

Berjaya Auto Berhad

Company No: 900557-M

Date: 6 December 2013

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 OCTOBER 2013**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	31/10/2013 RM'000	31/10/2012 RM'000	31/10/2013 RM'000	31/10/2012 RM'000
GROUP REVENUE	282,449	217,273	710,864	431,546
PROFIT FROM OPERATIONS	34,243	12,106	68,429	31,299
Investment related income	747	203	1,438	313
Finance cost	(91)	(1,420)	(896)	(2,252)
Share of results of associate	2,580	-	4,660	-
PROFIT BEFORE TAX	37,479	10,889	73,631	29,360
INCOME TAX EXPENSE	(9,017)	(3,032)	(18,307)	(8,258)
PROFIT AFTER TAX	28,462	7,857	55,324	21,102
OTHER COMPREHENSIVE ITEMS				
Foreign currency translation	(421)	-	(108)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	28,041	7,857	55,216	21,102
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the Company	27,600	7,857	53,687	21,102
- Non-controlling interests	862	-	1,637	-
	28,462	7,857	55,324	21,102
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Equity holders of the Company	27,347	7,857	53,622	21,102
- Non-controlling interests	694	-	1,594	-
	28,041	7,857	55,216	21,102
EARNINGS PER SHARE (SEN)				
-Basic, for the period	3.83	1.09	7.46	2.93
-Diluted, for the period	3.83	1.09	7.46	2.93

Notes:

- (a) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Statements and the Accountants' Report for the financial year ended 30 April 2013 in the Prospectus of the Company dated 18 October 2013 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") after the Company completed its acquisition of Bermaz Motor Sdn Bhd ("Bermaz") ('the Business combination') on 26 September 2013. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous financial years.

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD**(Company No: 900557-M)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group As at 31/10/2013 RM'000	Group As at 30/04/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,413	20,338
Investment in associate company	27,848	23,188
Deferred tax assets	23,722	18,613
Intangible assets	500	500
	<u>70,483</u>	<u>62,639</u>
Current Assets		
Inventories	120,765	193,780
Trade and other receivables	68,113	47,041
Deposits with financial institutions	55,217	136,500
Cash and bank balances	111,240	45,535
	<u>355,335</u>	<u>422,856</u>
TOTAL ASSETS	<u>425,818</u>	<u>485,495</u>
EQUITY AND LIABILITIES		
Share capital	360,000	360,000
Share premium	143,380	144,000
Reserves	(291,539)	(345,161)
	<u>211,841</u>	<u>158,839</u>
Non-controlling interests	8,894	7,300
Equity funds	<u>220,735</u>	<u>166,139</u>
Non-current liabilities		
Long term borrowings	-	2,441
Deferred revenue	45,183	27,654
Provisions	6,449	4,580
	<u>51,632</u>	<u>34,675</u>
Current Liabilities		
Short term borrowings	6,403	126,575
Trade and other payables	109,682	124,133
Provisions	1,275	6,250
Derivatives	-	1,125
Deferred revenue	6,969	17,516
Taxation	29,122	9,082
	<u>153,451</u>	<u>284,681</u>
Total Liabilities	<u>205,083</u>	<u>319,356</u>
TOTAL EQUITY AND LIABILITIES	<u>425,818</u>	<u>485,495</u>
Basic net assets per share (sen)	29.42	22.06

Notes:

- (a) The net assets per share is calculated based on the following :
Basic : Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights.
- (b) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 30 April 2013 in the Prospectus of the Company dated 18 October 2013 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (c) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 26 September 2013. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous financial years.

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company							
	Share capital RM'000	Non-distributable			Distributable	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share premium RM'000	Exchange reserve RM'000	Merger deficit RM'000	Retained earnings RM'000			
At 1 May 2013	360,000	144,000	(121)	(424,000)	78,960	158,839	7,300	166,139
Total comprehensive income	-	-	(65)	-	53,687	53,622	1,594	55,216
Transaction with owners:								
Share issue expenses	-	(620)	-	-	-	(620)	-	(620)
At 31 October 2013	<u>360,000</u>	<u>143,380</u>	<u>(186)</u>	<u>(424,000)</u>	<u>132,647</u>	<u>211,841</u>	<u>8,894</u>	<u>220,735</u>
At 1 May 2012	360,000	144,000	-	(424,000)	68,160	148,160	-	148,160
Total comprehensive income	-	-	-	-	21,102	21,102	-	21,102
At 31 October 2012	<u>360,000</u>	<u>144,000</u>	<u>-</u>	<u>(424,000)</u>	<u>89,262</u>	<u>169,262</u>	<u>-</u>	<u>169,262</u>

Notes:

- (a) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 30 April 2013 in the Prospectus of the Company dated 18 October 2013 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 26 September 2013. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous financial years.

