

Berjaya Auto Berhad

Company No: 900557-M

Date: 8 September 2014

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR
THE PERIOD ENDED 31 JULY 2014**

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 3 months ended | |
|--|----------------|------------|
| | 31/07/2014 | 31/07/2013 |
| | RM'000 | RM'000 |
| GROUP REVENUE | 507,951 | 428,415 |
| PROFIT FROM OPERATIONS | 71,527 | 34,186 |
| Investment related income | 1,226 | 691 |
| Finance costs | (24) | (805) |
| Share of results of associate | 3,739 | 2,080 |
| PROFIT BEFORE TAX | 76,468 | 36,152 |
| INCOME TAX EXPENSE | (19,071) | (9,290) |
| PROFIT AFTER TAX | 57,397 | 26,862 |
| OTHER COMPREHENSIVE ITEMS | | |
| <u>Item that will be reclassified subsequently to profit or loss</u> | | |
| Foreign currency translation | 67 | 313 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 57,464 | 27,175 |
| PROFIT ATTRIBUTABLE TO: | | |
| - Equity holders of the Company | 56,101 | 26,087 |
| - Non-controlling interests | 1,296 | 775 |
| | 57,397 | 26,862 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| - Equity holders of the Company | 56,142 | 26,275 |
| - Non-controlling interests | 1,322 | 900 |
| | 57,464 | 27,175 |
| EARNINGS PER SHARE (SEN) | | |
| -Basic, for the period | 6.95 | 3.62 |
| -Diluted, for the period | 6.81 | 3.62 |

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 JULY 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Group As at 31/07/2014 RM'000 | Group As at 30/04/2014 RM'000 (Audited) |
|--------------------------------------|--|---|
| ASSETS | | |
| Non-current Assets | | |
| Property, plant and equipment | 20,018 | 20,372 |
| Associated company | 37,816 | 34,077 |
| Deferred tax assets | 33,807 | 31,196 |
| Goodwill | 500 | 500 |
| | <u>92,141</u> | <u>86,145</u> |
| Current Assets | | |
| Inventories | 241,180 | 288,057 |
| Trade and other receivables | 81,964 | 53,771 |
| Deposits with financial institutions | 162,487 | 137,013 |
| Cash and bank balances | 66,599 | 49,211 |
| | <u>552,230</u> | <u>528,052</u> |
| TOTAL ASSETS | <u><u>644,371</u></u> | <u><u>614,197</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 403,996 | 403,595 |
| Share premium | 164,114 | 163,241 |
| Reserves | (193,350) | (222,944) |
| | <u>374,760</u> | <u>343,892</u> |
| Non-controlling interests | 11,824 | 10,502 |
| Equity funds | <u><u>386,584</u></u> | <u><u>354,394</u></u> |
| Non-current Liabilities | | |
| Deferred tax liability | 1 | 1 |
| Deferred revenue | 66,870 | 57,813 |
| Provisions | 7,050 | 7,050 |
| | <u>73,921</u> | <u>64,864</u> |
| Current Liabilities | | |
| Trade and other payables | 110,081 | 134,386 |
| Provisions | 4,548 | 4,759 |
| Derivative liability | 1,585 | 500 |
| Deferred revenue | 31,115 | 28,851 |
| Taxation | 36,537 | 26,443 |
| | <u>183,866</u> | <u>194,939</u> |
| Total Liabilities | <u><u>257,787</u></u> | <u><u>259,803</u></u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>644,371</u></u> | <u><u>614,197</u></u> |
| Basic net assets per share (sen) | 46.38 | 42.60 |
| Dilutive net assets per share (sen) | 47.03 | 43.39 |

Note:

(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.

Dilutive: Equity funds less non-controlling interests divided by the number of outstanding shares in issue with voting rights and the potential issue of new shares pursuant to the exercise of the Company's outstanding unexercised options granted under the Company's Employees' Share Option Scheme ("ESOS").

