the Grantee is entitled to exercise the Options granted to and accepted by him/her in accordance with **Clause 8.1** above pending the issuance of the Option Letter by the ESOS Committee to the Grantee, provided that such exercise of Options shall be subject to and in accordance with the By-Laws and the letter of offer.

**15. BY-LAWS (Cont'd)**

8.4 An Option is personal to the Grantee and subject to **Clauses 12.1** and **12.5** hereof, is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment of any company in the Group. An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided in **Clause 12.5** below. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**9 SUBSCRIPTION PRICE**

9.1 The Subscription Price payable by the Grantee upon the exercise of his/her Options under the Scheme shall be:

- (a) in respect of any Offer which is made in conjunction with the listing of the Company, the initial public offer price of the Shares in the Company; and
- (b) in respect of any Offer which is made subsequent to the listing of the Company, the five (5) days weighted average market price of the Shares in the Company on the Offer Date, with a discount not exceeding **ten percent (10%)** or at the par value of the Shares, whichever is higher.

9.2 The Subscription Price shall be stipulated in each Option Letter.

9.3 The Subscription Price shall be subject to any adjustments provided under **Clause 13** hereof.

**10 EXERCISE OF OPTION**

10.1 Subject to **Clauses 10.2** and **10.7** hereof, a Grantee may exercise his/her Options by notice in the prescribed form to the Company during the Option Period in respect of all or any part of the Shares comprised in the Options, such part being in multiples of one hundred (100) Shares. Any partial exercise of a Grantee's Options shall not preclude the Grantee from exercising his/her Options in respect of the balance of the Shares comprised in the Options.

10.2 Except where it is decided otherwise and announced by the ESOS Committee, an Option is exercisable by the Grantee only on a Market Day during the Option Period and while the Grantee remains an Eligible Employee. The aggregate number of Shares which a Grantee can subscribe under his/her Options in a particular year of the Scheme shall at all times be subject to a maximum of **twenty percent (20%)** of the total number of Shares comprising the Options held by such Grantee, as per the following schedule:-

Percentage of the total number of Shares comprising the Options which may be exercised from the Effective Date of the Scheme				
Year 1	Year 2	Year 3	Year 4	Year 5
20%	20%	20%	20%	20%

A Grantee may, in any one year, exercise according to the percentage(s) and allotment(s) as per the table above the number of Shares originally comprised in his/her Options. However, Options which are exercisable in a particular year can be carried forward and be exercisable in the subsequent years.

10.3 Every such notice to exercise the Options referred to in **Clause 10.1** hereof shall be accompanied by a remittance for the full amount of subscription monies (calculated in accordance with the provisions of **Clause 9** hereof) in relation to the number of new Shares in respect of which such said notice was given.

10.4 The Company shall endeavor to allot and issue such new Shares to the Grantee in accordance with the provisions of the Company's Articles of Association, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment to the Grantee and make an application for the listing of and quotation for the new Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.



**15. BY-LAWS (Cont'd)**

- 10.5 The ESOS Committee, the Board and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list the new Shares for which the Grantee is entitled to subscribe or otherwise.
- 10.6 The Grantee who exercises his/her Options shall provide the ESOS Committee with his/her CDS account number in the notice referred to in **Clause 10.1** hereof. The new Shares to be issued pursuant to the exercise of Options will be credited directly into the CDS account of the Grantee and a notice of allotment stating the number of Shares credited into the CDS account will be issued to the Grantee and no physical share certificate will be issued.
- 10.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, to suspend the Grantee's exercise of Options pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT: -
- (i) in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his/her Options; or
  - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, his/her Options shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
  - (iii) in the event such Grantee is found guilty but not dismissed and no termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Options and if so, to impose such terms and conditions as it deems appropriate, on such exercise.
- 10.8 Any Option which remains exercisable must be exercised by the end of the fifth (5<sup>th</sup>) year of the Scheme. All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse and cease to be valid for any purpose unless extended pursuant to **Clause 4.1**.
- 10.9 The Company undertakes to keep sufficient authorized and unissued Shares to satisfy all outstanding Options, which may be exercisable from time to time during the existence of the Scheme.

**11 RIGHTS ATTACHING TO THE NEW SHARES**

The new Shares to be allotted upon the exercise of Options shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new Shares will not rank for any dividends or any other forms of distributions, the Book Closure Date for which is on or before the date of allotment and issue of the new Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

**12 TERMINATION OF THE OPTION**

- 12.1 In the event a Grantee ceases to be in the employment (or in the case of a Director, ceasing to be a director) of the Group for whatever reason prior to the full exercise of his/her Option(s), such Options or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company PROVIDED ALWAYS THAT the ESOS Committee may, at its absolute discretion, by notice in writing to the Grantee, permit such Options to remain exercisable prior to the expiry of (i) six (6) months or such shorter period as the ESOS Committee may decide after the cessation of employment (or in the case of a Director, cessation of directorship) of the Grantee; or (ii) Option Period, whichever is earlier, if such cessation occurs by reason of:

**15. BY-LAWS (Cont'd)**

- (i) retirement on attaining the retirement age under the Group's retirement policy; or
- (ii) retirement before attaining the normal retirement age but with the consent of the ESOS Committee; or
- (iii) redundancy; or
- (iv) ill-health, injury, physical or mental disability; or
- (v) transfer to any company outside the Group at the direction of the Company; or
- (vi) any other circumstances which are acceptable to the ESOS Committee.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

- 12.2 Unless otherwise agreed in writing by the ESOS Committee at its absolute discretion, upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any Option which lapses upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be), at the discretion of the ESOS Committee, may be offered to other Eligible Employees.
- 12.3 An Option shall immediately become void and cease to have any further force and effect upon the Grantee being adjudicated a bankrupt.
- 12.4 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 12.5 Where a Grantee dies before the expiry of the Option Period, the whole or any part of the Options held by the Grantee that is unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of (i) six (6) months from the death of the Grantee; or (ii) the Option Period, whichever is earlier.

**13 ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

- 13.1 In the event of any alteration in the issued and paid-up capital structure of the Company during the duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalization issue, consolidation or subdivision of Shares or reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:
  - (a) the number of Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option; and/or
  - (b) the Subscription Price.
- 13.2 The following provisions shall apply in relation to an adjustment which is made pursuant to **Clause 13.1**:
  - (a) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the Shares;
  - (b) in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Subscription Price or reduce the number of Shares comprised in an Option that a Grantee is already entitled; and

**15. BY-LAWS (Cont'd)**

- (c) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded.
- 13.3 **Clause 13.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) an issue of new Shares or other securities convertible into Shares or rights to acquire or subscribe for Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
  - (b) a special issue of new Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
  - (c) a private placement/restricted issue of new Shares by the Company;
  - (d) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
  - (e) an issue of new Shares upon the exercise of Options pursuant to the Scheme; and
  - (f) a share buy-back arrangement by the Company, pursuant to Section 67A of the Act.
- 13.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, **Clause 13.1** shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which **Clause 13.1** is applicable, but **Clause 13.1** shall not be applicable in respect of such part of the scheme which involves any alteration in the capital structure of the Company to which **Clause 13.1** is not applicable as described in **Clause 13.3**.
- 13.5 In the event the Court sanctions a compromise or arrangements between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 176 of the Act any Option should remain exercisable by the Grantee subject to and in accordance with the By-Laws and where applicable, the Option Letter, at any time and from time to time in the period commencing with the date upon which the compromise or arrangements is sanctioned by the court and ending with the date upon which it becomes effective or within the Option Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.
- 13.6 Upon any adjustment being made, the ESOS Committee shall within ten (10) Market Days give notice in writing to the Grantee, or his/her legal or personal representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.
- 13.7 Save for any alteration in the capital structure of the Company during the Option Period arising from bonus issues, all adjustments shall be made at the discretion of the ESOS Committee and confirmed in writing by the external auditor or the Principal Adviser of the Company, acting as an expert and not as an arbitrator, to be in his opinion fair and reasonable.
- 13.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in **Clause 13.9** below.
- 13.9 In addition to **Clauses 13.1** and **13.7** hereof and not in derogation thereof, the Subscription Price and/or the number of new Shares relating to the Options so far unexercised shall from time to time be adjusted in accordance with the following provisions:
- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of new Shares relating to the Options to be issued shall be calculated in accordance with the following formula:

## 15. BY-LAWS (Cont'd)

Number of Additional Shares =

$$T \times \left[ \frac{\text{Former Par Value}}{\text{Revised Par Value}} \right] - T$$

Where T = existing number of Shares relating to the Options

Each such adjustment will be effective from the close of business on the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of new Shares relating to the Options to be issued shall be calculated as follows:

Number of Additional Shares =

$$\left[ T \times \left[ \frac{A+B}{A} \right] \right] - T$$

where

- A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;
- B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Shares relating to the Options.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day next following the Book Closure Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
  - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

## 15. BY-LAWS (Cont'd)

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in **Clause 13.9(c)(ii)** and **(iii)** hereof, the number of additional new Shares comprised in the Options to be issued shall be calculated as follows:

Number of Additional Shares =

$$\left[ T \times \left[ \frac{C}{C - D^*} \right] \right] - T$$

where

- T = existing number of Shares relating to the Options;
- C = the Current Market Price (as defined below) of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the record date or, as the case may be, of the offer or invitation.

"Current Market Price" means in relation to each Share for any relevant day being the weighted average market price of the Shares for five (5) consecutive Market Days until and including such date may be computed by the Board with the concurrence of the external auditor or the Principal Adviser of the Company;

- D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under **Clause 13.9(c)(ii)** above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under **Clause 13.9(c)(iii)** above, the value of rights attributable to one (1) Share (as defined below); or
- (ii) in the case of any other transaction falling within **Clause 13.9(c)** hereof, the fair market value, as determined by the Board (with the concurrence of the external auditor or the Principal Adviser of the Company), of that portion of the Capital Distribution (as defined below) attributable to one (1) Share.