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended	
	31/10/2013 RM'000	31/10/2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operations	700,973	416,079
Payments for operating expenses	(590,281)	(480,867)
Payment of taxes	(3,375)	(6,912)
Net cash generated from/(used in) operating activities	<u>107,317</u>	<u>(71,700)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(749)	(11,837)
Acquisition of investment in an associate	-	(4,500)
Interest received	1,438	232
Interest paid	(813)	(1,866)
Net cash used in investing activities	<u>(124)</u>	<u>(17,971)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	18,070	129,655
Repayment of bank borrowings	(140,675)	(64,319)
Repayment of hire purchase payables	(8)	(17)
Net repayment received from related company	(55)	-
Net cash (used in)/generated from financing activities	<u>(122,668)</u>	<u>65,319</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(15,475)</u>	<u>(24,352)</u>
OPENING CASH AND CASH EQUIVALENTS	182,035	77,216
Effect of exchange rate changes	(103)	-
CLOSING CASH AND CASH EQUIVALENTS	<u>166,457</u>	<u>52,864</u>
Cash and cash equivalents carried forward comprise:	RM'000	RM'000
Deposits with financial institutions	55,217	20,000
Cash and bank balances	<u>111,240</u>	<u>32,864</u>
	<u>166,457</u>	<u>52,864</u>

Notes:

- (a) The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial year ended 30 April 2013 in the Prospectus of the Company dated 18 October 2013 and the accompanying explanatory notes which form an integral part of this interim financial report.
- (b) This is the first interim financial report of the Group announced in compliance with the Listing Requirements of Bursa Securities after the business combination on 26 September 2013. The comparative figures are presented for illustrative purpose only using the merger accounting method whereby all the combining entities are included as if the merger had been effected throughout the current and previous financial years.

The annexed notes form an integral part of this interim financial report.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with MFRS 134, Interim Financial Reporting Standards in Malaysia and IAS 34, Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the proforma consolidated financial information and the Accountants' Report for the financial year ended 30 April 2013 as disclosed in the Prospectus of the Company dated 18 October 2013 and the accompanying explanatory notes attached to the interim financial report.

In conjunction with the Company's listing on the Main Market of Bursa Securities, the Company acquired the entire issued and paid-up capital of Bermaz Motor Sdn Bhd ("Bermaz"). The acquisition of this subsidiary is accounted for using the merger method as they involved entities under common control.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but no yet effective for the accounting period beginning 1 May 2013.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

- A2 The Group's operations are affected by the prevailing cyclical economic conditions.
- A3 There was no unusual item during the financial period under review.
- A4 As at 31 October 2013, the issued and paid up ordinary share capital of the Company was RM360,000,000.00. The movements during the financial period were as follows:-

	Ordinary shares of RM0.50 each	RM
<u>Issued and paid up share capital</u>		
As at 1 May 2013	4	2
Issued during the financial period:		
Arising from acquisition of 100% equity interest in Bermaz Group from Berjaya Group Berhad ("BGroup"), Podium Success Sdn Bhd, BHJ Marketing Sdn Bhd, Tunku Aminah Binti Tunku Ibrahim Ismail, Konsep Aktif Sdn Bhd and Terrific Dynamics Sdn Bhd	719,999,996	359,999,998
As at 31 October 2013	<u>720,000,000</u>	<u>360,000,000</u>

- A5 There was no dividend paid by the Company during the financial period under review.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 October 2013:-

REVENUE	Total RM'000
Malaysia	635,163
Philippines	75,701
Total revenue	<u>710,864</u>
RESULTS	Total RM'000
Malaysia	62,442
Philippines	5,996
	<u>68,438</u>
Unallocated corporate items	<u>(9)</u>
	68,429
Investment related income	
- Interest income	1,438
Finance costs	(896)
Share of results of associate	4,660
Profit before tax	<u>73,631</u>
Income tax expense	<u>(18,307)</u>
Profit after tax	<u>55,324</u>

A7 Save as disclosed, there were no significant events since the end of this current quarter up to the date of this announcement.