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

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to the equity holders of the Company | | | | | | | | |
|----------------------------------|---|-------------------------|----------------------------|-------------------------------|-----------------------------|--------------------------------|-----------------|-------------------------------------|------------------------|
| | Non-distributable | | | | | Distributable | | Non-controlling interests RM'000 | Total equity RM'000 |
| | Share capital RM'000 | Share premium RM'000 | ESOS* reserve RM'000 | Exchange reserve RM'000 | Merger deficit RM'000 | Retained earnings RM'000 | Total RM'000 | | |
| At 1 May 2014 | 403,595 | 163,241 | 5,654 | (158) | (424,000) | 195,560 | 343,892 | 10,502 | 354,394 |
| Total comprehensive income | - | - | - | 41 | - | 56,101 | 56,142 | 1,322 | 57,464 |
| Transactions with owners: | | | | | | | | | |
| ESOS options exercised | 401 | 873 | (713) | - | - | - | 561 | - | 561 |
| Share-based payment under ESOS | - | - | 2,445 | - | - | - | 2,445 | - | 2,445 |
| Interim dividend# | - | - | - | - | - | (28,280) | (28,280) | - | (28,280) |
| | 401 | 873 | 1,732 | - | - | (28,280) | (25,274) | - | (25,274) |
| At 31 July 2014 | <u>403,996</u> | <u>164,114</u> | <u>7,386</u> | <u>(117)</u> | <u>(424,000)</u> | <u>223,381</u> | <u>374,760</u> | <u>11,824</u> | <u>386,584</u> |
| At 1 May 2013 | 360,000 | 144,000 | - | (121) | (424,000) | 79,021 | 158,900 | 7,299 | 166,199 |
| Total comprehensive income | - | - | - | 188 | - | 26,087 | 26,275 | 900 | 27,175 |
| At 31 July 2013 | <u>360,000</u> | <u>144,000</u> | <u>-</u> | <u>67</u> | <u>(424,000)</u> | <u>105,108</u> | <u>185,175</u> | <u>8,199</u> | <u>193,374</u> |

Notes:

Second interim dividend of 3.50 sen single-tier dividend per share in respect of financial year ended 30 April 2014.

* ESOS - Employees' Share Option Scheme.

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

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 3 months ended | |
|---|-----------------------|-----------------------|
| | 31/07/2014 | 31/07/2013 |
| | RM'000 | RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from operations | 490,127 | 415,183 |
| Payments for operating expenses | (408,351) | (313,868) |
| Payment of taxes | (11,580) | (2,254) |
| Net cash generated from operating activities | <u>70,196</u> | <u>99,061</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | - | 8,056 |
| Acquisition of property, plant and equipment | (1,054) | (249) |
| Interest received | 1,380 | 673 |
| Interest paid | (16) | (760) |
| Net cash generated from investing activities | <u>310</u> | <u>7,720</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issuance of share capital | 561 | - |
| Repayment of bank borrowings | - | (129,008) |
| Repayment of hire purchase payables | - | (34) |
| Dividend paid | (28,280) | - |
| Net repayment (to)/from related companies | - | (1) |
| Net cash used in financing activities | <u>(27,719)</u> | <u>(129,043)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 42,787 | (22,262) |
| OPENING CASH AND CASH EQUIVALENTS | 186,224 | 182,035 |
| Effect of exchange rate changes | 75 | - |
| CLOSING CASH AND CASH EQUIVALENTS | <u>229,086</u> | <u>159,773</u> |
| Cash and cash equivalents carried forward comprise: | RM'000 | RM'000 |
| Deposits with financial institutions | 162,487 | 113,114 |
| Cash and bank balances | 66,599 | 46,659 |
| | <u>229,086</u> | <u>159,773</u> |

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

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

- A1 The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("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 audited financial statements of the Group for the financial year ended 30 April 2014. These explanatory notes, attached to the condensed consolidated interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2014.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2014.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 May 2014.

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 July 2014, the issued and paid up ordinary share capital of the Company was RM403,995,500. 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 2014 | 807,190,000 | 403,595,000 |
| ESOS exercised | 801,000 | 400,500 |
| As at 31 July 2014 | <u>807,991,000</u> | <u>403,995,500</u> |

ESOS

As at 31 July 2014, the total number of unexercised ESOS was 22,782,000 shares, at the exercise price of RM0.70 each.