For the purpose of definition (i) of D above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) share under the offer or invitation;

## 15. BY-LAWS (Cont'd)

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and

D\* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D\* above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

C = as C above;

E\* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and

F\* = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of **Clause 13.9(c)** hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under **Clause 13.9(b)** hereof) or other securities credited as fully or partly paid-up by way of capitalization of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the day next following the record date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in **Clause 13.9 (b)** above and also makes an offer or invitation to its ordinary shareholders as provided in **Clause 13.9(c)(ii)** or **(iii)** above and the record date for the purpose of the allotment is also Book Closure Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in **Clause 13.9(b)** above and also makes an offer or invitation to its ordinary shareholders as provided in **Clause 13.9(c)(ii)** above and the record date for the purpose of the allotment is also the Book Closure Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

Number of Additional Shares =

$$\left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

B = as B above; and

C = as C above;

**15. BY-LAWS (Cont'd)**

- G = the aggregate number of issue and fully paid-up Shares on the Book Closure Date
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H\* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Shares, as the case may be;
- I\* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day next following the Book Closure Date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in **Clause 13.9(c)(ii)** above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in **Clause 13.9(c)(iii)** above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

Number of Additional Shares =

$$\left[ T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = as C above;
- G = as G above;
- H = as H above;
- H\* = as H\* above;
- I = as I above;
- I\* = as I\* above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T = as T above.

## 15. BY-LAWS (Cont'd)

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day next following the Book Closure Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in **Clause 13.9(b)** above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in **Clause 13.9(c)(ii)** above, together with rights to acquire or subscribe for Shares as provided in **Clause 13.9(c)(iii)** above, and the record date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

Number of Additional Shares =

$$\left[ T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = as B above;  
 C = as C above;  
 G = as G above;  
 H = as H above;  
 H\* = as H\* above;  
 I = as I above;  
 I\* = as I\* above;  
 J = as J above;  
 K = as K above; and  
 T = as T above;

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day next following the Book Closure Date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under **Clauses 13.9(c)(ii), (c)(iii), (d), (e)** or **(f)** above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than **ninety percent (90%)** of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$



## 15. BY-LAWS (Cont'd)

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issueable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of **Clause 13.9(g)**, the "Total Effective Consideration" shall be determined by the Board with the concurrence of the external auditor or the Principal Adviser of the Company, as the case may be and shall be:

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "**Total Effective Consideration per Share**" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of **Clause 13.9(g)**, the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate retroactively) from the close of the Market Day next preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights.

**15. BY-LAWS (Cont'd)**

- 13.10 Notwithstanding the other provisions referred to in this **Clause 13**, in any circumstances where the ESOS Committee consider that adjustments to the Subscription Price and/or the number of additional new Shares relating to Options to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Subscription Price and/or the issuance of additional new Shares relating to Options should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an external auditor or Principal Adviser to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be provided however that such consideration of the external auditor or the Principal Adviser (if any) shall not in any manner be binding upon the Company, who may in its absolute discretion either accept (and apply, modify and/or nullify the adjustment accordingly) or reject the same without having to assign any reason therefor.

**14 QUOTATION OF NEW SHARES**

If at the time of allotment of the new Shares pursuant to the exercise of an Option, the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for the listing of and quotation for the new Shares so allotted.

**15 RETENTION PERIOD**

- 15.1 The new Shares to be allotted and issued to the Grantee pursuant to the exercise of any Options under this Scheme will not be subject to any retention period. However, the Grantee is encouraged to hold the new Shares as an investment rather than to realise immediate gains from disposal.
- 15.2 Notwithstanding the provision of **Clause 15.1** above, a Grantee who is a non-executive Director must not sell, transfer or assign Shares obtained through the exercise of the Options within one (1) year from the date of the Offer.

**16 ADMINISTRATION**

This Scheme shall be administered by an ESOS Committee to be appointed and in accordance with the provision of these By-Laws. The Board of the Company shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board of the Company to administer the Scheme in such manner it shall in its discretion deem fit. The ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers and enter into any transactions, agreements, deeds, documents or arrangements or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

**17 AMENDMENT AND/OR MODIFICATION TO THE SCHEME**

- 17.1 Subject to the provision of **Clause 17.2** hereunder, the Scheme may from time to time be modified and/or amended, partly or wholly, by a resolution of the Board of the Company without the approval of the Company's shareholders in a general meeting provided that no such amendment shall be made which would either materially prejudice the rights then accrued to any Grantee without his/her prior consent or sanction of that Grantee as if the provisions of the variation of class rights contained in the Articles of Association of the Company for the time being are applicable mutatis mutandis to the Grantees, alter to the advantage of any Grantee, or in respect of any matters prescribed under Appendix 6E of the Listing Requirements save and except for the extension of duration or tenure of the Scheme as provided in **Clause 4.1** hereof.

**15. BY-LAWS (Cont'd)**

- 17.2 No alteration or amendment shall be made without the prior approval of the shareholders of the Company in general meeting in respect of the relevant provisions under these By-Laws which the Listing Requirements prescribed cannot be altered or amended to the advantage of any Eligible Employee under the Scheme.

**18 DISPUTES**

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Employee or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Employee or the Grantee, as the case may be, provided that where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The decision of the ESOS committee shall be final and binding on the parties.

**19 SCHEME NOT A TERM OF EMPLOYMENT**

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any Employee. This Scheme shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment in the Company under which the Eligible Employee is employed or any rights additional to any compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment.

**20 COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new Shares pursuant to the exercise of any Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise of the Options.

**21 DISCLAIMER OF LIABILITY**

Notwithstanding any provisions contained herein and subject to the Act, the ESOS Committee and the Company shall not under any circumstances be held liable for any cost, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on the Main Market of Bursa Securities.

**22 ARTICLES OF ASSOCIATION & LISTING REQUIREMENTS**

- 22.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail at all times.
- 22.2 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Listing Requirements, the provisions of the Listing Requirements shall prevail at all times and if any term in or provision of these By-Laws shall be in breach of or be prohibited by the Listing Requirements, the term or provision shall to that extent be deemed not to form part of these By-Laws and the remainder of these By-Laws shall not be affected.

**15. BY-LAWS (Cont'd)****23 INSPECTION OF AUDITED ACCOUNTS**

All Grantees are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the registered office of the Company.

**24 TRANSFER FROM OTHER COMPANIES TO THE GROUP**

In the event that:

- (i) a Director or an Employee who was employed in a company which is related to the Company pursuant to Section 6(c) of the Act (that is to say, a company which does not fall within the definition of the Group) and is subsequently transferred from such company to any company within the Group; or
- (ii) a Director or an Employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such a Director or an Employee of the Previous Company ("**the Affected Director/Employee**"), subject to **Clause 6** hereof, will:

- (a) be entitled to continue to exercise all such unexercised option(s) which were granted to him/her under the Previous Company's ESOS in accordance with the bylaws of such Previous Company's ESOS but he/she shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or
- (b) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the ESOS Committee's approval; and/or
- (c) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new Shares to be offered to such Affected Director/Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

**25 DIVESTMENT OF A COMPANY FROM THE GROUP**

If a Grantee who was in the employment of a company in the Group, which was subsequently divested wholly, or in part, from the Group which resulted in a subsequent holding of **fifty percent (50%)** or less by the Group, then such Grantee:

- (i) will be entitled to continue to exercise all such unexercised Options which were granted to and duly accepted by him/her under the Scheme within a period of three (3) months from the date of completion of such divestment or within the Option Period, whichever is earlier failing which the right of such Grantee to subscribe for that number of the new Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said three (3)-month period or the Option Period whichever is earlier and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the Scheme.

**15. BY-LAWS (Cont'd)****26 TAKEOVER**

Notwithstanding **Clause 10** hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Malaysian Code on Take-Over and Mergers, 2010 and its Practice Notes and/or any other applicable laws, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable subject to and in accordance with the By-Laws or the Option Letter until the expiry of the Option Period applicable thereto; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares in the Company under the provisions of the Capital Market and Services Act 2007 and/or other applicable laws and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his/her Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised PROVIDED ALWAYS THAT any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

**27 SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION**

Notwithstanding **Clause 10** hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for the compromise or arrangement of the Company under Section 176 of the Act or its reconstruction or amalgamation with any other company or companies under Section 178 of the Act, any Option shall remain exercisable by the Grantee subject to and in accordance with the By-Laws and the Option Letter at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or such other date as the ESOS Committee may deem fit. Upon such date, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

**28 SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES**

Subject to the approval of the relevant authorities and/or the shareholders of the Company, the Company may establish a new ESOS after the expiry date of this Scheme if this Scheme is not renewed or upon termination of this Scheme. In the event the Scheme has been renewed (in accordance with **Clause 4** hereof), a new ESOS may be established upon expiry of the renewed Scheme.

**29 NO COMPENSATION**

- 29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

**15. BY-LAWS (Cont'd)**

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29.2 No Eligible Employee or Grantee or their respective legal personal representatives shall bring any claim, action or proceeding against the Company or the Board of the Company or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise his/her Options or his/her Options ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with **Clause 17** hereof.

**30 TAXES**

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

**31 WINDING UP**

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

**32 RIGHTS OF A GRANTEE**

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on or in respect of his/her unexercised Options.