A8 There were no change in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operation except the following:-

- (a) On 26 September 2013, the Company completed the acquisition of the entire issued and paid-up share capital of Bermaz comprising 80 million ordinary shares of RM1.00 each for a purchase consideration of about RM504 million which was settled by the issuance of about 720 million new ordinary shares of RM0.50 each in the Company at the issue price of RM0.70 per ordinary share to BGroup and other shareholders of Bermaz.

A9 There were no material changes in the contingent liabilities or contingent assets relating to those that were disclosed in the Prospectus dated 18 October 2013.

A10 There were no material changes in capital commitment relating to those that were disclosed in the Prospectus dated 18 October 2013.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

- B1 The Group is primarily engaged in the distribution of Mazda vehicles in Malaysia and the Philippines, and retailing of Mazda vehicles and provision of after sales services for Mazda vehicles in Malaysia. The performance of the Group may be affected by regulations and policies governing the importation of completely build-up vehicles into Malaysia, changes in consumer preference and spending trend, unfavourable economic, social and political conditions in countries where the Group operates or obtains its supplies of vehicles, and global market and credit market volatility.

Current quarter vs preceding year same quarter

For the quarter ended 31 October 2013, the Group reported a revenue and pre-tax profit of RM282.4 million and RM37.5 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM217.3 million and RM10.9 million respectively. The higher revenue was mainly due to good demand for Mazda CX-5 and Mazda6 models in Malaysia and sales contribution from Berjaya Auto Philippines Inc. ("BAP") which began operations in January 2013.

The higher pre-tax profit achieved for the quarter under review was largely due to favourable sales mix, improvement in gross profit margin for certain popular models in Malaysia, consolidation of BAP's results, and share of profit in Mazda Malaysia Sdn Bhd, an associated company which began operations in February 2013.

For the 6-month period

For the six-month period ended 31 October 2013, the Group registered a revenue of RM710.9 million and pre-tax profit of RM73.6 million as compared to the Group revenue of RM431.5 million and Group pre-tax profit of RM29.4 million for the corresponding period of the previous year. The increase in revenue was mainly due to higher motor vehicle sales volume in Malaysia as a result of good demand for Mazda CX-5 and Mazda6 models and sales contribution from BAP, which began operations in January 2013.

The increase in pre-tax profit was mainly due to favourable sales mix and improvement in gross profit margin for certain popular models in Malaysia.

B2 Second quarter vs first quarter

For the quarter ended 31 October 2013, the Group reported a revenue of RM282.4 million and pre-tax profit of RM37.5 million, as compared to the Group revenue of RM428.4 million and Group pre-tax profit of RM36.2 million for the preceding quarter. The drop in revenue was mainly due to reduced sales volume in Malaysia caused by supply issue. Despite recording lower revenue in the current quarter, the Group registered a slightly higher pre-tax profit when compared to the previous quarter due to favourable sales mix and improvement in gross profit margin for certain models in Malaysia.

B3 Future prospects

The Group will continue to adopt its current business strategy of further strengthening its competitive position in the automotive segment to gain market share and to increase shareholders' value. Customer response to the recently launched Mazda CX-5 and Mazda6 models has remained strong to date. The Board is of the view that the performance of the Group for the remaining quarters will be satisfactory with the Group's plans to launch a few models going forward.