- A5 During the financial period ended 31 July 2014, the Company paid a second interim dividend of 3.50 sen per share single-tier dividend amounting to RM28.280 million in respect of the financial year ended 30 April 2014 on 16 July 2014.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

NOTES TO THE INTERIM FINANCIAL REPORT

A6 Segment information for the financial period ended 31 July 2014:-

| REVENUE | Total RM'000 |
|-------------------------------|-----------------|
| Malaysia | 447,506 |
| Philippines | 60,445 |
| Total revenue | <u>507,951</u> |
| | |
| RESULTS | Total RM'000 |
| Malaysia | 67,201 |
| Philippines | 4,662 |
| | <u>71,863</u> |
| Unallocated corporate items | (336) |
| Profit from operations | <u>71,527</u> |
| Investment related income | |
| - Interest income | 1,226 |
| Finance costs | (24) |
| Share of results of associate | <u>3,739</u> |
| Profit before tax | <u>76,468</u> |
| Income tax expense | <u>(19,071)</u> |
| Profit after tax | <u>57,397</u> |

- A7 There were no significant events since the end of this current quarter up to the date of this announcement.
- A8 There were no changes in the composition of the Group for the current period ended 31 July 2014 including business combinations, acquisition or disposal of subsidiary companies and long term investments, restructuring and discontinuing operation.
- A9 There were no material changes in the contingent liabilities or contingent assets since the last audited statement of financial position as at 30 April 2014.
- A10 There were no material changes in capital commitment since the last audited statement of financial position as at 30 April 2014.

BERJAYA AUTO BERHAD

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
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 built-up ("CBU") 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 July 2014, the Group reported a revenue and pre-tax profit of RM508.0 million and RM76.5 million respectively as compared to the preceding year corresponding quarter which reported a revenue and pre-tax profit of RM428.4 million and RM36.2 million respectively. The Group's revenue grew by RM79.6 million or 18.6% mainly due to higher sales volume of Mazda vehicles in Malaysia and the Philippines. The sales volume in Malaysia was driven by good demand for certain CBU SKYACTIV models, namely Mazda3, CX-5 (2.5L) and Biante, as well as the BT-50 pick-up truck which received good demand from the East Malaysia market. In the Philippines, the sales volume growth was primarily due to the Group making good progress in expanding its market share whereby the sales of Mazda2 and Mazda3 received good demand.

In line with higher revenue and on the back of an improved gross profit margin, the Group's pre-tax profit for the current quarter grew by RM40.3 million or 111.5% despite taking into account the Group ESOS expense amounting to RM2.4 million when compared to the preceding year corresponding quarter. The improvement in gross profit margin was mainly attributable to favourable sales mix attained in this quarter under review. There was also a sales promotion campaign in the preceding year corresponding quarter where higher discounts were given to clear the older model of Mazda3 CKD stock.

B2 Current quarter vs preceding quarter

For the quarter ended 31 July 2014, the Group reported a revenue of RM508.0 million and pre-tax profit of RM76.5 million, as compared to the Group revenue of RM395.0 million and Group pre-tax profit of RM64.4 million for the preceding quarter. The increase in revenue was mainly attributable to higher sales volume as a result of good demand in Malaysia for most of the Mazda SKYACTIV models and the Group making good progress in the Philippines, whereby it has captured a larger market share arising from the good demand of Mazda2 and Mazda3 models. The higher pre-tax profit for this quarter under review was largely due to the increase in the Group's revenue. The Group ESOS expense for the quarter under review was RM2.4 million as compared to RM2.3 million for the preceding quarter.

B3 Future prospects

In spite of the intense competition in the Malaysian automotive market and uncertainties of the effects of Goods and Services Tax (effective 1 April 2015) on local car prices, the Board is optimistic that the Group will continue to achieve satisfactory results for the remaining quarters of the financial year.

- B4 There is no profit forecast or profit guarantee for the financial period ended 31 July 2014.