**33 SEVERABILITY**

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

**34 GOVERNING LAW AND JURISDICTION**

34.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Grantee shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

34.2 Any proceeding or action shall be instituted or taken in Malaysia and the Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

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## 16. STATUTORY AND OTHER GENERAL INFORMATION

### 16.1 Share capital

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months from the date of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. There are no special rights attached to our Shares.
- (iii) Save for the 12,000,000 Issue Shares under the Pink Form Allocation which are reserved for our eligible Directors and employees, and the Eligible Business Associates, the ESOS and the approved option (i.e. to subscribe up to 5.0% of the issued and paid-up share capital of BAP) to be granted to Mr Tan Teck Wah, the Chief Executive Officer of BAP:
  - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any securities of our Company or any of our subsidiaries; and
  - (b) there is currently no other scheme involving the Directors and employees of our Group in the share capital of our Company or any of our subsidiaries.
- (iv) Save as disclosed in Sections 6.3 and 6.4 of this Prospectus, we have not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (v) Save as disclosed in Section 4.4 of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option as at the date of this Prospectus.

### 16.2 Articles of Association

The following provisions are extracted from our Articles of Association ("**Articles**"). The words, terms and expression defined in our Articles shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires:

#### 16.2.1 Transfer of shares

##### Article 15

##### Transfer on sale under lien

To give effect to any sale for enforcing a lien in exercise of the powers hereinbefore given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the transfer of the shares sold be credited into the Securities Account of the purchaser thereof or otherwise in accordance with the direction of the purchaser and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in relation to the sale.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 32****Transfer of securities**

The transfer of any listed security or class of listed security of the Company which is a Deposited Security shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

**Article 33****Transferor's right**

The instrument of transfer of any security which is not a Deposited Security shall be executed by or on behalf of both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the security until the name of the transferee is entered in the Register in respect thereof.

**Article 34****Refusal to register transfers**

The Depository may refuse to register any transfer of a Deposited Security that does not comply with the Central Depositories Act or the Rules.

**Article 35****Suspension of registers**

The registration of transfers of any shares or securities in the Company which are not Deposited Securities may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Subject always to the Listing Requirements, at least ten (10) Market Days' notice of intention to close the Register shall be given to the Exchange. The said notice shall state the purpose or purposes for which the Register is being closed. The Company may request the Central Depository or the Exchange, as the case may be, to suspend the trading of its shares or securities which are Deposited Securities at such times and for such periods as the Directors may from time to time determine.

**Article 36****Renunciation**

Subject to the provisions of these Articles the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.



**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****Article 37****Non-liability for the Company's Directors and officer in respect of transfer**

Neither the Company nor its Directors nor any of its officers shall incur any liability for the act of the Depository in registering or acting upon a transfer of shares apparently made by a Member or any persons entitled to the shares, whether by reason of the death, bankruptcy or insanity or otherwise, of the Members although the same may be by reason of any fraud or other cause not known to the Company or its Directors or the Depository or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee, of the particulars of the shares transferred, or otherwise in defective manner, And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

**Article 42****Transmission of securities from foreign register**

Where:

- (1) the securities of the Company are listed on another stock exchange; and
- (2) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

**16.2.2 Remuneration of Directors****Article 87****Directors' remuneration**

Fees of Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine Provided Always that:

- (1) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (2) salaries payable to executive directors may not include a commission on or percentage of turnover;

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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- (3) 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;
- (4) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (5) executive director(s) shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration as the Directors may from time to time determine.

**Article 88****Reimbursement of expenses**

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors or general meetings of the Company.
- (2) If any Director, whether he holds an executive or non-executive position in the Company, being willing shall be called upon to perform extra services or to make any special arrangements in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

**Article 91****Remuneration of chief executive officer and other appointees**

The remuneration of the chief executive officer, managing director or managing directors and the executive director or executive directors may be payable by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee shall receive a pension, gratuity or other benefits on their retirement.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.2.3 Voting and borrowing powers of the Directors****Article 113****Borrowing Powers of Directors**

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit.

Without derogating from the generality of the foregoing provisions, the Directors may in particular mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any third party.

**Article 115****Meetings of Directors**

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Subject to these Articles, questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman shall, subject to Article 118, have a second or casting vote. Directors or any committee thereof may participate in a meeting of the Directors or that committee by means of a conference telephone or similar electronic telecommunicating equipment by means of which all persons participating in the meeting can hear each other and participate throughout the duration of the communication between the Directors and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Any person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly subject to and in accordance with the provisions of the Act and these Articles. Such a meeting shall be deemed to take place at the venue of the meeting stated in the notice of meeting.

**Article 117****Quorum**

The quorum necessary for the transaction of the business of the Directors shall be two (2) Directors. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Directors. Subject to Sections 131 and 135 of the Act, a Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the Company, unless the interest is one that need not be disclosed under Section 131 of the Act, shall be counted only to make the quorum at the board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall not vote on the contract or proposed contract.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 121****Declaration of Interest and restriction of voting**

- (1) A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Unless permitted by the Act and the Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, an interest and if he should do so his vote should not be counted.
- (2) Director may hold other office under the Company
  - (a) A Director may hold any other office or place of profit under the Company (other than the office of Auditors in conjunction with his office of Director) for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and subject to the provisions of the Act, no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.
  - (b) A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director to be appointed to hold any office or place of profit in the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.
  - (c) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor of the Company.
- (3) General notice of interest in corporation

A general notice given to the Directors that a Director or his alternate is a member of or is interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be sufficient disclosure under this Article as regards such Director or alternate Director and the said transaction and after such general notice it shall not be necessary for such Director or alternate Director to give any special notice relating to any particular transaction with such firm or corporation.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**(4) Director's interest in corporation promoted by Company**

A Director may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

**16.2.4 Alteration of capital****Article 48****Power to increase capital**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**Article 49****Shares to be offered to Members before issue**

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or Convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this article.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 50****Rights and liabilities of new shares**

Except in so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**Article 51****Alteration of capital**

The Company may from time to time by ordinary resolution:

(1) Power to consolidate shares

consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(2) Power to sub-divide shares

subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or

(3) Power to cancel shares

cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

**Article 52****Power to reduce capital**

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.2.5 Variation of class rights****Article 7****Modification of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class PROVIDED ALWAYS THAT where the necessary majority for a special resolution is not obtained at such separate general meeting of the holders of the shares of that class, consent in writing, if obtained from the holders of three-fourth (3/4) of the shares of that class within two (2) months of the meeting, shall be valid and effectual as a special resolution carried at such meeting. To every such separate general meetings, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall apply with such adaptations as may be necessary.

**Article 8****Ranking of class rights**

The rights conferred upon the holders of the shares of any class with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**16.3 Limitations on the rights to hold securities and/or exercise voting rights**

As our Shares are proposed for quotation on the Official List of the Main Market of Bursa Securities, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of the Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of the Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own securities in our Company, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian law or by the constituent documents of our Company.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.4 General information**

- (i) Save as disclosed in Section 4.10 of this Prospectus, there have been no commissions, discounts, brokerages or other special terms paid or is payable by our Group within the past 2 years immediately preceding the date of this Prospectus in connection with the issue or sale of any of our Shares or debentures, for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debenture of our Group and no Director or Promoter is or are entitled to receive any such payment or any other benefits.
- (ii) During the last financial year up to the date of this Prospectus, there were no:
  - (a) public take-over offers by third parties in respect of our Shares; and
  - (b) public take-over offers by us in respect of other company's shares.
- (iii) The nature of our business and the names of all corporations which are, by virtue of Section 6 of the Act, deemed to be related to us are set out in Sections 6 and 7 of this Prospectus.
- (iv) The manner in which copies of this Prospectus together with the Application Forms may be obtained is set out in Section 17 of this Prospectus.
- (v) The date and time of the opening and closing for the application of the Issue Shares are set out in the Indicative Timetable Section, Sections 4.1, 4.2 and 17 of this Prospectus, respectively.
- (vi) The Issue Shares are payable in full at the Issue Price upon application.
- (vii) Save for BAP, our Company has not established any other place of business outside Malaysia.
- (viii) Apart from the listing sought on the Main Market of Bursa Securities, we are not listed and we do not intend to seek listing on any other stock exchange as at the date of this Prospectus.
- (ix) There are no governmental laws, decree, regulations or other legislation that may affect the repatriation of capital and the remittance of profits of our foreign subsidiary to Malaysia.

**16.5 Material litigation**

As at the LPD, we are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our financial or business position.



**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.6 Material contracts**

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the 2 years immediately preceding the date of this Prospectus:

**16.6.1 Joint Venture Agreement dated 11 September 2012**

Agreement dated 11 September 2012 between Bermaz and Mazda Japan whereby both parties agreed to establish a joint venture company, namely MMSB in Malaysia which will assemble and supply CKD vehicles of Mazda in Malaysia and aims to improve cost competitiveness and quality of CKD vehicles of Mazda and building strong presence of Mazda brand in Malaysia. Both parties have also agreed that the assembly activities and distribution of CKD vehicles of Mazda in Malaysia shall be entrusted to Inokom and Bermaz, respectively.

**16.6.2 Transfer of Operation Agreement dated 16 January 2013**

Agreement dated 16 January 2013 between Bermaz, Mazda Japan and MMSB whereby each party mutually agreed that all previous arrangements relating to the CKD operations for Mazda vehicles between the relevant parties shall cease and ensuing from that, the assembly activities of CKD vehicles of Mazda shall be transferred from Bermaz to MMSB with effect from 1 February 2013.

**16.6.3 Novation agreement dated 20 February 2013**

Agreement dated 20 February 2013 between Bermaz, MMSB and Inokom whereby all parties agreed that Inokom shall remain as the contract assembler for the Mazda3 CKD vehicles and all the rights, benefits, liabilities and obligations of Bermaz under the previous arrangement relating to the appointment of the contract assembler for Mazda3 between Bermaz and Inokom will be transferred to and assumed by MMSB.

**16.6.4 Sale and purchase agreement dated 26 February 2013**

Agreement dated 26 February 2013 between BAuto and the Vendors whereby the Vendors agreed to dispose to BAuto and BAuto agreed to acquire 100% equity interest in Bermaz comprising 80,000,000 Bermaz Shares for a total purchase consideration of RM503,999,997 which was satisfied via the issuance of 719,999,996 new BAuto Shares at an issue price of RM0.70 per BAuto Share. The sale of Bermaz to BAuto was completed on 26 September 2013.