- B4 There was no profit forecast or profit guarantee given by the Company for the financial period ended 31 October 2013 under review.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter and period ended 31 October 2013 are detailed as follows:

	Current Quarter RM'000	Financial Year to date RM'000
Based on the results for the period:-		
Current period provision		
- In Malaysian	13,861	22,157
- Outside Malaysia	750	1,744
Deferred tax	(5,112)	(5,112)
Over provision in prior years	(482)	(482)
	<u>9,017</u>	<u>18,307</u>

B6 Profit before tax is stated after charging/(crediting):

	Current Quarter RM'000	Financial Year to date RM'000
Interest income	(747)	(1,438)
Dividend income	-	-
Other income excluding dividend and interest income	-	-
Gain on disposal of properties	-	-
Depreciation of property, plant and equipment	1,486	2,670
Amortisation of intangible assets	-	-
Impairment loss on receivables	-	-
Impairment of value of AFS quoted investments	-	-
Provision for and write off of inventories	-	-
Foreign exchange (gain) or loss (net)	105	(1,077)
Gain or loss on derivatives	-	-
	<u>-</u>	<u>-</u>

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013
 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B7 Status of Corporate Proposals

Initial Public Offering (IPO)

The Company issued its Prospectus on 18 October 2013 in conjunction with its listing of and quotation of its entire issued and paid-up share capital on the Main Market of Bursa Securities pursuant to the IPO by BGroup. The IPO involved a public issue of 82,763,000 new ordinary shares of RM0.50 each in the Company ("Issue Shares") comprising:-

- (a) 41,449,000 Issue Shares allocated by way of private placement to Malaysian institutional and selected investors;
- (b) 10,157,000 Issue Shares allocated to Bumiputera Investors approved by the Ministry of International Trade and Industry;
- (c) 19,157,000 Issue Shares reserved for application by the entitled shareholders of Berjaya Corporation Berhad; and
- (d) 12,000,000 Issue Shares reserved for application by the eligible directors and employees of the Company and its subsidiaries ("BAuto Group"), and the eligible business associates who have contributed to the success of the BAuto Group,

at an issue price of RM0.70 per Issue Share payable in full upon application.

The IPO closed on 1 November 2013 and the Company's entire issued and fully paid-up share capital comprising 802,763,000 ordinary shares of RM0.50 each were listed on the Main Market of Bursa Malaysia Securities Berhad on 18 November 2013.

B8 Group borrowings and debt securities as at 31 October 2013 were as follows:

		At end of current quarter RM'000
Short term borrowings		
Secured	Foreign currency amount	
	'000	
Denominated in		
PHP (Philippine Peso)	87,407 *	6,403
Total bank borrowings		6,403

* Converted at the respective exchange rate prevailing as at 31 October 2013

B9 There were no material litigation for the current financial period.**B10 The Board has recommended a first interim dividend of 1.75 sen single-tier exempt dividend per share (previous year corresponding quarter ended 31 October 2012: Nil) in respect of financial year ending 30 April 2014 to be payable on 28 January 2014. The entitlement date has been fixed on 16 January 2014.**

A Depositor shall qualify for the entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 16 January 2014 in respect of ordinary transfers.
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11 The basic and diluted earnings per share are calculated as follows:

	Group (3-month period)			
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000		sen	
Net profit for the quarter	<u>27,600</u>	<u>7,857</u>		
Weighted average number of ordinary shares in issue ('000)	<u>720,000</u>	<u>720,000</u>		
Basic earnings per share			<u>3.83</u>	<u>1.09</u>
	Group (6-month period)			
	31/10/2013	31/10/2012	31/10/2013	31/10/2012
	RM'000		sen	
Net profit for the period	<u>53,687</u>	<u>21,102</u>		
Weighted average number of ordinary shares in issue ('000)	<u>720,000</u>	<u>720,000</u>		
Basic earnings per share			<u>7.46</u>	<u>2.93</u>

There are no potential ordinary shares outstanding as at 31 October 2013. As such, the fully diluted earnings per share of the Group is equivalent to the basic earnings per share.

B12 Realised and unrealised earnings of the Group is analysed as follows:

	As at 31/10/2013 RM'000	As at 30/04/2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	109,555	72,375
- unrealised	<u>22,427</u>	<u>15,560</u>
	131,982	87,935
Share of results from associated company	* <u>3,157</u>	<u>(1,503)</u>
	135,139	86,432
Less: Consolidation adjustments	(2,492)	(7,472)
Total group retained earnings as per consolidated accounts	<u>132,647</u>	<u>78,960</u>

* It is not practical to segregate the share of results from associated company to realised and unrealised earnings/(losses).

c.c. Securities Commission