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5 The taxation charge for the current quarter/period ended 31 July 2014 are detailed as follows:

| | Current Quarter RM'000 |
|---------------------------------------|------------------------------|
| Based on the results for the period:- | |
| Current period provision | |
| - In Malaysia | 20,222 |
| - Outside Malaysia | 1,452 |
| Deferred tax | <u>(2,603)</u> |
| | <u>19,071</u> |

The disproportionate tax charge of the Group for the current quarter ended 31 July 2014 was mainly due to share of results of associate which is presented net of tax and the recognition of deferred tax benefits.

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

| | Current Quarter RM'000 |
|---|------------------------------|
| Interest income | (1,226) |
| Dividend income | - |
| Gain on disposal of properties | - |
| Depreciation of property, plant and equipment | 1,411 |
| 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) | 123 |
| (Gain) or loss on derivatives | <u>1,085</u> |

BERJAYA AUTO BERHADUNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B7 Status of Corporate Proposals

Status of utilisation of proceeds raised

During the last financial year, the Company completed the IPO and raised proceeds of about RM57.9 million. The proceeds were utilised in the following manner as set out in the Prospectus dated 18 October 2013.

| Detail of utilisation | Proposed utilisation as per Prospectus (Maximum Scenario) RM'000 | Actual utilisation up to 31 July 2014 RM'000 | Pending utilisation RM'000 | Variance + / (-) RM'000 |
|--|---|--|----------------------------------|-------------------------------|
| Working capital of Group | 41,674 | 42,000 | - | (326) |
| Finance capital expenditure | 7,500 | - | 7,500 | - |
| Investment in Mazda Malaysia Sdn Bhd | 4,500 | - | 4,500 | - |
| Defray estimated fees and expenses relating to our Initial Public Offering (IPO) corporate exercise up to 31 July 2014 | 4,260 | 3,552 | - | 708 |
| Total | <u>57,934</u> | <u>45,552</u> | <u>12,000</u> | <u>382</u> |

B8 The Group does not have any borrowings and debt securities as at 31 July 2014.

B9 There were no material litigation for the current financial period.

B10 The Board has recommended a first interim dividend of 2 sen single-tier dividend per share in respect of financial period ended 31 July 2014 (previous year corresponding quarter ended 31 July 2013: Nil) to be payable on 8 October 2014. The entitlement date has been fixed on 25 September 2014. The total dividend declared for the financial period ended 31 July 2014 amounted to 2 sen single-tier dividend per share (previous corresponding financial year ended 31 July 2013: Nil).

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

- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 25 September 2014 in respect of ordinary transfers.
- Shares bought on the Bursa Securities on a cum entitlement basis according to the rules of Bursa Securities.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2014

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

| | Group (3-month period) | | | |
|--|------------------------|----------------|-------------|-------------|
| | 31/07/2014 | 31/07/2013 | 31/07/2014 | 31/07/2013 |
| | RM'000 | | sen | |
| Net profit for the quarter | <u>56,101</u> | <u>26,087</u> | | |
| Weighted average number of ordinary shares in issue ('000) | <u>807,677</u> | <u>720,000</u> | | |
| Basic earnings per share | | | <u>6.95</u> | <u>3.62</u> |
| Net profit for the quarter | <u>56,101</u> | <u>26,087</u> | | |
| Number of shares used in the calculation of basis earning per share ('000) | 807,677 | 720,000 | | |
| Number of shares assuming exercise of employee share options ('000) | <u>16,601</u> | <u>-</u> | | |
| | <u>824,278</u> | <u>720,000</u> | | |
| Dilutive earnings per share (Sen) | | | <u>6.81</u> | <u>3.62</u> |

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

| | As at 31/07/2014 RM'000 | As at 30/04/2014 RM'000 (Audited) |
|--|-------------------------------|--|
| Total retained earnings of the Company and its subsidiaries: | | |
| - realised | 189,290 | 166,836 |
| - unrealised | <u>29,977</u> | <u>27,378</u> |
| | 219,267 | 194,214 |
| Share of results from associated company | * <u>13,125</u> | <u>9,386</u> |
| | 232,392 | 203,600 |
| Less: Consolidation adjustments | (9,011) | (8,040) |
| Total group retained earnings as per consolidated accounts | <u>223,381</u> | <u>195,560</u> |

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

c.c. Securities Commission