**16.6.5 Retail underwriting agreement dated 30 September 2013**

Retail underwriting agreement dated 30 September 2013 between BAuto, the Managing Underwriter and the Underwriters to underwrite 31,157,000 Issue Shares for an underwriting commission of 1.75% of the Issue Price for each Issue Shares underwritten payable to the Underwriters and a managing underwriting commission of 0.35% of the Issue Shares for each Issue Shares underwritten payable to the Managing Underwriter, subject to the Clawback and Reallocation Provisions and on terms and conditions contained therein.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.7 Consents**

The written consents of the Principal Adviser, the Managing Underwriter, the Underwriters, the Placement Agents, the Company Secretaries, the Principal Bankers, the Solicitors, the Share Registrar and the Issuing House as set out in the Corporate Directory of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion of its name, the Accountants' Report dated 30 September 2013 of our Company, the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as at 30 April 2013 and all references thereto in the form and context in which they respectively appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion of its name, the Executive Summary of the Independent Market Research Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**16.8 Documents available for inspection**

Copies of the following documents are available for inspection at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) Our Memorandum and Articles;
- (ii) the audited financial statements of our Company and our subsidiaries for the past 4 FYE 30 April 2010, 30 April 2011, 30 April 2012 and 30 April 2013;
- (iii) the Executive Summary of the Independent Market Research Report as set out in Section 8 of this Prospectus and the Independent Market Research Report prepared by Frost & Sullivan;
- (iv) the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 12.4 of this Prospectus;
- (v) the Accountants' Report as set out in Section 13 of this Prospectus;
- (vi) the Directors' Report as set out in Section 14 of this Prospectus;
- (vii) the By-Laws as set out in Section 15 of this Prospectus;
- (viii) the highly dependent contracts as referred to in Section 7.13 of this Prospectus and the material contracts as set out in Section 16.6 of this Prospectus;
- (ix) the service contracts of our Executive Director and key management as set out in Section 9.6 of this Prospectus; and
- (x) the letters of consent as referred to in Section 16.7 of this Prospectus.

**16. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**16.9 Responsibility statements**

Our Directors and the Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, as the Principal Adviser, the Managing Underwriter, the Underwriter and the Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

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## 17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### 17.1 Opening and closing of application

Applications for the Issue Shares will open and close at the time and date stated as below:

OPENING OF THE APPLICATION: 10.00 A.M., 18 OCTOBER 2013

CLOSING OF THE APPLICATION: 5.00 P.M., 1 NOVEMBER 2013,

or such other date or dates as our Directors and the Managing Underwriter may mutually decide in their absolute discretion.

In the event that the closing date and/or time of the application for the Issue Shares is extended, the dates for the determination of allocation and allotment of the Issue Shares and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

**Late applications will not be accepted.**

### 17.2 Methods of application and category of investors

#### 17.2.1 Applications for the Issue Shares by our eligible Directors and employees, and the Eligible Business Associates

Applications for the Issue Shares by our eligible Directors and employees, and the Eligible Business Associates must be made on the PINK Application Forms provided and NOT by way of BLUE Application Forms.

You must have a CDS account before you can submit your application by way of PINK Application Forms. If you do not have a CDS account, you are required to open a CDS account in order to be eligible to apply for the Issue Shares at any of the ADAs listed in Section 18 of this Prospectus.

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares for applicants using the PINK Application Forms.

Applicants using the PINK Application Forms are not allowed to submit multiple applications in the same category of application.

#### 17.2.2 Applications for the Issue Shares by the Entitled Shareholders of BCorporation

Applications for the Issue Shares by the Entitled Shareholders of BCorporation must be made on the BLUE Application Forms provided and NOT by way of PINK Application Forms.

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares for applicants using the BLUE Application Forms.

Entitled Shareholders of BCorporation using the BLUE Application Forms are not allowed to submit multiple applications in the same category of application and our Board has the absolute discretion to reject multiple applications.

Accordingly, Entitled Shareholders of BCorporation are encouraged to consolidate their shareholdings in BCorporation into a single CDS account for the following reasons:

- (i) to avoid multiple applications; and

## 17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) subject to the final basis of allocation of the remaining Issue Shares on pro-rata basis, Entitled Shareholders of BCorporation who apply in excess of the guaranteed allocation of 100 Issue Shares may receive additional allocation based on pro-rata basis according to their respective shareholdings in BCorporation as at the Entitlement Date.

Excluded Shareholders, save for the major shareholders of BCorporation and persons connected to them, are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted Offering by any of the shareholders of BCorporation shall be based on their warranty to our Company and BCorporation that they may lawfully so participate without our Company, BCorporation and/or Maybank IB being in breach of the laws of any jurisdiction.

### 17.2.3 Applications for the Issue Shares by Malaysian institutional and selected investors

Malaysian institutional and selected investors being allotted the Issue Shares pursuant to the Public Issue (other than the Bumiputera investors approved by the MITI) will be contacted directly by the respective Placement Agents and should follow the instructions as communicated by the Placement Agents.

### 17.2.4 Applications for the Issue Shares by Bumiputera investors approved by the MITI

Bumiputera investors approved by the MITI who have been allocated the Issue Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

## 17.3 Procedures for application and acceptance

Applications must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

### 17.3.1 Applications by the Entitled Shareholders of BCorporation (BLUE Application Forms)

Applications by the Entitled Shareholders of BCorporation must be made on the BLUE Application Forms. The applications must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM0.70 per Issue Share.

The Entitled Shareholders of BCorporation, who wish to apply using the BLUE Application Form for the Issue Shares, may check their eligibility by referring to our Share Registrar at the following address:

Berjaya Registration Services Sdn Bhd  
 Lot 06-03, Level 6, East Wing  
 Berjaya Times Square  
 No. 1, Jalan Imbi  
 55100 Kuala Lumpur

Telephone no.: +603 2145 0533  
 Fax no.: +603 2145 9702

**17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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You must be an Entitled Shareholder of BCorporation in order to be eligible to apply for the Issue Shares.

**17.3.2 Applications by our eligible Directors and employees, and the Eligible Business Associates (PINK Application Forms)**

Applications by our eligible Directors and employees, and the Eligible Business Associates must be made on the PINK Application Form provided separately together with a letter from us detailing their respective allocations. The applications must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM0.70 per Issue Share.

If you are an Entitled Shareholder of BCorporation, you are also entitled to apply for the Issue Shares under the Restricted Offering using the BLUE Application Form.

**17.4 Procedures for application by way of Application Form**

Each application for the Issue Shares using the Application Form must be completed in accordance with the notes and instructions printed therein in the Application Form. The Application Forms together with the notes and instructions contained therein shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus and notes and instruction contained herein or which are illegible may not be accepted at the absolute discretion of our Directors.

**FULL INSTRUCTIONS FOR THE APPLICATION FOR THE ISSUE SHARES OFFERED AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORM. ALL APPLICANTS ARE ADVISED TO READ THE APPLICATION FORM AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

The Entitled Shareholders of BCorporation and the eligible Directors and employees of our Group as well as the Eligible Business Associates should follow the following procedures in making their applications:

**Step 1 : Obtain application documents**

The BLUE Application Form together with the official envelope provided and a CD-ROM of the Prospectus (contents of which are in printable format), will be despatched by our Share Registrar to the Entitled Shareholders of BCorporation by ordinary post on the date of the opening of the application. The printed copy of the Prospectus is available upon request and at no cost to the Entitled Shareholders of BCorporation. The Entitled Shareholders of BCorporation are given an option to have the printed Prospectus delivered to them or to obtain the printed Prospectus from the Issuing House or our Share Registrar. Any delivery charges, if applicable, will be borne by our Company.

A replacement copy of the BLUE Application Form and a CD-ROM of the Prospectus can be obtained subject to availability from our Share Registrar at the following address upon request:

Berjaya Registration Services Sdn Bhd  
Lot 06-03, Level 6, East Wing  
Berjaya Times Square  
No. 1, Jalan Imbi  
55100 Kuala Lumpur

Telephone no.: +603 2145 0533  
Fax no.: +603 2145 9702

## 17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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The PINK Application Form and the Prospectus together with a letter from our Company detailing the respective allocations will be provided separately to our eligible Directors and employees, and the Eligible Business Associates.

### Step 2 : Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

### Step 3 : Complete the Application Form

Complete the Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

#### (i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical to the records maintained by the Bursa Depository. You are required to inform the Bursa Depository promptly of any changes to your personal particulars.

For individuals who are not members of the armed forces or police, your name and national registration identity card ("**NRIC**") numbers must be the same as:

- your NRIC;
- your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; or
- any valid temporary identity document issued by the National Registration Department from time to time.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable. The corporation/institution must affix its common seal on the Application Form.

For non-Malaysian applicants, the name and passport numbers must be exactly as that stated in their passports.

#### (ii) CDS account number

For applicants using BLUE Application Forms, you must ensure that your CDS account number printed on the space provided in the BLUE Application Form is identical to the CDS account number maintained by the Bursa Depository.

For applicants using PINK Application Forms, you must state your CDS account number in the space provided in the PINK Application Form.

Invalid or third party CDS accounts will **not** be accepted.

## 17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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### (iii) Details of payment

You must state the details of your payments in the appropriate boxes provided in the Application Form.

### (iv) Number of Issue Shares applied for

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares.

We, together with the Issuing House will not issue any acknowledgement of the receipt of your Application Forms or application monies.

### Step 4 : Prepare appropriate form of payment and affix Malaysian Revenue Stamp

Applicants must prepare the correct form of payment in RM for the FULL amount payable for the Issue Shares based on the Issue Price, which is RM0.70 per Issue Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. 549**” and crossed “**ACCOUNT PAYEE ONLY**” (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) Banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur;
- (ii) Money order or postal order (for applicants from Sabah and Sarawak only);
- (iii) Guaranteed Giro Order (GGO) from Bank Simpanan Nasional Malaysia Berhad; or
- (iv) ATM statement obtained only from any of the following:
  - Affin Bank Berhad;
  - Alliance Bank Malaysia Berhad;
  - CIMB Bank Berhad;
  - Hong Leong Bank Berhad;
  - Malayan Banking Berhad; or
  - RHB Bank Berhad,

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

Applicants must affix a Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) on the BLUE Application Form.

### Step 5 : Finalise application

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/"Resit Pengenalan Sementara (KPPK 09)"/valid temporary identity document issued by the National Registration Department/authority card for armed forces or police personnel or certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport for non-Malaysian applicants (where applicable)) into the official envelope provided and seal it.



**17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Affix a 80 sen stamp on the official envelope.

**Step 6 : Submit application**

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) Despatched by **ORDINARY POST** in the official envelope provided, to the following address:

**Malaysian Issuing House Sdn Bhd (258315-X)**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

OR

P.O. Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan using the official envelope provided,

so as to arrive not later than 5.00 p.m. on 1 November 2013, or such later date or dates as our Directors and the Managing Underwriter may mutually decide in their absolute discretion.

**17.5 Terms and conditions**

- (i) You are required to pay the Issue Price of RM0.70 for each Issue Share you have applied for.
- (ii) You can submit only one application for the Issue Shares offered to you under the respective category of application. However, if you have made an application under the PINK Application Form and you are also an Entitled Shareholder of BCorporation, you can apply for the Issue Shares offered to you under the Restricted Offering using the BLUE Application Form.

The Issuing House, acting under the authority of our Directors has the discretion to reject applications that appear to be multiple applications under each category of applicants.

**We wish to caution you that if you submit more than one application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.**

- (iii) Each application under the PINK and the BLUE Application Form must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association should you be allotted any Issue Shares.

## 17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application are correct, accurate and identical with the records maintained by the Bursa Depository. Otherwise, your application is liable to be rejected. You should promptly notify the Bursa Depository of any change in your address as the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with the Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

The acceptance of the application to subscribe for or purchase the Issue Shares shall be constituted by the issue of notices of allotment for the Issue Shares to you.

- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws and the rules and regulations of the Bursa Depository, as the case may be, to disclose information pertaining to your CDS account and other relevant information to us, Issuing House and any relevant authorities, as the case may be.

**You agree to accept our decision as final should we decide not to allot any Issue Shares to you.**

### 17.6 Authority of our Directors and the Issuing House

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House or our Share Registrar within 14 days of the date of the notice issued to you to ascertain that your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by our Directors.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) Reject applications which do not conform to the instructions in this Prospectus and Application Forms or which are illegible, incomplete or inaccurate or which are accompanied by remittance improperly drawn;
- (ii) Reject applications which is multiple, appearing to be, or suspected of being multiple applications;
- (iii) Reject or accept any application, in whole or in part, on a non-discriminatory basis without assigning any reason therefore; and
- (iv) Bank in all application monies including those from unsuccessful/partially successful applicants which would subsequently be refunded (where applicable) without interest by ordinary post.

**17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**17.7 Over/under-subscription**

Each Entitled Shareholder of BCorporation who applies for at least 100 Issue Shares will be guaranteed an allocation of 100 Issue Shares. Any remaining Issue Shares will only be allocated to the Entitled Shareholders of BCorporation who apply for more than 100 Issue Shares whereby the allocation of such Issue Shares after the allocation above will be based on pro-rata basis according to their respective shareholdings in BCorporation as at the Entitlement Date which is to be rounded down to the nearest board lot with fractional entitlements to be disregarded. The balance of the application monies, if any, will be refunded to the Entitled Shareholder of BCorporation without interest by ordinary post to the last address maintained with the Bursa Depository within 10 Market Days from the date of determination of allocation of the Issue Shares.

Pursuant to the Listing Requirements, we need to have a minimum of 25% of the Shares for which Listing is sought to be held by at least 1,000 public shareholders holding not less than 100 Issue Shares each upon completion of the Public Issue and at the time of Listing. We expect to achieve this at the point of Listing and in the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be refunded in full without interest.

In the event of an under-subscription, subject to the Clawback and Reallocation Provisions as set out in Section 4.3.2 of this Prospectus, all the Issue Shares not applied for by our eligible Directors and employees, and the Eligible Business Associates as well as the Entitled Shareholders of BCorporation will be subscribed by our Managing Underwriter and Underwriters pursuant to the Retail Underwriting Agreement.

Where your successful application under the BLUE Application Form is subsequently rejected, the full amount of your application monies, will be refunded to you without interest by ordinary post to your last address maintained with the Bursa Depository within 10 Market Days from the date of determination of allocation of the Issue Shares.

**17.8 Unsuccessful/partially successful applicants**

If you are unsuccessful/partially successful in your application, we will return your application monies without interest in the following manner:

- (i) The application monies or the balance of it, as the case may be, will be refunded to you without interest by ordinary post (for fully/partially unsuccessful applications) to your last address maintained with the Bursa Depository within 10 Market Days from the date of determination of allocation of the Issue Shares.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to your address as stated in the NRIC or "Resit Pengenalán Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department by ordinary post at your own risk.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded to you without interest by ordinary post to your last address maintained with the Bursa Depository or as per item (ii) above, as the case may be, within 10 Market Days from the date of determination of allocation of the Issue Shares, at your own risk.

**17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**17.9 Successful applicants**

If you are successful in your application:

- (i) The Issue Shares allotted to you will be credited into your CDS account. We will not be issuing any physical share certificates to you. You shall not be entitled to withdraw any deposited securities held jointly with the Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you by ordinary post at your last address maintained with the Bursa Depository, at your own risk, prior to our Listing. This is the only acknowledgement of acceptance of the application.

**17.10 CDS accounts**

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, the Shares offered through this Prospectus will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants but notices of allotment shall be despatched.

You must have a CDS account before you make an application by way of an Application Form. For applicants using BLUE Application Forms, you must ensure that your CDS account number printed on the space provided in the BLUE Application Form is identical to the CDS account number maintained by the Bursa Depository. For applicants using PINK Application Forms, you must state your CDS account number in the space provided in the PINK Application Form and shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account. You should open a CDS account at an ADA prior to making an application for our Shares.

Failure to comply with these specific instructions or inaccuracy in the CDS account number arising from the use of invalid or third party accounts, may result in the application being rejected. If you are successful in your application but fail to state your CDS account number, the Issuing House, on the authority of our Directors, reserves the right to reject your application. The Issuing House, on the authority of our Directors also reserves the right to reject any illegible, incomplete or inaccurate application. Applications may also be rejected if your particulars provided in the Application Forms differ from those in Bursa Depository's records, such as your identity card number, name and nationality.

**17.11 Enquiries**

You may directly contact the Issuing House at telephone no. +603 7841 8000 or +603 7841 8289 should you have any queries in respect of the applications.

Applicants may also check the status of their application on the Issuing House's website at [www.mih.com.my](http://www.mih.com.my), or by calling their respective ADA at the telephone number as stated in Section 18 of this Prospectus or the Issuing House at the telephone number as stated above between 5 to 10 Market Days (during office hours only) after the date of determination of allocation of the Issue Shares.

**18. LIST OF ADAs**

The list of the ADAs and their respective addresses, telephone numbers and brokers' code are as follows:

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR</b>		
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no. : +603 2143 8668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Telephone no.: +603 9130 8803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2697 6333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2078 2788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2084 9999	065-001
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2178 1133	073-029
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1st & 2nd Floor (West & Centre Wing) & 1st Floor (East Wing) Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2089 1888	073-021
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Telephone no.: +603 2164 8228	066-001

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>KUALA LUMPUR (Cont'd)</b>		
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as MIMB Investment Bank Berhad)</i>	Level 18-21 Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Telephone no.: +603 2692 8899	066-006
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Telephone no.: +603 7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Telephone no.: +603 2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Telephone no.: +603 2287 2273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Telephone no.: +603 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Telephone no.: +603 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Telephone no.: +603 7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no.: +603 2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2164 9080	073-001
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Telephone no.: +603 2297 8888	098-001

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>KUALA LUMPUR (Cont'd)</b>		
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Telephone no.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2173 8888	026-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone no.: +603 2282 1820	057-002
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Telephone no.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Telephone no.: +603 2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Telephone no.: +603 9287 3888	087-001
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone no.: +603 2333 8333	087-018
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Telephone no.: +603 6257 5869	087-028
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	Ground Floor No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Telephone no.: +603 4280 4798	087-054
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Telephone no.: +603 9058 7222	087-058

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>KUALA LUMPUR (Cont'd)</b>		
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Telephone no.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2173 8888	026-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone no.: +603 2282 1820	057-002
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Telephone no.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Telephone no.: +603 2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Telephone no.: +603 9287 3888	087-001
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone no.: +603 2333 8333	087-018
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Telephone no.: +603 6257 5869	087-028
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Telephone no.: +603 4280 4798	087-054
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Telephone no.: +603 9058 7222	087-058



## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 5621 2118	073-030
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Telephone no.: +603 5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 5635 6688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Telephone no.: +603 8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 8024 1682	073-006

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Telephone no.: +603 3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7725 9095	073-016
MALACCA SECURITIES SDN BHD	Subang Jaya Branch No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 5636 1533	012-002
MALACCA SECURITIES SDN BHD	SS2 Petaling Jaya Branch No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7876 1533	012-003
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Telephone no.: +603 8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Telephone no.: +603 3341 5300	064-007
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7873 6366	087-011
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Telephone no.: +603 8736 3378	087-045
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Telephone no.: +603 6092 8916	087-047

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Telephone no.: +603 3343 9180	087-048
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Telephone no.: +603 8023 6518	087-059
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 6148 3361	087-051
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor and First Floor No. 13, Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Telephone no.: +603 8070 6899	087-049
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Telephone no.: +603 5192 0202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Telephone no.: +603 8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7729 5713	058-007
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : +606 2898 800	065-006

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>MELAKA (Cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2881 720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A – 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Telephone no.: +606 3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Telephone no.: +606 3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2921 898	093-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Telephone no.: +606 2866 008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2833 622	087-002
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	579, 580 & 581 Taman Melaka Raya 75000 Melaka Telephone no.: +606 2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2862 618	058-008
<b>PERLIS INDRA KAYANGAN</b>		
RHB INVESTMENT BANK BERHAD (formerly known as OSK Investment Bank Berhad)	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Telephone no.: +604 9793 888	087-060

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PERAK DARUL RIDZUAN</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd and 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2530 888	066-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Telephone no.: +605 8066 688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2559 988	068-015
KENANGA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Telephone no.: +605 6222 828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Telephone no.: +605 6939 828	073-031
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No.42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2453 400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Telephone no.: +605 2419 800	057-001

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PERAK DARUL RIDZUAN (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2415 100	087-023
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Telephone no.: +605 6236 498	087-014
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Telephone no.: +605 6921 228	087-016
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Telephone no.: +605 8088 229	087-034
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Telephone no.: +605 4651 261	087-044
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Telephone no.: +605 7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Telephone no.: +605 2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Telephone no : +605 6216 010	078-009
<b>PULAU PINANG</b>		
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Telephone no.: +604 2611 688	076-015

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PULAU PINANG (Cont'd)</b>		
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2261 818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebuhr Pantai 10300 Pulau Pinang Telephone no.: +604 2618 688	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2385 900	065-003
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Telephone no.: +604 2636 996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Telephone no.: +604 2690 888	054-002
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2283 355	073-023
MALACCA SECURITIES SDN BHD	Tanjung Tokong Penang Branch Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Telephone no.: +604 8981 525	012-004
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Telephone no.: +604 3322 123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Telephone no.: +604 2639 118	093-004

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PULAU PINANG (Cont'd)</b>		
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Telephone no.: +604 2817 611	057-005
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2273 000	064-004
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	64 & 64-D Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 Lebuh Bishop 10200 Pulau Pinang Telephone no.: +604 2634 222	087-033
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Telephone no.: +604 3900 022	087-005
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5402 888	087-015
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	834, Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Telephone no.: +604 5831 888	087-032
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Telephone no.: +604 6404 888	087-042
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Telephone no.: +604 8352 988	087-056
UOB KAY HIAN SECURITIES (M) SDN BHD	1st, 2nd & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Telephone no.: +604 2299 318	078-002



## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PULAU PINANG (Cont'd)</b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5541 388	078-003
<b>KEDAH DARUL AMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Telephone no.: +604 7317 088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Telephone no.: +604 4256 666	068-011
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Telephone no.: +604 4204 888	087-017
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Telephone no.: +604 4964 888	087-019
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Telephone no.: +604 7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Telephone no.: +604 7322 111	078-007
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Telephone no.: +606 7655 998	073-033

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>NEGERI SEMBILAN DARUL KHUSUS (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7612 288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Telephone no.: +606 4553 188	068-013
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7641 641	087-024
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Telephone no.: +606 4421 000	087-037
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Telephone no.: +606 4553 014	087-040
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Telephone no.: +606 6461 234	087-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang. 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7623 131	064-002
<b>JOHOR DARUL TAKZIM</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Telephone no.: +607 7717 922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4342 282	086-002

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
AMINVESTMENT BANK BERHAD	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Telephone no.: +607 3343 855	086-006
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Telephone no.: +607 2222 692	068-004
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as MIMB Investment Bank Berhad)</i>	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Telephone no.: +607 2227 388	066-005
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as MIMB Investment Bank Berhad)</i>	1 <sup>st</sup> Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4313 688	066-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Telephone no.: +607 2231 211	054-004
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Telephone no.: +606 9532 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Telephone no.: +607 4678 885	073-025
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3333 600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Telephone no.: +606 9542 711	073-008

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Telephone no.: +607 9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Telephone no.: +607 7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Telephone no.: +606 9782 292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4326 963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Telephone no.: +607 2237 423	073-019
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3316 992	093-005
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3381 233	057-003
M & A SECURITIES SDN BHD	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Telephone no.: +607 2366 288	057-006
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Telephone no.: +607 3513 232	064-005

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4333 608	064-008
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Telephone no.: +607 2788 821	087-006
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4380 288	087-009
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Telephone no.: +606 9538 262	087-025
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 119 & 121 Jalan-Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Telephone no.: +607 5577 628	087-029
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Telephone no.: +607 9321 543	087-030
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 17, Jalan Manggis 86000 Kluang Johor Darul Takzim Telephone no.: +607 7769 655	087-031
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Telephone no.: +607 6626 288	087-035
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Telephone no.: +606 9787 180	087-038

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	1st Floor, No. 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Telephone no.: +607 9256 881	087-039
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Telephone no.: +607 3522 293	087-043
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Telephone no.: +607 3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Telephone no.: +607 6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Telephone no.: +607 3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Telephone no.: +607 5121 633	078-008
<b>KELANTAN DARUL NAIM</b>		
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Telephone no.: +609 7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Telephone no.: +609 7432 288	058-004
<b>PAHANG DARUL MAKMUR</b>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Telephone no.: +609 5660 800	076-002

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>PAHANG DARUL MAKMUR (Cont'd)</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Telephone no.: +609 5057 800	065-007
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Telephone no.: +609 5171 698	073-027
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Telephone no.: +609 5173 811	087-007
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Telephone no.: +609 2234 943	087-022
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Telephone no.: +605 4914 913	087-041
<b>TERENGGANU DARUL IMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6238 128	021-001
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Telephone no.: +609 8583 109	087-027

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>TERENGGANU DARUL IMAN (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6261 816	087-055
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Telephone no.: +6082 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Telephone no.: +6082 358 606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Telephone no.: +6084 367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor & 1 <sup>st</sup> Floor No. 1, Jalan Pending 1 <sup>st</sup> Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Telephone no.: +6082 341 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Telephone no.: +6086 330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Telephone no.: +6085 435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Telephone no.: +6082 338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Telephone no.: +6084 313 855	073-012



## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>SARAWAK (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Telephone no.: +6082 250 888	087-003
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Lot 170 & 171 Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching Sarawak Telephone no.: +6082 422 252	087-008
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Telephone no.: +6085 422 788	087-012
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Telephone no.: +6084 329 100	087-013
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Telephone no.: +6084 654 100	087-050
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground & 1st Floor No. 221, Park City Commercial Centre Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Telephone no.: +6086 311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Telephone no.: +6084 319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Telephone no.: +6082 236 333	058-006

## 18. LIST OF ADAs (Cont'd)

Name	Address and telephone number	Broker code
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Telephone no.: +6088 328 878	065-005
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Telephone no.: +6088 311 688	068-008
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Telephone no.: +6088 236 188	073-032
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Telephone no.: +6088 269 788	087-010
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Telephone no.: +6089 229 286	087-057
RHB INVESTMENT BANK BERHAD <i>(formerly known as OSK Investment Bank Berhad)</i>	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Telephone no.: +6088 258 618	087-036
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Telephone no.: +6088 234 090	078-011

## ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

## A.1 Property owned by our Group

The details of the material property owned by our Group are set out below:

No.	Name of registered owner/location/tenure of land (years)	Description of property/ existing use	Built-up area/ land area	Date of issuance of certificate of fitness for occupation	Restrictions in interest	Encumbrances	Conditions status and compliance	Audited NBV as at 30 April 2013 (RM)
1.	<u>Registered owner:</u> Bermaz  <u>Location:</u> Lot 765 Jalan Padang Jawa Seksyen 16 40200 Shah Alam Selangor Darul Ehsan  <u>Tenure:</u> Freehold	Industrial land with a single storey detached factory cum warehouse with an annex 2-storey office building and ancillary buildings. It is currently being used as a pre-delivery inspection centre, for Mazda vehicle storage site and also a 3S centre.	86,427 square feet/ 195,747 square feet	3 December 2012	None	(1) Presently charged to RHB Bank Berhad vide presentation no. 6279/2008 registered on 22 September 2008. <sup>(1)</sup>  (2) Private caveat entered by RHB Bank Berhad vide presentation no. 3010/2008 registered on 19 August 2008. <sup>(1)</sup>  (3) Leased a portion of the land to Tenaga Nasional Berhad vide presentation no. 98/1985 registered on 17 January 1985.	Light industry Complied	7,718,196.00

To the best of the knowledge of our Board, the property disclosed above is not in breach of any of the land-use conditions/permissible land use and it complies with current statutory requirements, land rules or building requirements.

## ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

## A.2 Properties leased/tenanted

The details of the material properties leased/tenanted by our Group are set out below:

No.	Name of lessor/lessee/ location/tenure	Description/existing use	Tenanted built-up area/ tenanted land area	Date of issuance of certificate of fitness for occupation	Material conditions of tenancy	Consideration
1.	<p><u>Landlord:</u> Prisma Delight Sdn Bhd</p> <p><u>Tenant:</u> BMTSB</p> <p><u>Location:</u> No. 7, Jalan Pelukis U1/46 Temasya Industrial Park Seksyen U1 40150 Shah Alam Selangor Darul Ehsan</p> <p><u>Tenure:</u> Lease for 3 years expiring 31 May 2015</p>	A 5-storey building and is currently used as the headquarters and administrative office of Bermaz, including as a 3S centre.	113,595 square feet/ 61,074 square feet	22 December 2011	<p>(1) The tenant is given the option to renew or extend the tenancy of the premise for a further 3 years expiring on 31 May 2018. The rental for the next 3 years shall be based on the prevailing market rate or the current rent of RM110,000.00 per month, whichever is the higher.</p> <p>(2) In the event that the landlord intends to sell, transfer, assign or dispose of the property or all his rights, title and interests to the property, the tenant has the 1<sup>st</sup> option to require landlord to sell, transfer, assign or dispose of the property or all his rights, title and interests to the property to the tenant at the purchase price of RM23,800,000.00 at the end of the 6<sup>th</sup> year of tenancy.</p>	Monthly rental: RM110,000.00

## ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of lessor/lessee/ location/tenure	Description/existing use	Tenanted built-up area/ tenanted land area	Date of issuance of certificate of fitness for occupation	Material conditions of tenancy	Consideration
2.	<u>Landlord:</u> PKT Logistics (M) Sdn Bhd ("PKT")  <u>Tenant:</u> BMTSB  <u>Location:</u> The Ship No. 1, One Logistics Hub Persiaran Sungai Hampar Seksyen 32 40460 Shah Alam Selangor Darul Ehsan  <u>Tenure:</u> Lease for 3 years expiring 30 June 2014	A single storey warehousing storage complex. Our Group leases storage space for the storage of Mazda vehicle components and spare parts.	Not applicable <sup>(2)</sup>	18 September 2009	(1) Bermaz guarantees a minimum storage space of 600 pallets, 4,608 foot run of shelving and 1,500 square feet of bulk area per month for inventory warehouse services.  (2) Where there is an increase in space usage beyond the minimum storage as stated above, Bermaz will notify PKT in writing within 45 days prior to such increase and PKT will advise and allocate the required additional warehouse space accordingly. The placement of the additional warehouse space will be subject to the availability of space within the warehouse storage.	Fixed pallets space: RM9,600.00 per month  Fixed shelving space: RM8,294.40 per month  Bulk area: RM2,400.00 per month
3.	<u>Landlord:</u> Berjaya Property Sdn Bhd  <u>Tenant:</u> BMTSB  <u>Location:</u> Lot 9, Jalan 219 46100 Petaling Jaya Selangor Darul Ehsan  <u>Tenure:</u> Lease for 3 years expiring 19 October 2015	A double storey showroom with a single storey warehouse and is currently used as a 3S centre at the Lot 9 Branch.	75,094 square feet/ 75,366 square feet	14 April 2004	(1) The tenant is given the option to renew the tenancy for a further 3 years expiring on 19 October 2018 at a rental rate which is to be negotiated between the landlord and the tenant.  (2) If either party wish to pre-terminate the tenancy agreement prematurely of the terms created thereof, either party may do so by serving upon the other 4 months advance written notice.	Monthly rental: RM99,000.00

## ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of lessor/lessee/ location/tenure	Description/existing use	Tenanted built-up area/ tenanted land area	Date of issuance of certificate of fitness for occupation	Material conditions of tenancy	Consideration
4.	<u>Landlord:</u> Ee Chong Wah Holdings Sdn Bhd  <u>Tenant:</u> BMTSB  <u>Location:</u> 214, Jalan Ampang 50450 Kuala Lumpur  <u>Tenure:</u> Lease for 3 years expiring 31 March 2015	A double storey building and is currently used as a 3S centre at our Ampang Branch.	14,575 square feet/ 46,880 square feet	(a)	The tenant is given the option to renew the tenancy for a further 3 years expiring on 31 March 2018 at a rental rate which is to be mutually agreed upon by the landlord and the tenant.	Monthly rental: RM54,000.00
5.	<u>Landlord:</u> VAR Buildings Inc.  <u>Tenant:</u> BAP  <u>Location:</u> 9th Floor, Rufino Building Ayala Avenue Makati City Philippines  <u>Tenure:</u> Lease for 2 years expiring 15 January 2015	The leased area is 4,844 square feet located at the 9th floor of Rufino Building, a commercial building with 10-storeys located at the heart of Makati City.  The said leased area is currently for office use.	4,844 square feet/ not applicable	4 October 1990	The tenant is given the option to renew or extend the tenancy by giving at least 90 days written notice to the landlord prior to the termination date of the tenancy agreement.	Monthly rental: Peso202,500.00, which is equivalent to approximately RM14,888.81 <sup>(5)</sup>  Monthly common area charges: Peso33,750.00, which is equivalent to approximately RM2,481.47 <sup>(5)</sup>

## ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of lessor/lessee/ location/tenure	Description/existing use	Tenanted built-up area/ tenanted land area	Date of issuance of certificate of fitness for occupation	Material conditions of tenancy	Consideration
6.	<u>Landlord:</u> Southern Textile Mills, Inc. ("STMI") <u>Tenant:</u> BAP <u>Location:</u> Km. 52, Bo. Lawa Calamba City, Laguna Philippines <u>Tenure:</u> Lease for 3 years expiring 31 October 2015	A large single storey warehousing storage complex consisting of 48 warehouses. BAP is occupying one of the warehouses with floor area of 15,500 square feet.  BAP leases storage space for the storage of Mazda vehicles spare parts and accessories.	15,500 square feet/ not applicable	16 February 1979 <sup>(4)</sup>	(1) STMI will provide logistics services and other allied works including, amongst others, the tools and equipment.  (2) The tenant is given the option to renew the tenancy for another period, subject to mutual agreement, or extend over a certain period specified by the tenant, provided the tenant shall inform STMI in writing of its intention to renew at least 90 days prior to the expiration date of the tenancy.	Monthly rental (including the management fee): Peso600,000.00, which is equivalent to approximately RM44,115.00 <sup>(5)</sup>  STMI will charge separately, the trucking charges in delivering the spare parts to dealers.

**Notes:**

<sup>(1)</sup> As at the LPD, we are in the midst of discharging the property as we have fully settled all the outstanding amounts of the credit facility granted to us.

<sup>(2)</sup> Pursuant to the tenancy agreement entered into between PKT and BMTSB, the agreed tenanted area consist of 600 pallets, 4,608 foot run of shelving and 1,500 square feet of bulk area per month.

<sup>(3)</sup> BMTSB and the landlord are in the midst of obtaining a certificate of completion and compliance ("CCC") for the entire leased building at Ampang Branch. Our Board has undertaken that we will ensure that the CCC for the Ampang Branch is obtained by end February 2014, make half-yearly announcements to Bursa Securities on the status of application for the CCC for the Ampang Branch and update the SC on the same when such announcements are made.

<sup>(4)</sup> In addition to the issuance of the certificate of occupancy dated 16 February 1979, the Office of the City Building Official of the City of Calamba, Philippines also issues a certificate of annual inspection on an annual basis. A certificate of annual inspection was issued to STMI on 21 January 2013 which is valid for one year and STMI shall notify the said department in writing for the granting of an annual inspection certificate after one year from the date of the issuance of this certificate and yearly thereafter.

<sup>(5)</sup> Based on the exchange rate of Peso100:RM7.3525, being the middle rate as quoted by Bank Negara Malaysia as at 5.00 p.m.as at the LPD.

**ANNEXURE A: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**

Save for the property leased from Ee Chong Wah Holdings Sdn Bhd, the properties disclosed above:

- (i) are not in breach of any of the land-use conditions/permissible land use; and
- (ii) comply with current statutory requirements, land rules or building requirements.

**A.3 Material equipment**

Pursuant to the Transfer of Operation Agreement, we have transferred the CKD assembly equipment to MMSB with effect from 1 February 2013 and as at the LPD, we do not own any material equipment.

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## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS

The details of our major licences and permits together with the material conditions attached and status of compliance are set out below:

No.	Licencee/ contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
1.	SP Metro (M) Sdn Bhd	Department of Environment, Malaysia	20.05.2010 / 30.04.2014	Licence for the disposal of scheduled waste <sup>(1)</sup> for Glenmarie, Shah Alam, Ampang and Padang Jawa Branches	Licence issued is subject to the conditions as contained in the Compliance Schedule attached to the Licence.	Complied
2.	BMTSB	Department of Occupational Safety and Health, Malaysia	02.09.2013 / 01.10.2014 (Licence no.: PMA-SL-155368, PMA-SL-155369, PMA-SL-155370, PMA-SL-155371, PMA-SL-155372, PMA-SL-155373)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Lot 9 Branch	(a) 5 units of 2-post lift to carry load of not more than 3,000 kg. (b) One unit of 4-post lift to carry load of not more than 4,000 kg.	Complied
3.	BMTSB	Department of Occupational Safety and Health, Malaysia	22.10.2012 / 30.12.2013 (Licence no.: PMA-SL-133047, PMA-SL-133048, PMA-SL-133049, PMA-SL-133050, PMA-SL-133051, PMA-SL-133052, PMA-SL-133053, PMA-SL-133054, PMA-SL-133056)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Lot 9 Branch	(a) 5 units of 2-post lift to carry load of not more than 3,200 kg. (b) 2 units of 2-post lift to carry load of not more than 2,700 kg. (c) One unit of 2-post lift to carry load of not more than 3,000 kg. (d) One unit of 4-post lift to carry load of not more than 3,000 kg.	Complied
4.	BMTSB	Department of Occupational Safety and Health, Malaysia	22.10.2012 / 30.12.2013 (Licence no.: PMA-SL-133055)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Lot 9 Branch	(a) One unit of scissors lift to carry load of not more than 3,000 kg.	Complied

## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS (Cont'd)

No.	Licencee/ contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
5.	BMTSB	Department of Occupational Safety and Health, Malaysia	22.10.2012/ 30.12.2013 (Licence no.: PMT-SL-100867, PMT-SL-100868)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating unfired pressure vessel at Lot 9 Branch	(a) 2 units of air receiver tanks with the capacity of 0.25 cubic metres.	Complied
6.	BMTSB	Department of Occupational Safety and Health, Malaysia	08.02.2013/ 30.04.2014 (Licence no.: PMA-WP-112439, PMA-WP-112440)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Ampang Branch	(a) One unit of 2-post lift to carry load of not more than 3,000 kg. (b) One unit of 2-post lift to carry load of not more than 4,000 kg.	Complied
7.	BMTSB	Department of Occupational Safety and Health, Malaysia	21.03.2013/ 02.04.2014 (Licence no.: PMA-SL-143195)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Padang Jawa Branch	(a) One unit of 4-post lift to carry load of not more than 3,500 kg.	Complied
8.	BMTSB	Department of Occupational Safety and Health, Malaysia	22.03.2013/ 02.04.2014 (Licence no.: PMA-SL-143196)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Padang Jawa Branch	(a) One unit of 2-post lift to carry load of not more than 2,700 kg.	Complied
9.	BMTSB	Department of Occupational Safety and Health, Malaysia	22.03.2013/ 02.04.2014 (Licence no.: PMT-SL 108359)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating unfired pressure vessel at Padang Jawa Branch	(a) One unit of air receiver tank with the capacity of 0.3 cubic metres.	Complied

## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS (Cont'd)

No.	Licencee/ contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
10.	BMTSB	Department of Occupational Safety and Health, Malaysia	27.01.2013/ 22.01.2014 (Licence no.: PMA-SL-139676, PMA-SL-139677, PMA-SL-139678, PMA-SL-139679, PMA-SL-139680, PMA-SL-139681, PMA-SL-139682, PMA-SL-139683, PMA-SL-139685, PMA-SL-139686)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Glenmarie, Shah Alam	(a) 2 units of 2-post lift to carry load of not more than 3,200 kg. (b) 2 units of 4-post lift to carry load of not more than 3,500 kg. (c) 6 units of scissors lift to carry load of not more than 3,000 kg.	Complied
11.	BMTSB	Department of Occupational Safety and Health, Malaysia	19.02.2013/ 22.01.2014 (Licence no.: PMA-SL-140927)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating hoists at Glenmarie, Shah Alam	(a) One unit of scissors lift to carry load of not more than 3,000 kg.	Complied
12.	BMTSB	Department of Occupational Safety and Health, Malaysia	27.01.2013/ 22.01.2014 (Licence no.: PMT-SL 105940, PMT-SL 105941)	The Factories and Machinery (Notification, Certificate of Fitness & Inspection) Regulations 1970 for operating unfired pressure vessel at Glenmarie, Shah Alam	(a) 2 units of vertical air receiver tank with the capacity of 0.27 cubic metres.	Complied
13.	Anggun Kitar Resources Sdn Bhd	Department of Environment, Malaysia	01.07.2011/ 30.04.2014	Licence for the disposal of scheduled waste <sup>(i)</sup> for Lot 9 Branch	Licence issued is subject to the conditions as contained in the Compliance Schedule attached to the Licence.	Complied
14.	Bermaz	Majlis Bandaraya Shah Alam ("MBSA"), Malaysia	01.01.2013/ 31.12.2013 (Licence account no.: LOU112620130004 – (LSMT))	Industrial licence for No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam	(a) The licence holder is required to inform the MBSA if the business is ceased or closed. (b) The terms of the licence as determined by the MBSA from time to time shall be complied with. (c) It is the responsibility of the licence holder to renew the licence before its expiry on 31 December every year.	Complied

## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS (Cont'd)

No.	Licencee/ contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
15.	BMTSB	MBSA, Malaysia	01.01.2013/ 31.12.2013 (Licence account no.: LOU112620120006, LOU113720130001 – (LSMT))	Industrial licence for No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam	(a) The licence holder is required to inform the MBSA if the business is ceased or closed. (b) The terms of the licence as determined by the MBSA from time to time shall be complied with. (c) It is the responsibility of the licence holder to renew the licence before its expiry on 31 December every year.	Complied
16.	BMTSB	MBSA, Malaysia	01.01.2013/ 31.12.2013 (Licence account no.: 016011620110001 – (TCF), L016112620130002 – (TCF))	Industrial licence for Padang Jawa Branch	(a) The licence holder is required to inform the MBSA if the business is ceased or closed. (b) The terms of the licence as determined by the MBSA from time to time shall be complied with. (c) It is the responsibility of the licence holder to renew the licence before its expiry on 31 December every year.	Complied
17.	BMTSB	Majlis Bandaraya Petaling Jaya ("MBPJ"), Malaysia	01.01.2013/ 31.12.2013 (Licence account no.: L120000101309)	Trade, business and industrial licence for Lot 9 Branch	(a) The licence holder must ensure that there is no misuse of the licence that is issued and is used none other than for the original purpose of the licence. (b) It is compulsory to simultaneously apply for the advertising licence. (c) Not allowed to use foreign workers without permits. (d) Not allowed to place any object/cause obstruction on the pavement and back lane of the premise. (e) For applications that require the use of parking spaces, the owner of the premises will have to rent the parking bays in front of the premises for a year. (f) Vehicle maintenance or workshop activities may only be carried out in industrial areas only. (g) Planning Approval from the Development Planning Department and the Structural Permit from the Department of Building Control MBPJ must be obtained prior to the renovation of the building, additional construction, or a change in status of the usage of the building/land.	Complied

## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS (Cont'd)

No.	Licencee/contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
18.	BMTSB	Dewan Bandaraya Kuala Lumpur ("DBKL"), Malaysia	01.01.2013/ 31.12.2013 (Licence no.: 01023952013)	Business premises licence for Ampang Branch <sup>(2)</sup>	<p>(a) The licence is only valid for the business activities as stated in the licence.</p> <p>(b) The business activity is to be carried out within the premises only and any usage of the corridor or vacant space around the premises as a part of the business activity is prohibited.</p> <p>(c) The licence holder is required to take steps to control the business activity that is carried out in order to avoid pollution, nuisance, noise, stench and obstruction.</p> <p>(d) The licence holder must obey other additional terms of the licence.</p> <p>(e) The licence can be cancelled by the mayor at any time without any notice in the event the provision of law/restriction/terms of the licence are not complied with by the licence holder.</p>	Complied
19.	BAP	Bureau of Customs, Department of Finance, Manila, the Republic of the Philippines	07.11.2012/ 07.11.2013 (CCN: IM0005881919/ TIN: 008346565000)	Certificate of Registration	<p>(a) Compliance to Customs Memorandum Order No. 38-2008 subsequent to issuance governing Client Registration Application Processing.</p> <p>(b) Non-repudiation of any declarations filed through the Value Added Service Providers.</p> <p>(c) Recognition of Trade World Manager Portal<sup>®</sup> systems information duly certified by its Administrator as valid and/or correct.</p>	Complied
20.	BAP	Bureau of Customs, Department of Finance, Manila, the Republic of the Philippines	07.11.2012/ 07.11.2013 (CAR no.: 73931107-12 /TIN: 008346565000)	Intelligence Group Interim Customs Accreditation & Registration Unit - Certificate of Accreditation	(a) Compliance to Customs Memorandum Order No. 47-2010.	Complied
21.	BAP	Securities and Exchange Commission, the Republic of the Philippines	28.11.2012/ Not applicable (Company registration no. CS201214749)	Certificate of Registration under the Foreign Investment Act of 1991	None	Not applicable

## ANNEXURE B: OUR MAJOR LICENCES AND PERMITS (Cont'd)

No.	Licencee/contractor	Issuing authority	Date of issue/date of expiry	Nature of approval/licence	Material conditions imposed	Status of compliance
22.	BAP	Securities and Exchange Commission, the Republic of the Philippines	10.08.2012 (Company registration no. CS201214749/ Company TIN : 008-346-565)	Certificate of Incorporation	<p>(a) This certificate grants judicial personality to the corporation but does not authorise it to undertake business activities requiring Secondary License from the Securities and Exchange Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club/shares/membership certificates issuers or selling agents thereof.</p> <p>(b) This certificate does not constitute as a permit to undertake activities for which other government agencies require a licence or permit.</p>	Complied
23.	BAP	Business Permits Office, the Republic of the Philippines	12.01.2013/ 31.12.2013 (Permit no.: 01995)	Business permit for 9th Floor, Rufino Tower, 6784 Ayala Avenue, San Lorenzo to operate as I-N (which referred to as the importer)	<p>(a) Failure to renew the business permit within the prescribed period shall subject the taxpayer to a 25% surcharge and 2% penalty per month. Upon the closure of business, the permit needs to be surrendered to the City Treasurer's Office on or before the 20th day of the month following the quarter to avoid penalty.</p> <p>(b) This must be posted in a conspicuous place and be presented upon demand by proper authorities.</p>	Complied
24.	BAP	Business Permits Office, the Republic of the Philippines	12.01.2013/ 31.12.2013 (Permit no.: 02000)	Business permit for 9th Floor, Rufino Tower, 6784 Ayala Avenue, San Lorenzo to operate as RTN (which referred to as the trading automobile)	<p>(a) Failure to renew the business permit within the prescribed period shall subject the taxpayer to a 25% surcharge and 2% penalty per month. Upon the closure of business, the permit needs to be surrendered to the City Treasurer's Office on or before the 20th day of the month following the quarter to avoid penalty.</p> <p>(b) This must be posted in a conspicuous place and be presented upon demand by proper authorities.</p>	Complied

## Notes:

<sup>(1)</sup> The licence is given to our appointed contractors, Anggun Kitar Resources Sdn Bhd and SP Metro (M) Sdn Bhd, who provide scheduled waste disposal service.

<sup>(2)</sup> The business premises licence issued by the DBKL to BMTSB only permits BMTSB to carry out the sale and storage of motor vehicles at Ampang Branch. As stated in Note (3) of Annexure A of this Prospectus, BMTSB and the landlord are in the midst of obtaining a CCC for the entire leased building at Ampang Branch. Upon obtaining the CCC, BMTSB shall submit an application to the DBKL for the addition of the sale of vehicle spare parts, vehicle showroom and vehicle service centre activities into the said business premises licence.